



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



Interim Report 2023

* For identification purposes only

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

This report may contain certain forward-looking data and/or data that is not based on historical data and uses forward-looking expressions such as “anticipate”, “believe”, “intend”, “could”, “expect”, “estimate”, “may”, “ought to”, “should” or “will”.

Readers are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although the Group believes that assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be incorrect and as a result, the inclusion of forward-looking statements in this report should not be regarded as representations by the Group concerning future performance of the Group and readers should not place undue reliance on such forward-looking statements. Unless required by regulatory authorities otherwise, the Group is not obliged or liable to update those forward-looking statements hereafter.

Company Profile

Guangdong Yueyun Transportation Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) are integrated transportation and logistics service providers. The Company was established in 1999 and the H shares of which became listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 03399) in 2005. Currently, the total share capital of the Company is 799,847,800 shares, with approximately 74.12% being held by its controlling shareholder, Guangdong Provincial Communication Group Company Limited (“**GCGC**”), and approximately 25.88% being held by H shareholders.

The Group is principally engaged in the travel services business which is categorized into:

- ❖ Expressway Service Zones Operation
 - Energy Business
 - Retail Business
 - Merchant Solicitation Business
 - Advertising Business
- ❖ Road Passenger Transportation and Auxiliary services
- ❖ Taiping Interchange Operation

The strategic positioning employed by the Company’s “14th Five-Year” Development Plan for the Group: utilise our advantages in transportation resources, focus on the travel of people and the flow of goods with transportation services and en-route services as the core, so as to create a professional, diversified and convenient comprehensive travel service platform, and endeavor to become an integrated transportation service group at international level.

Company Information

LEGAL NAME OF THE COMPANY

Guangdong Yueyun Transportation Company Limited

STOCK CODE

03399

REGISTERED OFFICE

8th Floor, No. 1731-1735, Airport Road, Guangzhou, Guangdong Province, The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 3108-3112, 31/F, Hong Kong Plaza, 188 Connaught Road West, Hong Kong

BOARD OF DIRECTORS

Executive Directors

Guo Junfa
Zhu Fang
Huang Wenban
Hu Xianhua
Hu Jian

Non-Executive Directors

Chen Min
Chen Chuxuan

Independent Non-Executive Directors

Su Wujun
Huang Yuan
Shen Jialong
Zhang Xiangfa

COMPANY SECRETARY

Zhang Li

AUTHORISED REPRESENTATIVES

Guo Junfa
Zhu Fang

AUDITOR

BDO CHINA Shu Lun Pan Certified Public Accountants LLP
4F, No.61, East Nanjing Road, Huangpu District, Shanghai, China

PRINCIPAL BANKS

Industrial and Commercial Bank of China
China CITIC Bank
Agricultural Bank of China
Everbright Bank
China Guangfa Bank

LEGAL ADVISER

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Suites 1101-1104, 11/F, One Exchange Square,
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HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

Financial Highlights

	30 June 2023 RMB'000	30 June 2022 (Restated) RMB'000	Change
Results highlights			
Operating income			
Expressway service zones operation	2,388,803	1,886,617	27%
Road passenger transportation and auxiliary services	1,041,882	972,646	7%
Taiping Interchange operation	67,432	43,570	55%
Other business	149	12,627	(99%)
	<u>3,498,266</u>	<u>2,915,460</u>	20%
Total operating income			
Gross profit			
Expressway service zones operation	216,887	206,417	5%
Road passenger transportation and auxiliary services	26,147	(86,105)	(130%)
Taiping Interchange operation	55,384	31,256	77%
Other business	7	348	(98%)
	<u>298,425</u>	<u>151,916</u>	96%
Total gross profit			
Taxes and surcharges	(22,550)	(17,609)	28%
Selling and distribution expenses	(29,118)	(26,956)	8%
General and administrative expenses, and research and development expenses	(214,439)	(274,378)	(22%)
Finance expenses	(86,573)	(108,262)	(20%)
Other income	174,779	189,110	(8%)
Investment income/(losses)	40,197	(3,176)	(1365%)
(Loss of) credit impairment	(8,703)	(6,353)	37%
Gains from asset disposals	24,084	11,708	106%
	<u>176,100</u>	<u>(84,000)</u>	(310%)
Operating gains (losses)			
Non-operating income and expenses	1,941	5,794	(67%)
	<u>178,041</u>	<u>(78,205)</u>	(328%)
Total profit (losses)			
Income tax expenses	(33,949)	(28,745)	18%
	<u>144,092</u>	<u>(106,950)</u>	(235%)
Net profit			
of which: Net profit attributable to shareholders of the Company	122,634	(77,222)	(259%)
Profit and loss attributable to minority interests	21,458	(29,729)	(172%)
	<u>0.15</u>	<u>(0.10)</u>	(259%)
Basic (losses) per Share (RMB)			
	<u>0.15</u>	<u>(0.10)</u>	(259%)
Diluted (losses) per Share (RMB)			
	<u>0.15</u>	<u>(0.10)</u>	(259%)

Financial Highlights

	30 June 2023	31 December 2022	變幅
	RMB'000	RMB'000	
Results highlights			
Total assets	9,212,219	9,215,602	0%
Total net assets	2,633,801	2,481,755	6%
Equity attributable to shareholders of the parent Company	1,827,209	1,698,049	8%
Net assets per share attributable to owners of the Company (RMB)	<u>2.28</u>	<u>2.12</u>	<u>8%</u>
Gross profit margin	8.53%	5.21%	64%
Interest coverage ratio (times)	<u>2.96</u>	<u>0.28</u>	<u>957%</u>
Gearing ratio	71.41%	73.07%	(2%)
Current ratio (times)	<u>0.82</u>	<u>0.63</u>	<u>29%</u>

Gross profit margin = Gross profit/Revenue

Interest coverage ratio = Profit before interest and tax/(interest expenses + capitalised interest)

Gearing ratio = Total liabilities/Total assets

Current ratio = Total current assets/Total current liabilities

Chairman's Statement

In the first half of 2023, we saw a complex international political and economic situation where regional conflicts and turbulence were frequent and the lack of momentum in recovery and the low growth rate posed a challenge to the global economy. In the face of a turbulent and changing world, the Chinese People's Political Consultative Conference and the National People's Congress of the Chinese government released a series of positive signals to continue to open-up and keep on the demand-oriented economic development and adopted measures to promote a sustainable and high-quality development. As the economy and society have fully resumed their normal modes in the PRC, its macroeconomic policies turn out to be significantly effective; the market demand restores; the production and supply continues to grow; the employment rate and price level are generally stable; and residents' income grows steadily. China's economic operation primarily demonstrates stabilization and a rebound.

Guangdong has been delegated a new mission and task to take the lead in promoting Chinese-style modernization after General Secretary Xi Jinping's visit to the province in April 2023. Under the combined effect of the release of backlog demand and the support of policy forces, the critical indicators of Guangdong have recovered in an all-round way. In the first half of this year, its GDP exceeded RMB6 trillion, ranking first in terms of economic size among the whole country. The willingness to travel of its residents significantly recovered, and the passenger traffic of the province increased by 68.5% year-on-year in the first half of the year. Guangdong's transportation industry seizes big opportunities such as the formation of Guangdong-Hong Kong-Macao Greater Bay Area and the goal of building up China as a strong transportation country and strives to accelerate the construction of a comprehensive transportation system, coordinate development and safety, accelerate the modernization of safety management systems and capabilities, and inject a strong impetus into high-quality economic development.

Looking back to the first half of the year, the Group adhered to the theme of high-quality development and, through the implementation of the "five major tackling" actions, continued to promote the various measures of "one policy for one enterprise", achieving an overall general fundamental improvement and eventually turning losses into gains. Our half-year revenue went beyond its goal and the net profit also exceeded the target.

Development is the foundation and the key for overcoming all difficulties, and reform and innovation are the inexhaustible driving force for business development. In accordance with the overall concept of "promoting digital transformation and achieving high-quality development", we will steadfastly realize reform and innovation and continue to promote the implementation of "one policy for one enterprise" in the second half of the year, so as to achieve the overall objective of "comprehensively deepening reform of the service zone business, turning the transportation business from losses into gains and stable development of the advertising business and the vehicle rescue business".

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” according to local conditions, 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) Continuously 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.

Chairman's Statement

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 quality and efficiency of the merchant solicitation business in 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, and speeding up the preparatory work for the commencement of the KFC franchised stores. 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.

Chairman's Statement

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” 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) Promoting the operation of the business of “digital passenger transportation”. 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.

Chairman's Statement

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 will be 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.

Guo Junfa

Executive Director and Chairman of the Board

Guangzhou, PRC

22 August 2023

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 a 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 exploring 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.

Management Discussion and Analysis

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 capture 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.

Management Discussion and Analysis

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 Group has mainly adopted the following measures 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 revitalizing 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.
- (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 of 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%.

Management Discussion and Analysis

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 Guangzhu 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.

Management Discussion and Analysis

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 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.

Management Discussion and Analysis

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

- (1) Actively promoting 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 piloted 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) Carrying 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 revitalizing 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%.

Management Discussion and Analysis

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) Continuing 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 major holidays of Spring Festival, Qingming Festival and May 1st 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) Expanding 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 of gold card members of membership-based vehicle travel security services was RMB374,500, and the number of gold card members increased by 10,137. 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.

Management Discussion and Analysis

FINANCIAL REVIEW (DATA HAS 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.

Management Discussion and Analysis

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 approximately 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.

Management Discussion and Analysis

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 Business 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.

Management Discussion and Analysis

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 RMB10.470 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.

Management Discussion and Analysis

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 this year and achieved remarkable results in reducing costs and increasing efficiency.

Management Discussion and Analysis

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.

Management Discussion and Analysis

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.

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

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liability/Total assets

Management Discussion and Analysis

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	For the six months ended 30 June 2022	Change
Cash generated from/(used in)	RMB'000	RMB'000	RMB'000
Operating activities	395,513	128,173	267,340
Investing activities	(20,824)	(85,840)	65,016
Financing activities	(292,816)	(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 cash outflow of RMB137.023 million, which was mainly due to a year-on-year increase in debt repayment expenses.

Management Discussion and Analysis

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 June 30, 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.

Management Discussion and Analysis

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)
Underground Shop, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon	Underground Shop, 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.

SHARE CAPITAL

As at 30 June 2023, there were a total of 799,847,800 ordinary shares of the Company in issue, over 25% of which were held by the public. The public float satisfied the requirements under the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). So far as it was known to the Directors, as of 30 June 2023, the controlling shareholders and the actual controller of the Company remained unchanged.

MAJOR SHAREHOLDERS WITH SHAREHOLDING OF 10% OR MORE IN THE COMPANY

As at 30 June 2023, GCGC directly held 592,847,800 Domestic Shares, representing 100% of the issued Domestic Shares and approximately 74.12% of the total issued share capital of the Company.

GCGC is a controlling shareholder of the Company. Its legal representative is Deng Xiaohua and its registered capital as at 30 June 2023 was RMB26.8 billion. It is principally engaged in investment, construction and management of the expressways in the Guangdong Province, as well as logistics and transportation business.

Other Information

INTERESTS OF MAJOR SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, so far as it was known by or otherwise notified to any Director or chief executive of the Company, the following persons (other than the Directors, the supervisors (the “**Supervisors**”) and chief executive of the Company) had 5% or more interests in the Shares and underlying Shares (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”)) as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Class of Shares	Number of Shares/ Underlying Shares held (Note 1)	Capacity	Approximate percentage in the relevant class of share capital	Approximate percentage in total share capital
GCGC	Domestic Shares	592,847,800	Beneficial owner	100%	74.12%
China Petrochemical Corporation	H Shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22%	4.20%
China Petroleum & Chemical Corporation	H Shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22%	4.20%
Sinopec Sales Company Limited	H Shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22%	4.20%
Sinopec (Hong Kong) Limited	H Shares	33,570,000 (Note 2)	Beneficial owner	16.22%	4.20%
Pope Asset Management, LLC	H Shares	22,896,247	Investment manager	11.06%	2.86%
Shah Capital Management	H Shares	18,035,000	Investment manager	8.71%	2.25%

Note 1: The number of H shares are based on records filed by the shareholders and/or enquiries made by the Company on the shareholders, taking into account the issue of bonus shares by the Company in 2015.

Note 2: Sinopec (Hong Kong) Limited is a wholly-owned subsidiary of Sinopec Sales Company Limited and China Petroleum & Chemical Corporation holds as to 70.42% of Sinopec Sales Company Limited while China Petrochemical Corporation holds as to 68.96% of China Petroleum & Chemical Corporation. Accordingly, China Petrochemical Corporation, China Petroleum & Chemical Corporation and Sinopec Sales Company Limited are deemed to be interested in 33,570,000 H shares held by Sinopec (Hong Kong) Limited respectively.

Save as disclosed above, as at 30 June 2023, the Company was not aware of any other interests or short positions in the shares or underlying shares of the Company that are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGES IN SHARES

There had been no changes in the shares of the Company for the six months ended 30 June 2023.

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.

INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND OTHER ASSOCIATED CORPORATIONS

As at 30 June 2023, the interests (or long positions) and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

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

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

Except as disclosed above, as at 30 June 2023, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

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 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, 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 of the Company, each of the Directors and Supervisors confirmed that he/she has complied with the requirements set out in the Model Code for the six months ended 30 June 2023.

BOARD

As at 30 June 2023 and up to the date of this report, the Directors in office of the eighth session of the Board were as follows:

Name	Date of appointment as a Director
Executive Directors	
Mr. Guo Junfa	11 November 2021
Mr. Zhu Fang	31 August 2022
Mr. Huang Wenban	22 December 2020
Mr. Hu Xianhua	31 August 2022
Mr. Hu Jian	15 June 2023
Non-executive Directors	
Mr. Chen Min	7 June 2016
Mr. Chen Chuxuan	17 June 2019
Independent Non-executive Directors	
Mr. Su Wujun	31 August 2022
Ms. Huang Yuan	31 August 2022
Mr. Shen Jialong	31 August 2022
Mr. Zhang Xiangfa	31 August 2022

THE PROVISION OF INFORMATION IN RESPECT OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

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

Other Information

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 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 Chinese Standards on Review No. 2101 – Engagements to Review Financial Statements issued by the Chinese Institute of Certified Public Accountants.

SUPERVISORY COMMITTEE

As at 30 June 2023 and up to the date of this report, the Supervisory Committee comprised 7 Supervisors, and the Supervisors in office were as follows:

Name	Effective date of appointment as a Supervisor
Shareholder Representative Supervisors	
Mr. Zhou Yihua	31 August 2022
Mr. Wang Qingwei	7 June 2016
Employee Representative Supervisors	
Mr. Zhen Jianhui	15 April 2014
Ms. Li Xiangrong	7 June 2016
Ms. Lian Yuebin	15 August 2017
Independent Supervisors	
Mr. Duan Xinhong	31 August 2022
Ms. Meng Xue	31 August 2022

EMPLOYEES AND REMUNERATION POLICIES

The Group had 16,355 employees as at 30 June 2023 (31 December 2022: 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 (including executive Directors) of the Group 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 endeavors to provide training and education to employees at all levels. The Group has faithfully implemented budgeted standard for training expenses and its implementation plan, utilized 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 proposed 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.

Other Information

MATERIAL LITIGATION AND ARBITRATION

As of the date of this report, the Company was involved the following material litigation:

The Company brought a legal proceeding before the Guangzhou Intermediate People's Court against Tangshanshi Shuihou Zhagang Yi Chang (唐山市稅後軋鋼一廠), Tangshan Xingye Gongmao Jituan Co., Ltd (唐山興業工貿集團有限公司) and Tangshanshi Kaipingqu Xingye Zhazhichang (唐山市開平區興業軋製廠) to recover the sum paid in advance by the Company for purchase of steel products in the amount of RMB472,397,000 and a compensation for breach of contracts by the defendants. The Company applied to the court for a charging order against the defendants' assets. The Guangzhou Intermediate People's Court gave its judgement on 7 June 2011, pursuant to which the defendants had to repay the prepayments of the Company together with compensation for breach of contract in the total amount of RMB477,490,263.25. On 12 July 2011, the Guangzhou Intermediate People's Court issued a "certificate of judgement" to confirm that the judgement came into effect on 30 June 2011. The Company applied to the court for execution of the judgement. During the course of execution of this case, the debtor Tangshan Xingye Gongmao Jituan Co., Ltd filed a bankruptcy petition to Tangshan Kaiping People's Court on the ground of insolvency, and the court decided to accept the bankruptcy petition on 28 February 2014. In March 2015, the bankruptcy administrator of Tangshan Xingye Gongmao Jituan Co., Ltd notified the Company that Tangshan Kaiping People's Court had accepted the joint bankruptcy case in respect of seven related enterprises, including Tangshanshi Shuihou Zhagang Yi Chang, Tangshan Xingye Gongmao Jituan Co., Ltd and Tangshanshi Kaipingqu Xingye Zhazhichang. The Guangzhou Intermediate People's Court then ruled that the above execution case was terminated on the ground that the parties subject to enforcement were insolvent enterprises under the joint bankruptcy case in the course of execution of the above case. The Company continued to actively pursue recovery of the defaulted prepayments. In 2015 and 2019, the Company received three properties from the partners of Tangshanshi Kaipingqu Xingye Zhazhichang to settle the outstanding debt amount of RMB3,424,779.00 and a bankruptcy distribution amount of RMB5,301,120.45 from Tangshan Xingye Gongmao Jituan Co., Ltd., respectively. At present, the balance of the sum paid in advance by the Company to Tangshan Xingye Group is RMB468,764,363.80. The Company has made impairment provision for the full amount such that the net book value is zero. Since the possibility of recovering the relevant prepayment remains uncertain, the Company has written off the amount. Please refer to the relevant announcement published by the Company on 9 December 2022 for details.

Xin Kuai Shi Bao Zi [2023] No.ZM10171

To the shareholders of Guangdong Yueyun Transportation Company Limited:

We have reviewed the accompanying interim financial statements of Guangdong Yueyun Transportation Company Limited (“Yueyun Transportation”), which comprises the consolidated and company balance sheets as at 30 June 2023, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholder’s equity for the six months period then ended and notes to the interim financial statements. The management of Yueyun Transportation is responsible for preparing the interim financial statements in accordance with “Accounting Standard for Business Enterprises No. 32 – Interim Financial Reporting”, issued by the Ministry of Finance of the People’s Republic of China. Our responsibility is to issue a review report on the interim financial statements based on our review.

We conducted our review in accordance with “Standard on Review Engagements for Certified Public Accountants of China No. 2101 – Engagements to Review Financial Statements”. This Standard requires that we plan and perform the review to obtain limited assurance as to whether the interim financial statements are free from material misstatement. A review is limited primarily to inquiries of personnel of Yueyun Transportation and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared in accordance with “Accounting Standard for Business Enterprises No. 32 – Interim Financial Reporting”.

BDO China SHU LUN PAN
Certified Public Accountants LLP

Certified Public Accountant of China:
Jiang Gan

Certified Public Accountant of China:
Wang Yaohua

Shanghai • China

22 August 2023

Consolidated Balance Sheet (Unaudited)

As at 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

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

Consolidated Balance Sheet (Unaudited)

As at 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note V	30 June 2023	31 December 2022
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	7	732,217,373.29	750,037,827.58
Bills payable		–	68,660,943.50
Accounts payable	8	547,583,228.52	571,212,763.22
Advances from customers		105,643,413.43	100,265,629.12
Contract liabilities		46,426,154.29	41,035,825.07
Employee benefits payable		212,302,970.80	236,847,771.07
Taxes payable		69,273,039.28	60,075,732.33
Other payables		710,122,482.52	691,116,164.00
Non-current liabilities due within one year	9	577,793,169.99	1,027,975,915.81
Other current liabilities		19,639,335.06	19,500,000.00
Total current liabilities		3,021,001,167.18	3,566,728,571.70
Non-current liabilities:			
Long-term loans	10	865,268,618.55	489,194,107.59
Lease liabilities	11	1,939,829,032.23	1,846,526,980.15
Long-term payables		114,217,782.61	143,631,667.20
Long-term employee benefits payable		165,377,873.18	173,180,918.62
Deferred income	12	414,992,661.51	452,021,471.51
Deferred tax liabilities		57,731,013.53	62,562,904.22
Total non-current liabilities		3,557,416,981.61	3,167,118,049.29
Total liabilities		6,578,418,148.79	6,733,846,620.99

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

Consolidated Balance Sheet (Unaudited)

As at 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note V	30 June 2023	31 December 2022
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		799,847,800.00	799,847,800.00
Capital reserve		18,675,842.63	18,675,842.63
Other comprehensive income		(33,144,820.43)	(36,126,897.89)
Specific reserve	13	31,522,581.02	27,978,954.27
Surplus reserve		241,393,938.42	241,393,938.42
Retained earnings	14	768,913,204.31	646,279,200.57
		<u>1,827,208,545.95</u>	<u>1,698,048,838.00</u>
Total equity attributable to shareholders of the Company			
Non-controlling interests		806,592,307.47	783,706,638.19
		<u>2,633,800,853.42</u>	<u>2,481,755,476.19</u>
Total shareholders' equity			
		<u>2,633,800,853.42</u>	<u>2,481,755,476.19</u>
Total liabilities and shareholders' equity		<u>9,212,219,002.21</u>	<u>9,215,602,097.18</u>

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

Guo Junfa

Legal Representative

Huang Wenban

The person in charge
of accounting affairs

Leng Xuelin

The head of the
accounting department

Company Balance Sheet (Unaudited)

As at 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note XII	30 June 2023	31 December 2022
Assets			
Current Assets:			
Cash at bank and on hand		469,508,658.11	531,227,776.24
Accounts receivable	1	26,177,638.30	27,975,868.99
Prepayments		4,819,891.28	5,121,036.63
Other receivables		163,443,857.42	178,668,377.93
Inventories		244,980.11	134,966.64
Other current assets		736,897.68	486,590.25
Total current assets		664,931,922.90	743,614,616.68
Non-current assets:			
Long-term receivables		47,700,000.00	48,000,000.00
Long-term equity investments		1,831,762,532.61	1,830,255,438.19
Investments in other equity instruments		927,412.45	927,412.45
Fixed assets		7,084,975.15	5,095,017.01
Construction in progress		2,276,000.00	5,712,168.63
Right-of-use assets		4,998,218.83	8,344,507.31
Intangible assets		42,442,109.36	48,455,713.46
Long-term deferred expenses		395,896.93	1,066,860.20
Total non-current assets		1,937,587,145.33	1,947,857,117.25
Total assets		2,602,519,068.23	2,691,471,733.93

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

Company Balance Sheet (Unaudited)

As at 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	30 June 2023	31 December 2022
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	9,867,611.99	6,555,928.47
Contract liabilities	5,085,758.15	6,285,758.15
Employee benefits payable	19,494,770.65	20,988,812.60
Taxes payable	5,402,872.42	5,460,961.31
Other payables	342,791,958.07	451,940,601.97
Non-current liabilities due within one year	7,600,503.82	257,379,425.10
	<hr/>	<hr/>
Total current liabilities	390,243,475.10	748,611,487.60
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Non-current liabilities:		
Long-term loans	393,500,000.00	148,000,000.00
Lease liabilities	993,138.83	1,153,930.10
	<hr/>	<hr/>
Total non-current liabilities	394,493,138.83	149,153,930.10
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total liabilities	784,736,613.93	897,765,417.70
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

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

Company Balance Sheet (Unaudited)

As at 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	30 June 2023	31 December 2022
Liabilities and shareholders' equity (Continued)		
Shareholders' equity		
Share capital	799,847,800.00	799,847,800.00
Capital reserve	117,238,669.53	117,238,669.53
Surplus reserve	248,671,931.53	248,671,931.53
Retained earnings	652,024,053.24	627,947,915.17
Total shareholders' equity	1,817,782,454.30	1,793,706,316.23
Total liabilities and shareholders' equity	2,602,519,068.23	2,691,471,733.93

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

Guo Jun Fa
Legal Representative

Huang Wenban
The person in charge
of accounting affairs

Leng Xuelin
The head of the
accounting department

Consolidated Income Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	Amount for the period	Amount for the previous period (Restated)
I. Total operating income		3,498,266,113.58	2,915,459,860.63
Including: operating income		3,498,266,113.58	2,915,459,860.63
II. Total operating costs		3,552,521,726.49	3,190,748,429.47
Including: Operating costs		3,199,841,491.34	2,763,543,465.01
Taxes and surcharges		22,550,126.34	17,609,242.40
Selling and distribution expenses		29,117,916.36	26,955,697.77
General and administrative expenses		213,112,406.51	272,930,513.55
Research and development expenses		1,326,633.35	1,447,743.14
Financial expenses	15	86,573,152.59	108,261,767.60
Add: Other income	16	174,778,978.53	189,110,205.39
Investment income/(loss)	17	40,196,861.00	(3,176,443.16)
Accrual of credit losses	18	(8,703,453.77)	(6,352,869.14)
Gains from disposal of assets	19	24,083,715.73	11,708,170.50
III. Operating profit/(loss)		176,100,488.58	(83,999,505.25)
Add: Non-operating income	20	5,936,624.04	7,884,209.66
Less: Non-operating expenses		3,995,931.91	2,090,107.05
IV. Profit/(loss) before income tax		178,041,180.71	(78,205,402.64)
Less: Income tax expenses	21	33,948,683.95	28,745,077.32
V. Net profit/(loss)		144,092,496.76	(106,950,479.96)
(1) Net profit/(loss) classified by continuity of operations			
1. Net profit/(loss) from continuing operations		144,092,496.76	(106,950,479.96)
2. Net profit from discontinued operations		—	—
(2) Net profit/(loss) classified by ownership			
Attributable to:			
1. Shareholders of the Company		122,634,003.74	(77,221,703.23)
2. Non-controlling interests		21,458,493.02	(29,728,776.73)

Consolidated Income Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	Amount for the period	Amount for the previous period (Restated)
VI. Other comprehensive income, net of tax		4,740,143.57	6,700,518.42
Other comprehensive income (net of tax) attributable to shareholders of the Company		2,982,077.46	3,772,412.87
(1) Items that will not be reclassified to profit or loss		91,371.57	–
1. Remeasurement of defined benefit plan		91,371.57	–
(2) Items that may be reclassified subsequently to profit or loss		2,890,705.89	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		2,890,705.89	4,881,874.49
Other comprehensive income (net of tax) attributable to non-controlling interests		1,758,066.11	2,928,105.55
VII. Total comprehensive income		148,832,640.33	(100,249,961.54)
Attributable to			
Shareholders of the Company		125,616,081.20	(73,449,290.36)
Non-controlling interests		23,216,559.13	(26,800,671.18)
VIII. Earnings per share:			
(1) Basic earnings/(loss) per share (RMB/share)	22	0.15	(0.10)
(2) Diluted earnings/(loss) per share (RMB/share)	22	0.15	(0.10)

For a business involving entities under common control which occurred in 2022, the net profit 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.

Guo Junfa

Legal Representative

Huang Wenban

The person in charge
of accounting affairs

Leng Xuelin

The head of the
accounting department

Company Income Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note XII	Amount for the period	Amount for the previous period
I. Operating income		75,870,797.56	56,622,204.94
Less: Operating costs		20,001,538.18	23,564,674.64
Taxes and surcharges		373,435.76	152,616.84
Selling and distribution expenses		7,714.00	55,083.58
General and administrative expenses		31,382,992.29	31,179,196.27
Research and development expenses		528,151.64	–
Financial expenses		867,340.36	13,400,388.42
Add: Other income		–	33,538.32
Investment income	2	1,954,359.67	11,677,277.77
Accrual of credit losses		(570,820.47)	1,875,623.73
II. Operating profit		24,093,164.53	1,856,685.01
Add: Non-operating income		–	213,324.48
Less: Non-operating expenses		17,026.46	7,307.26
III. Profit before income tax		24,076,138.07	2,062,702.23
Less: Income tax expenses		–	473,740.44

Company Income Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note XII	Amount for the period	Amount for the previous period
IV. Net profit		24,076,138.07	1,588,961.79
1. Net profit from continuing operations		24,076,138.07	1,588,961.79
2. Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		24,076,138.07	1,588,961.79

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

Guo Junfa

Legal Representative

Huang Wenban

The person in charge of
accounting affairs

Leng Xuelin

The head of the
accounting department

Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	Amount for the period	Amount for the previous period (Restated)
I. Cash flows from operating activities			
Proceeds from sale of goods and rendering of services		3,792,983,682.66	3,174,258,371.89
Tax refunds received		–	46,908,191.45
Cash received relating to other operating activities		230,231,755.35	135,207,543.93
Sub-total of cash inflows		4,023,215,438.01	3,356,374,107.27
Payment for goods and services		2,607,981,019.39	2,117,341,367.81
Payment to and for employees		824,581,492.58	930,559,083.12
Payment of various taxes		148,466,297.15	99,567,186.27
Payment relating to other operating activities		46,674,103.37	80,733,507.55
Sub-total of cash outflows		3,627,702,912.49	3,228,201,144.75
Net cash inflow from operating activities	23	395,512,525.52	128,172,962.52

Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	Amount for the period	Amount for the previous period (Restated)
II. Cash flows from investing activities			
Proceeds from disposal of investments		182,905.99	–
Proceeds from investment income		12,983,676.00	30,248,955.28
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		41,825,302.17	11,059,420.07
Proceeds from other investment activities		12,536,479.02	–
Sub-total of cash inflows		67,528,363.18	41,308,375.35
Payment for acquisition of fixed assets, intangible assets and other long-term assets		87,904,755.02	127,148,620.97
Cash received relating to other investing activities		447,265.25	–
Sub-total of cash outflows		88,352,020.27	127,148,620.97
Net cash outflow from investing activities		(20,823,657.09)	(85,840,245.62)

Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	Amount for the period	Amount for the previous period (Restated)
III. Cash flows from financing activities			
Cash receipts from capital contributions		–	8,060,206.00
Proceeds from borrowings		811,983,576.64	684,090,033.71
Cash received from other financing activities		3,000,000.00	9,792,565.68
		<hr/>	<hr/>
Sub-total of cash inflows		814,983,576.64	701,942,805.39
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Repayments of borrowings		903,497,554.01	658,236,946.32
Payment for profit distributions or interest		37,608,824.04	53,325,100.73
Payment for other financing activities		166,693,437.58	146,173,414.84
		<hr/>	<hr/>
Sub-total of cash outflows		1,107,799,815.63	857,735,461.89
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Net cash outflow from financing activities		(292,816,238.99)	(155,792,656.50)
		<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>

Consolidated Cash Flow Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	Amount for the period	Amount for the previous period (Restated)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		1,232,364.20	2,997,240.91
V. Net increase/(decrease) in cash and cash equivalents	23	83,104,993.64	(110,462,698.69)
Add: Cash and cash equivalents at the beginning of the period	23	945,099,019.66	1,249,782,490.33
VI. Cash and cash equivalents at the end of the period	23	1,028,204,013.30	1,139,319,791.64

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

Guo Junfa

Legal Representative

Huang Wenban

The person in charge of accounting affairs

Leng Xuelin

The head of the accounting department

Company Cash Flow Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the period	Amount for the previous period
I. Cash flows from operating activities		
Proceeds from sale of goods and rendering of services	80,661,098.43	82,418,232.44
Tax refunds received	–	858,645.64
Cash received relating to other operating activities	5,932,110.65	17,809,338.64
	<hr/>	<hr/>
Sub-total of cash inflows	86,593,209.08	101,086,216.72
	<hr/>	<hr/>
Payment for goods and services	6,281,262.72	49,951,553.81
Payment to and for employees	21,032,979.37	19,999,398.60
Payment of various taxes	2,641,429.14	1,511,492.41
Payment relating to other operating activities	44,653,025.62	41,784,360.83
	<hr/>	<hr/>
Sub-total of cash outflows	74,608,696.85	113,246,805.65
	<hr/>	<hr/>
Net cash outflow/inflow from operating activities	11,984,512.23	(12,160,588.93)

Company Cash Flow Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the period	Amount for the previous period
II. Cash flows from investing activities		
Proceeds from disposal of investments	447,265.25	–
Proceeds from investment income	–	29,036,473.43
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	4,340.00	–
Cash received from other investing activities	24,403,757.47	–
Sub-total of cash inflows	24,855,362.72	29,036,473.43
Payment for acquisition of fixed assets, intangible assets and other long-term assets	303,449.00	16,098.91
Payment for acquisition of investments	–	8,389,200.00
Payment for other investing activities	6,000,000.00	–
Sub-total of cash outflows	6,303,449.00	8,405,298.91
Net cash inflow from investing activities	18,551,913.72	20,631,174.52

Company Cash Flow Statement (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the period	Amount for the previous period
III. Cash flows from financing activities		
Proceeds from borrowings	<u>248,500,000.00</u>	<u>40,000,000.00</u>
Sub-total of cash inflows	<u>248,500,000.00</u>	<u>40,000,000.00</u>
Repayments of borrowings	249,500,000.00	54,153,750.00
Payment for profit distributions or interest	6,678,000.14	9,553,123.54
Payment for other financing activities	<u>84,577,543.94</u>	<u>24,525,593.50</u>
Sub-total of cash outflows	<u>340,755,544.08</u>	<u>88,232,467.04</u>
Net cash outflow from financing activities	<u>(92,255,544.08)</u>	<u>(48,232,467.04)</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents	<u>-</u>	<u>-</u>
V. Net decrease in cash and cash equivalents	<u>(61,719,118.13)</u>	<u>(39,761,881.45)</u>
Add: Cash and cash equivalents at the beginning of the period	<u>531,227,776.24</u>	<u>636,649,721.64</u>
VI. Cash and cash equivalents at the end of the period	<u>469,508,658.11</u>	<u>596,887,840.19</u>

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

Guo Jun Fa

Legal Representative

Huang Wenban

The person in charge
of accounting affairs

Leng Xuelin

The head of the
accounting department

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the period								Total shareholders' equity
	Attributable to shareholders of the Company							Non-controlling interests	
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total		
I. Balance as at 31 December 2022	799,847,800.00	18,675,842.63	(36,126,897.89)	27,978,954.27	241,393,938.42	646,279,200.57	1,698,048,838.00	783,706,638.19	2,481,755,476.19
II. Balance as at 1 January 2023	799,847,800.00	18,675,842.63	(36,126,897.89)	27,978,954.27	241,393,938.42	646,279,200.57	1,698,048,838.00	783,706,638.19	2,481,755,476.19
III. Changes in equity for the period	-	-	2,982,077.46	3,543,626.75	-	122,634,003.74	129,159,707.95	22,885,669.28	152,045,377.23
(I) Total comprehensive income	-	-	2,982,077.46	-	-	122,634,003.74	125,616,081.20	23,216,559.13	148,832,640.33
(II) Shareholders' contributions and reduction	-	-	-	-	-	-	-	(808,932.44)	(808,932.44)
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	-	-
2. Others	-	-	-	-	-	-	-	(808,932.44)	(808,932.44)
(III) Appropriation of profits	-	-	-	-	-	-	-	(351,131.95)	(351,131.95)
1. Distributions to shareholders	-	-	-	-	-	-	-	(351,131.95)	(351,131.95)
(IV) Internal transfer of equity	-	-	-	-	-	-	-	-	-
(V) Specific reserve	-	-	-	3,543,626.75	-	-	3,543,626.75	829,174.54	4,372,801.29
1. Accrued	-	-	-	16,396,606.28	-	-	16,396,606.28	7,935,750.58	24,332,356.86
2. Utilised	-	-	-	12,852,979.53	-	-	12,852,979.53	7,106,576.04	19,959,555.57
IV. Balance as at 30 June 2023	799,847,800.00	18,675,842.63	(33,144,820.43)	31,522,581.02	241,393,938.42	768,913,204.31	1,827,208,545.95	806,592,307.47	2,633,800,853.42

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

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the previous period								Total shareholders' equity
	Attributable to shareholders of the Company							Non-controlling interests	
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total		
I. Balance as at 31 December 2021	<u>799,847,800.00</u>	<u>30,822,841.46</u>	<u>(38,549,691.47)</u>	<u>22,981,970.80</u>	<u>228,567,221.55</u>	<u>816,260,050.18</u>	<u>1,859,930,192.52</u>	<u>893,277,899.38</u>	<u>2,753,208,091.90</u>
II. Balance as at 1 January 2022	<u>799,847,800.00</u>	<u>30,822,841.46</u>	<u>(38,549,691.47)</u>	<u>22,981,970.80</u>	<u>228,567,221.55</u>	<u>816,260,050.18</u>	<u>1,859,930,192.52</u>	<u>893,277,899.38</u>	<u>2,753,208,091.90</u>
III. Changes in equity for the period	-	167,158.57	3,772,412.87	3,190,985.40	-	(77,221,703.23)	(70,091,146.39)	(22,295,976.57)	(92,387,122.96)
(I) Total comprehensive income	-	-	3,772,412.87	-	-	(77,221,703.23)	(73,449,290.36)	(26,800,671.18)	(100,249,961.54)
(II) Shareholders' contributions and reduction	-	167,158.57	-	-	-	-	167,158.57	8,173,951.94	8,341,110.51
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	8,060,206.00	8,060,206.00
2. Others	-	167,158.57	-	-	-	-	167,158.57	113,745.94	280,904.51
(III) Appropriation of profits	-	-	-	-	-	-	-	(6,516,197.24)	(6,516,197.24)
1. Distributions to shareholders	-	-	-	-	-	-	-	(6,516,197.24)	(6,516,197.24)
(IV) Internal transfer of equity	-	-	-	-	-	-	-	-	-
(V) Specific reserve	-	-	-	3,190,985.40	-	-	3,190,985.40	2,846,939.91	6,037,925.31
1. Accrued	-	-	-	14,896,513.87	-	-	14,896,513.87	9,477,348.66	24,373,862.53
2. Utilised	-	-	-	11,705,528.47	-	-	11,705,528.47	6,630,408.75	18,335,937.22
IV. Balance as at 30 June 2022 (Restated)	<u>799,847,800.00</u>	<u>30,990,000.03</u>	<u>(34,777,278.60)</u>	<u>26,172,956.20</u>	<u>228,567,221.55</u>	<u>739,038,346.95</u>	<u>1,789,839,046.13</u>	<u>870,981,922.81</u>	<u>2,660,820,968.94</u>

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

Guo Junfa

Legal Representative

Huang Wenban

The person in charge
of accounting affairs

Leng Xuelin

The head of the
accounting department

Company Statements of Changes in Shareholders' Equity (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the period					Total shareholders' equity
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	
I. Balance as at 31 December 2022	<u>799,847,800.00</u>	<u>117,238,669.53</u>	<u>-</u>	<u>248,671,931.53</u>	<u>627,947,915.17</u>	<u>1,793,706,316.23</u>
II. Balance as at 1 January 2023	<u>799,847,800.00</u>	<u>117,238,669.53</u>	<u>-</u>	<u>248,671,931.53</u>	<u>627,947,915.17</u>	<u>1,793,706,316.23</u>
III. Changes in equity for the period	-	-	-	-	24,076,138.07	24,076,138.07
(I) Total comprehensive income	-	-	-	-	24,076,138.07	24,076,138.07
(II) Shareholders' contributions and reduction	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	-
(IV) Internal transfer of equity	-	-	-	-	-	-
(V) Specific reserve	-	-	-	-	-	-
1. Accrued	-	-	114,866.50	-	-	114,866.50
2. Utilised	-	-	114,866.50	-	-	114,866.50
IV. Balance as at 30 June 2023	<u>799,847,800.00</u>	<u>117,238,669.53</u>	<u>-</u>	<u>248,671,931.53</u>	<u>652,024,053.24</u>	<u>1,817,782,454.30</u>

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

Company Statements of Changes in Shareholders' Equity (Unaudited)

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Amount for the previous period					Total shareholders' equity
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	
I. Balance as at 31 December 2021	<u>799,847,800.00</u>	<u>128,513,590.23</u>	<u>-</u>	<u>229,114,461.18</u>	<u>451,930,682.03</u>	<u>1,609,406,533.44</u>
II. Balance as at 1 January 2022	<u>799,847,800.00</u>	<u>128,513,590.23</u>	<u>-</u>	<u>229,114,461.18</u>	<u>451,930,682.03</u>	<u>1,609,406,533.44</u>
III. Changes in equity for the period	-	-	-	-	1,588,961.79	1,588,961.79
(I) Total comprehensive income	-	-	-	-	1,588,961.79	1,588,961.79
(II) Shareholders' contributions and reduction	-	-	-	-	-	-
(III) Appropriation of profits	-	-	-	-	-	-
(IV) Internal transfer of equity	-	-	-	-	-	-
(V) Specific reserve	-	-	-	-	-	-
1. Accrued	-	-	56,345.90	-	-	56,345.90
2. Utilised	-	-	56,345.90	-	-	56,345.90
IV. Balance as at 31 December 2022	<u>799,847,800.00</u>	<u>128,513,590.23</u>	<u>-</u>	<u>229,114,461.18</u>	<u>453,519,643.82</u>	<u>1,610,995,495.23</u>

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

Guo Junfa

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The person in charge
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Leng Xuelin

The head of the
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Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

I. COMPANY PROFILE

1. Company status

Guangdong Yueyun Transportation Company Limited (the "Company") was established on 28 December 1999 as a limited company under the name of Guangdong Yuedi Communications Company Limited ("Yuedi Communications") by Guangdong Provincial Highway Construction Company Limited, Guangdong Communication Enterprise Investment Company Limited, Guangdong Province Road & Bridge Construction Development Company Limited, Guangdong Weisheng Transportation Enterprise Company Limited and Guangdong Guantong Expressway Assets Management Company Limited. On 25 December 2000, Guangdong Yuedi Communications Company Limited was converted to a joint stock limited company under the approval of the People's Government of Guangdong Municipality Yue Ban Han [2000] No. 685 and Economic and Trade Commission of Guangdong Province Yue Jing Mao Jian Du [2000] No. 1057. On 1 April 2002, under the approval of Administration of Industry and Commerce of Guangdong Province, Guangdong Yuedi Communications Company Limited was renamed as Guangdong South China Logistics Enterprise Limited. The registered capital of the Company was RMB292,187,322.00. On 5 August 2013, under the approval of Administration of Industry and Commerce of Guangdong Province, Guangdong South China Logistics Enterprise Limited was renamed as Guangdong Yueyun Transportation Company Limited.

In 2005, according to the shareholders' resolution of year 2004 and the revised Company's Memorandum and Articles, and being approved by State-owned Assets Supervision and Administration Commission of the State Council Guo Zi Gai Ge [2005] No. 62 and China Securities Regulatory Commission Zheng Jian Guo He Zi [2005] No. 21, the Company initially offered 138,000,000 H shares with a nominal value of RMB1 per H share on the Main Board of The Stock Exchange of Hong Kong Limited ("SEHK"), including 125,454,545 new H shares, and 12,545,455 H shares converted from domestic shares. The registered capital of the Company was changed to RMB417,641,867.00 after the placing and public offer.

According to the resolution of the Annual General Meeting held on 11 June 2015, the Company issued two bonus shares for every 10 shares by way of the capitalisation of the retained earnings and three shares for every 10 shares by way of the capitalisation of the share premium based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014. The registered capital of the Company was changed to RMB626,462,800.00 accordingly.

On 24 March 2016, Guangdong Provincial Communication Group Company Limited ("GCGC") executed the conversion of the Perpetual Subordinated Convertible Securities ("PSCS") held by it with a principal amount of RMB281,810,000.00 into domestic ordinary shares of the Company, which resulted in an increase of the Company's ordinary shares of 173,385,000. The registered capital of the Company was changed to RMB799,847,800.00 accordingly.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

I. COMPANY PROFILE (*CONTINUED*)

1. Company status (*Continued*)

The Company and its subsidiaries (the “Group”) is a comprehensive transportation service group in Guangdong Province. The principal business of the Group mainly includes expressway service zones operation, road passenger transportation and auxiliary services. In addition, the Group also engaged in construction material supply and logistics service and other business in the reporting period.

The parent of the Company and its ultimate holding company is GCGC. The registered office is 8th floor, No.1731-1735 Airport Road, Guangzhou, the PRC. The legal representative of the Company is Mr. Guo Jun Fa.

This financial statements were approved by the board of directors of the Company on 22 August 2023.

2. Scope of the consolidated financial statements

For the details of the scope and changes of the consolidated financial statements during the current period, please refer to Note VI. Changes in the scope of consolidation.

For the details of subsidiaries of the Company, please refer to Note VII. Interests in other entities.

II. BASIS OF PREPARATION OF 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.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTINUED)

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.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group's accounting policies for the recognition and measurement of allowance for expected credit loss for receivables, recognition of cost of inventories, depreciation of fixed assets and right-of-use assets, amortisation of intangible assets, recognition and measurement of government grant and revenue, are adopted according to the specific characteristics of the Group's operations. Please refer to the relevant notes to the accounting policies.

1. Statement of compliance

The Group's interim financial statements have been prepared in accordance with the requirements of "Accounting Standard for Business Enterprises No. 32 – Interim Financial Reporting". These interim financial statements present truly and completely the consolidated financial position and financial position of the Company as at 30 June 2023, and the consolidated financial performance and financial performance of the Company and the consolidated cash flows and cash flows of the Company for the period then ended.

2. Accounting Period

The Group has adopted the calendar year as its accounting year, from 1 January to 31 December. The accounting period of the interim financial statements is from 1 January 2023 to 30 June 2023.

3. Operating cycle

The Group's operating cycle is 12 months.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Functional currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company’s overseas subsidiaries choose Hong Kong dollar as their functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to present its financial statements, and the financial statements of foreign subsidiaries have been translated based on the accounting policy as set out in Note III. 9. Foreign currency transactions and translation of financial statements denominated in foreign currencies.

5. Accounting treatments for business combinations under common control and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the acquirer through business combination shall be measured at the carrying value of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control: The cost of combination is the fair value of assets paid, liabilities incurred or committed and issued shares by the acquirer to obtain control. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognise such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. The identifiable assets acquired from the acquiree in a business combination that meet the recognition criteria, liabilities and contingent liabilities are measured at the fair value at the acquisition date.

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

6. Preparation of consolidated financial statements

1) *Scope of consolidation*

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2) *Consolidation procedure*

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flow of the Group. The impact of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The shareholders' equity, net profit or loss and other comprehensive income of subsidiaries for the period attributable to non-controlling shareholders are respectively and separately presented under the shareholders' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the loss for the period shared by a non-controlling shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the non-controlling shareholder in the shareholders' equity of the subsidiary at the beginning of the period, non-controlling interest will be written down accordingly.

(1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

2) Consolidation procedure (Continued)

(1) Increase of subsidiaries or business (Continued)

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognised from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the opening retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the acquisition date based on their fair value determined on the acquisition date.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified into profit or loss and other changes in shareholders' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

2) Consolidation procedure (Continued)

(2) Disposal of subsidiaries

① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other shareholders' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be treated a package deal:

- i The transactions are concluded at the same time or under the consideration of mutual effect;
- ii These transactions as a whole can reach a complete business result;
- iii The occurrence of a transaction depends on that of other transaction or more; and
- iv A single transaction is uneconomical but it is economical when considered together with other transactions.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

2) Consolidation procedure (Continued)

(2) Disposal of subsidiaries (Continued)

② Disposal of subsidiaries by stages (Continued)

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose of subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognised as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

(3) Purchase of non-controlling interests in a subsidiary

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of non-controlling interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

The share premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the share premium of capital reserves is insufficient, the retained earnings will be adjusted.

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

7. Classification of joint arrangements and accounting treatment

Joint arrangements can be classified into joint operations and joint ventures.

When the Group is a party to a joint arrangement and has rights to the assets, and obligations for the liabilities, relating to such arrangement, the joint arrangement is classified as a joint operation.

The Group recognises the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Group and those jointly held on a pro-rata basis;
- (2) the liabilities assumed solely by the Group and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Group;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;
- (5) the expenses incurred solely by the Group and those incurred by the joint operation on a pro-rata basis.

The investment in joint ventures of the Group are accounted for under the equity method. For the details, please refer to Note III. 13. Long-term equity investments.

8. Cash and cash equivalent

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term and highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

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(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Foreign currency transactions and translation of financial statements denominated in foreign currencies

1) *Foreign currency transactions*

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

2) *Translation of financial statements denominated in foreign currency*

The assets and liabilities in the balance sheets are translated at the spot exchange rate on the balance sheet date. Except for "Retained earnings", all items under owner's equity are translated at the spot exchange rates when incurred. The income and expenses items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of a foreign operation, the translation difference of the financial statements in foreign currency relating to that foreign operation is transferred from shareholders' equity to profit or loss of the period during which the disposal occurs.

10. Financial instruments

The Group recognises a financial asset, a financial liability or equity instrument when it becomes a party to the financial instrument contract.

1) *Classification of financial instruments*

The classification of financial assets is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. At the initial recognition, a financial asset is classified as: financial assets at the amortised cost, financial assets measured at fair value through other comprehensive income and financial assets measured at fair value through profit or loss.

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

10. Financial instruments *(Continued)*

1) *Classification of financial instruments (Continued)*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income (debt instruments) if it meets both of the following conditions and is not designated at fair value through profit or loss:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

At initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This designation is made on an investment-by-investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

At initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost.

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

2) *Recognition basis and measurement method of financial instruments*

(1) *Financial assets at amortised cost*

Financial assets measured at amortised cost include bills receivable and accounts receivable, other receivables, long-term receivables, and debt investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognised amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

(2) *Financial assets (debt instruments) at fair value through other comprehensive income*

Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other debt investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognised amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or reversal, and exchange gains or losses.

At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current period profit or loss.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

2) *Recognition basis and measurement method of financial instruments (Continued)*

(3) Financial assets (equity instruments) at fair value through other comprehensive income

Financial assets (equity instruments) measured at fair value through other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognised amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the retained earnings.

(4) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

(5) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

2) Recognition basis and measurement method of financial instruments (Continued)

(6) Financial liabilities measured at amortised cost

Financial liabilities measured at the amortised cost include short-term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognised amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current period profit or loss.

(7) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

3) *Derecognition and transfer of financial assets*

Where one of the following conditions is met, the Group shall derecognise financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Group does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets shall not be derecognised.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Group divides the transfer of financial assets into entire transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts is included in the current period profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in shareholders' equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through other comprehensive income).

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

3) Derecognition and transfer of financial assets (Continued)

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred shall be allocated between the derecognised part and the recognised part based on the relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

- (1) The book value of derecognised part;
- (2) The sum of the consideration for the derecognised part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in shareholders' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognised, and the consideration received shall be recognised as a financial liability.

4) Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof shall be derecognised; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognised, and at the same time, the new financial liabilities shall be recognised.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognised in whole or in part, and the financial liabilities of which terms have been modified shall be recognised as the new financial liabilities.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

4) *Derecognition of financial liabilities (Continued)*

Where financial liabilities are derecognised in whole or in part, the difference between the book value of the financial liabilities derecognised and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in current period profit or loss.

Where the Group redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the relative fair value of the part that continues to be recognised and the derecognised part. The difference between the book value allocated to the derecognised part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current period profit or loss.

5) *Determination of fair value of financial assets and financial liabilities*

Unless otherwise stated, the Group measures the fair value of financial assets and liabilities based on following principal:

Fair value refers to the price that market participants can receive for the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

When estimating the fair value, the Group considers the characteristics (including asset status and location, restrictions on the sale or use of assets, etc.) that market participants consider when pricing the relevant assets or liabilities on the measurement date, and adopts valuation techniques that are applicable to the current circumstance and is supported by sufficient available data and other information. The valuation techniques used mainly include market approach, income approach and cost approach.

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(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

6) Accounting treatment for impairment testing of financial assets

The Group recognise loss allowances for expected credit loss ("ECL") on:

- financial assets measured at amortised cost; and
- lease receivables.

Financial assets measured at fair value, including debt investments or equity securities at fair value through profit or loss, equity securities designated at fair value through other comprehensive income and derivative financial assets, are not subject to the ECL assessment.

(1) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for accounts receivable and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

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

10. Financial instruments *(Continued)*

6) *Accounting treatment for impairment testing of financial assets (Continued)*

(1) *Measurement of ECLs (Continued)*

Except for accounts receivable and lease receivables, the Group measures loss allowance at an amount equal to 12-month ECLs for financial instruments which meet the following criteria, and at an amount equal to lifetime ECLs for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date; or
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

(2) *Financial instruments that have low credit risk*

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(3) *Significant increases in credit risk*

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

6) Accounting treatment for impairment testing of financial assets (Continued)

(3) Significant increases in credit risk (Continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. Unless the Group is able to obtain reasonable and well-founded information at no cost or effort to demonstrate that credit risk has not increased significantly since the initial recognition, although it exceeded the payment term agreed upon in the contract for 30 days.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

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

10. Financial instruments *(Continued)*

6) *Accounting treatment for impairment testing of financial assets (Continued)*

(4) Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(5) Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gains or loss for the financial assets at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

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For the six months ended 30 June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

6) Accounting treatment for impairment testing of financial assets (Continued)

(6) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) Equity instruments

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

11. Inventories

1) Classification and initial recognition

The Group's inventories are categorised as goods on hand, construction materials, spare parts, low-value consumables and packaging materials.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of processing and other expenditures incurred in bringing the inventories to their present location and condition.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

11. Inventories *(Continued)*

2) *Cost of inventories transferred out*

Cost of inventories transferred out is calculated using the weighted average method.

3) *Basis for determining the net realisable value*

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

Net realisable values of merchandise inventories held directly for sale, such as finished goods, stock commodities, and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realisable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realisable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realisable values of the excessive part are calculated on the basis of normal selling prices.

When the provision for inventory impairment is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realisable value of the inventory is higher than the book value of the same, the provision for inventory impairment shall be reversed from the amount of provision for inventory impairment originally made, and the reversed amount shall be included in the current profit or loss.

4) *Inventory count system*

The Group maintains a perpetual inventory system.

5) *Amortisation method of low-value consumables and packaging materials*

- (1) Low-value consumables are amortised using one-off write-off method;
- (2) Packaging materials are amortised using one-off write-off method.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Contract assets

1) *Recognition and standard of contract assets*

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer's payments. The consideration that the Group has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The Group has the right (only depends on the passage of time) to receive the consideration for goods to customers is listed as trade receivables individually.

2) *Method of determination of expected credit loss of contract assets and accounting treatment*

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the Note III. 10 6) "Accounting treatment for impairment testing of financial assets".

13. Long-term equity investments

1) *Joint control or significant influence criterion*

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Group together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Group.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Group can exercise significant Influence over an investee, the investee is an associate of the Group.

Notes to the Interim Financial Statements

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

13. Long-term equity investments *(Continued)*

2) *Determination of initial investment cost*

(1) Long-term equity investments acquired through a business combination

For business combinations involving entities under common control, the initial investment cost of long-term equity investments is its share of the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of consideration paid is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, on the combination date, the initial cost of long-term equity investments shall be determined based on share of the carrying amount of the net assets of the combined party in the consolidated financial statement of the ultimate controlling party after the combination. The difference between initial investment cost of long-term equity investment the date of combination and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Business combinations involving entities not under common control: the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost when changing to the cost method shall be the sum of the carrying value of the equity investment originally held and the newly increased initial investment cost.

(2) Long-term equity investments acquired other than through a business combination

The initial investment cost of a long-term equity investment obtained by the Group by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Group by means of issuance of equity securities shall be the fair value of the equity securities issued.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

3) Subsequent measurement and recognition of profit or loss

(1) Long-term equity investments accounted for under cost method

Long-term equity investments of the Company in its subsidiaries are accounted for under cost method unless such investments meet the conditions of holding for sale. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognises the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.

(2) Long-term equity investments accounted for under equity method

Long-term equity investments in associates and joint ventures are accounted for under equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

The Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. The Group adjusts the carrying amount of the long-term equity investment for changes in shareholders' equity of the investee other than those arising from net profits or losses and other comprehensive income and distributions to shareholders ("other changes in shareholders' equity"), and recognises the corresponding adjustment in shareholders' equity.

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

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

13. Long-term equity investments *(Continued)*

3) *Subsequent measurement and recognition of profit or loss (Continued)*

(2) Long-term equity investments accounted for under equity method (Continued)

Unrealised profits and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associates or joint venture, except for the invested or disposed of assets constituted a business. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current investment income.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognised originally upon the accounting by the equity method shall be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be carried forward to the current profit or loss in proportion.

Where the Group loses the joint control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognised upon the accounting by the equity method from the original equity investment shall be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be transferred to the current profit or loss in full.

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Long-term equity investments (Continued)

3) Subsequent measurement and recognition of profit or loss (Continued)

(3) Disposal of long-term equity investments (Continued)

Where the Group loses the control over the investee on account of the partial disposal and any other reason, at the preparation of any single financial statements, if the remaining equity has the joint control over or significant influence on the investee, the accounting shall be made by the equity method, and an adjustment shall be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognised before the control over the investee is obtained shall be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity recognised on account of the accounting by the equity method shall be carried forward to the current profit or loss in proportion; if the remaining equity has no joint control over or significant influence on the investee, relevant financial assets shall be recognised, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same shall be included in the current profit or loss, and other comprehensive income and other changes in shareholders' equity which have been recognised before the control over the investee is obtained shall be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment shall be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed shall be firstly recognised as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment shall be made respectively for each transaction.

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

14. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, which include a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out (including after the completion of self-construction or development activities and buildings under development for future rental purpose).

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

Investment properties are accounted for using the cost model. The Group adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings or land use rights.

For the impairment of the investment properties, please refer to Note III. 21. Impairment of long-term assets.

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

15. Fixed assets

1) *Recognition and initial measurement of fixed assets*

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of over one accounting year. A fixed asset is recognised only when:

- (1) It is probable that economic benefits associated with the assets will flow into the Group; and
- (2) The costs of the asset can be measured reliably.

The fixed assets are initially measured at cost (and by taking the impact of expected disposal costs).

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the expenditures will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

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(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed assets (Continued)

2) Depreciation method

Depreciation of the fixed assets is made using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Group should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Category	Useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Building and structures	10-60	0-5	1.58-10.00
Building improvements	3-20	0	5.00-33.33
Transportation vehicles	3-8	0-5	11.88-33.33
Machinery and equipment	5-12	0-5	7.92-20.00
Electronic equipment, office equipment and others	3-10	0-5	9.50-33.33

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year end.

3) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised when the fixed asset is on disposal or no future economic benefit is expected to be generated from its use or disposal. When a fixed asset is sold, transferred, disposed or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

16. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include construction costs, installation cost, borrowing costs capitalised which fulfill the capitalization criteria and other expenditures incurred before it is ready for intended use. Construction in progress is transferred to a fixed asset when it is ready for its intended use and the relevant fixed asset is depreciated starting from the following month after the transfer.

17. Borrowing costs

1) *Recognition criteria of capitalisation of borrowing costs*

The borrowing costs incurred to the Group and directly attributable to the acquisition and construction or production of assets eligible for capitalisation should be capitalised and recorded into relevant asset costs; other borrowing costs should be recognised as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalisation refer to fixed assets, investment properties, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

2) *Capitalisation period for borrowing costs*

Capitalisation period refers to the period from the beginning of capitalisation to the cease of capitalisation, excluding the period of capitalisation suspension of borrowing costs.

Capitalisation shall start when the following conditions are satisfied simultaneously:

- (1) Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalisation, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

Capitalisation of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalisation have reached their intended use or sale status.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Borrowing costs (Continued)

3) Capitalisation suspension period

If the acquisition, construction or production activities of assets eligible for capitalisation are abnormally interrupted and such interruption lasts for more than 3 months, the capitalisation of borrowing costs should be suspended; if the interruption is necessary for the acquired, constructed or produced assets eligible for capitalisation to reach the working condition for their intended use or sale, the borrowing costs will continue to be capitalised. Borrowing costs incurred during the interruption are recognised as the current profit or loss and the borrowing cost shall continue to be capitalised until the acquisition, construction or production of the assets restarts.

4) Measurement method of capitalisation rate and capitalised amounts of borrowing costs

For specific borrowings for acquiring, constructing or producing assets eligible for capitalisation, borrowing costs actually incurred during the period for specific borrowings less the interest income from the unused borrowings deposited in the bank or investment income from temporary investment with the unused borrowings should be recognised as the capitalisation amount of borrowing costs.

For general borrowings used for acquiring and constructing or producing assets eligible for capitalisation, the amount borrowing costs of general borrowings to be capitalised should be calculated by multiplying the weighted average of asset expenditure of the part of accumulated asset expenditure exceeding specific borrowings by the capitalisation rate for the used general borrowings. The capitalisation rate is determined based on the weighted average effective interest rate for general borrowings.

During the period for capitalisation, the exchange differences arising from translation of the principal and interest of the specific borrowings denominated in foreign currency should be capitalised, and included in the cost of assets eligible for capitalisation. The exchange differences arising from translation of the principal and interest of borrowings denominated in foreign currency other than the specific borrowings denominated in foreign currency should be included in the current profit or loss.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Intangible assets

1) *Recognition and measurement of intangible assets*

Intangible assets are initially measured at cost, except for the toll bridge franchise operating rights are determined based on the price invested by the shareholders. When an intangible asset with a finite useful life is available for use, its original cost less estimated residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. The Group regards intangible assets with unforeseeable future economic benefits as intangible asset with an indefinite useful life, and such intangible asset is not amortised.

The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

2) *Estimate of useful lives for intangible assets*

Category	Amortisation period (years)
Land use rights	20-70/uncertain
Joint operating earning rights	10
Software use right	5-10
Passenger service licenses	uncertain
Station franchise operating rights	38
Toll bridge franchise operating rights	28
Trademark rights	10
Trade mark rights	3-20
Others	2-16.25

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end.

The joint operation earning rights held by the Group was the line operation earning right cooperated with third party.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Intangible assets (Continued)

2) Estimate of useful lives for intangible assets (Continued)

The passenger service licenses held by the Group was the passenger transportation license bought from third party to provide passenger transportation service in Hong Kong area.

The station franchise operating rights held by the Group is the Xintang Passenger Station franchise operating right obtained from government authority. The Group is entitled to the right to charge fees from customers of relevant public services during the concession period, however, the right does not constitute an unconditional right to receive cash and the fee amounts to be received are not guaranteed. Therefore, the Group recognises the concession right as intangible asset and amortises it over the concession period using straight-line method.

The toll bridge franchise operating rights held by the Group is Tai Ping Interchange franchise operating right which was injected by a shareholder and was granted to the shareholder by government authority previously. The Group is entitled to the right to charge toll fees to users of relevant public services, however, the right does not constitute an unconditional right to receive cash and the toll fee amounts to be received are not guaranteed. Therefore, the Group recognises the concession right as intangible asset and amortises it over the concession period of 28 years using straight-line method.

As at the balance sheet date, the Group reassesses the useful lives for intangible assets with indefinite useful lives.

3) Specific criteria for classifying research and development phases

Expenditure on an internal research and development project of the Group is classified into expenditure on the research phase and expenditure on the development phase.

Research phase: Research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: Development phase is the phase when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

18. Intangible assets *(Continued)*

4) *Criteria for capitalisation of development expenditures*

The research expenditure is included in the current profit or loss when it incurred. The development expenditure is recognised as intangible assets when it meets the following conditions at the same time, and is included in the current profit or loss when it fails to meet the following conditions:

- (1) The product or process is technically and commercially feasible;
- (2) The Group has sufficient resources and intention to complete the development work;
- (3) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

The expenditure attributable to the intangible assets during its development phase can be measured reliably.

19. Goodwill

The initial cost of goodwill arising on a business combination not under common control, is the difference between the combination cost and the fair value share of the acquiree's identifiable net assets obtained in the combination.

Goodwill is transferred out when its related asset group or portfolio of asset group is disposed, and recognised in the profit and loss.

The Group does not amortise goodwill, regardless of whether there is indication of impairment, goodwill is tested for impairment at least annually at the end of each year.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

Long-term deferred expenses are amortised using the straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

Category	Amortisation period (years)
Leasehold improvements	5-10
Others	2-23

21. Impairment of long-term assets

Long-term equity investment, investment properties measured using a cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, long-term deferred expenses and other non-current assets, are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

21. Impairment of long-term assets *(Continued)*

Goodwill through business combination with indefinite useful lives shall be subject to impairment test at each year end, irrespective of whether there is any indication of impairment.

When the Group performs impairment test on goodwill, the Group shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill through business combination to the relevant asset group, or if there is a difficulty in allocation, to allocate it to the set of asset groups. When the Group allocates the carrying value of goodwill, the allocation shall be made based on the relative benefits gained from the synergy of business combination by relevant asset group or set of asset groups, based on which impairment tests for goodwill shall be carried out.

For the purpose of impairment test on the relevant asset group or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset group or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset group or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognise the corresponding impairment loss. Then the Group will perform an impairment test on the asset group or set of asset groups containing goodwill, and compare the carrying value of the asset group or set of asset groups (including the carrying value of the goodwill allocated thereto) with the recoverable amount. Where the recoverable amount of the relevant assets group or set of the asset groups is lower than the carrying value thereof, it shall recognise the impairment loss. The amount of the impairment loss shall first charge against the carrying value of any goodwill allocated to the asset group or set of asset groups, then charge it against the carrying value of other assets in proportion to the weight of other assets in the asset group or set of asset groups with goodwill excluded.

Once an impairment loss is recognised, it is not reversed in subsequent periods.

22. Contract liabilities

The Group has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Group has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Employee benefits

1) *Accounting treatment on short-term employee benefits*

In the accounting period in which employees provide service for the Group, short-term benefits actually incurred are recognized as liabilities and charged to profit or loss or cost of relevant assets.

With regard to contributions to social insurance schemes and housing funds and provision for labour union expenses and employee education expenses as required by regulations, the Group should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

Welfare expenses incurred by the Group in profit or loss when incurred or costs related assets based on actual amount. Non-monetary employee benefits will be accounted for in accordance with their fair value if they can be measured reliably.

2) *Accounting treatment on post-employment benefits*

(1) *Defined contribution plans*

Pursuant to the relevant laws and regulations of the PRC, the Company and its domestic subsidiaries participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Company and its domestic subsidiaries makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Pursuant to the relevant laws and regulations of Hong Kong, subsidiaries of the Company in Hong Kong make contributions to the Mandatory Provident Fund Schemes for all Hong Kong employees at the lower of 5% of the monthly employee benefits or the cap (which is adjusted annually). The contributions are recognised as part of the cost of assets or charged to profit or loss when incurred.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

23. Employee benefits *(Continued)*

2) *Accounting treatment on post-employment benefits (Continued)*

(2) *Defined benefit plans*

The qualified retired employees and early retired employees (until formal retirement) of the Group are entitled to certain amount of allowance for a period of time.

In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.

The Group attributes benefit obligations under a defined benefit plan to periods of service provided by respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss or recognised as part of the cost of assets, and remeasurements of the defined benefit liability are recognised in other comprehensive income.

3) *Accounting treatment on termination benefit*

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

When the provision is not expected to be settled wholly within twelve months after the end of the reporting period, and the financial impact is material, the obligation shall be measured on a discounted basis using an appropriate discount rate.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Provision

A provision is recognised for an obligation related to a contingency if:

- (1) the Group has a present obligation;
- (2) it is probable that an outflow of economic benefits of the Group will be required to settle the obligation;
- (3) the amount of obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at initial recognition date.

When recognising the best estimate amount, the Group takes into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

When all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provisions.

The Group reviews the carrying amount of provision on the balance sheet date. If there is unambiguous evidence indicating that the carrying amount cannot reflect the current best estimate, such carrying amount will be adjusted based on the current best estimate.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

25. Revenue

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

1) *Accounting policies on revenue recognition and measurement*

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. Control over relevant goods or services refers to the ability to direct the use of the goods or services to obtain almost all of the economic benefits from the goods or services.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customers. The Group determines the transaction price in accordance with the terms of the contract and together with its past customary practices. The Group considers the impact of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

1) Accounting policies on revenue recognition and measurement (Continued)

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance;
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation, except that the progress cannot be measured reasonably. The Group considers the nature of the goods or services to determine whether input method or output method shall be adopted to measure the progress towards complete satisfaction of the performance obligation. When the progress of the performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services, that is the customer has an obligation for a payment of goods or services;
- the Group has transferred the legal title of the goods to the customer, that is the customer has legal ownership of the goods;
- the Group has transferred physical possession of the goods to the customer, that is the customer has physical possession of the goods;
- the Group has transferred the significant risks and rewards of ownership of the goods to the customer, that is the customer bears the risks and rewards of the ownership of the goods; and
- the customer has accepted the goods or services.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

25. Revenue *(Continued)*

1) *Accounting policies on revenue recognition and measurement (Continued)*

The Group assesses whether it is a principal or an agent to a transaction according to whether the Group controls the goods or services before they are transferred to the customers. When the Group is able to control the goods or services before they are transferred to the customers, the Group is considered a principal and recognises the gross amount of the consideration received or receivable as revenue; Otherwise, the Group is considered an agent that revenue shall be recognised according to the amount of the commission or handling charge the Group expects to have the right to receive. Such received or receivable amount represents the net amount of the gross consideration after deducting the considerations payable to other parties in the transaction, or the pre-determined commission amount or an amount calculated based on a pre-determined percentage.

2) *The following is the description of accounting policies regarding revenue from the Group's principal activities*

(1) Road passenger transportation and auxiliary services

Road passenger transportation and auxiliary services include passenger transportation services and passenger and freight station services.

Passenger transportation services include urban passenger transportation services and public transportation services and those provided in cities in Guangdong Province and cross-border transportation between Guangdong Province and Hong Kong. The Group recognises revenue when transportation services provided to customers are completed.

Passenger and freight station services include services provided to transportation companies for ticket sales, vehicle parking and etc. The Group recognises revenue when the transportation companies have accepted the services and the Group has a present right to payment.

(2) Sales of convenience store goods, petroleum and gasoline

Customers obtain control of convenience store goods, petroleum and gasoline when the goods are delivered to and have been accepted by the customers, customers have a present obligation to payment. Revenue is recognised at that point in time.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

2) *The following is the description of accounting policies regarding revenue from the Group's principal activities (Continued)*

(3) *Taiping interchange assets operation revenue*

Taiping interchange assets operation revenue represents the toll revenue recognised from Taiping interchange franchise operating right. The Group completes the provision of service when vehicle pay the fee and pass through Taiping interchange and revenue is recognised at the same time.

(4) *Sales of construction materials*

Sales of construction materials is the selling of construction materials. Customers obtain control of construction materials when the goods are delivered to designated locations and accepted. Revenue is recognised at that point in time and the credit term is three months with no cash discount.

For the transfer of construction materials with a right of return, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for the amount expected to be returned, which are estimated based on the historical data. The Group recognises a refund liability based on the amount expected to be returned. An asset is initially measured by reference to the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the Group of returned products).

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

26. Government grants

1) *Classification*

Government grants are non-reciprocal transfers of monetary or non-monetary assets which are classified as related to an asset or related to income.

Government grants related to an asset refer to government grants for acquiring, construction or other means to form a long-term asset. Government grants related to income refers to government grants other than those related to an asset.

2) *Point of recognition*

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

3) *Accounting treatment*

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value.

A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income, non-operating income, or offset against related expenses in the periods in which the expenses or losses are recognised. Otherwise, the grant is recognised as other income, non – operating income, or offset against related expenses directly.

A government grant related to the ordinary activities of the Group shall be included in other income or offset against related expenses; a government grant unrelated to the ordinary activities of the Group shall be included in non-operating income.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Deferred tax assets and liabilities

The income tax expenses include current income tax and deferred income tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity.

At the balance sheet date, deferred tax liabilities (or assets) are measured at the applicable tax rates, according to tax laws, that are expected to apply in the period in which the liability is settled (or the asset is realised).

For temporary differences arise from the differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Under normal circumstances, deferred tax is recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

27. Deferred tax assets and liabilities *(Continued)*

Taxable temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred tax liabilities unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred assets when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the applicable tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle current tax assets and liabilities on a net basis and it intends either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, current tax assets and liabilities are offset and presented on a net basis.

At the balance sheet date, deferred tax assets and liabilities can be offset and presented on a net basis if the following conditions are met:

- Taxpayers has a legal right to settle current tax assets and liabilities on a net basis; and
- Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Leases

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of uses; and
- the lessee has the right to direct the use of the asset.

For a contract that contains multiple lease components, the lessee and lessor separates and accounts for each lease component as a lease respectively. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. When separating the lease and non-lease components of a contract, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the principles of transaction price allocation described in Note III. 25 Revenue

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

28. Leases *(Continued)*

1) *The Group as a lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date (less any lease incentives received), plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is depreciated using the straight-line method. If it is reasonably certain that the lease will transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses are recognised in accordance with the accounting policy described in Note III. 21 Impairment of long-term assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate.

The Group calculates interest expenses in each period during the lease term based on a constant periodic rate of interest, and recognizes the interest expenses in profit or loss or part of the cost of another related assets. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss or part of the cost of another related asset as incurred.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Leases (Continued)

1) The Group as a lessee (Continued)

After the commencement date, the Group remeasures the lease liability by discounting the revised lease payments, if either:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, the Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases that have a lease term of 12 months or less) and leases of low-value assets, and recognized the lease payments associated with these leases in profit or loss or part of the cost of another related assets on a straight-line basis over the lease term.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

28. Leases *(Continued)*

2) *The Group as a lessor*

At the lease inception date, the Group classifies each of its leases as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

Under finance leases, at the commencement date, the Group recognises finance lease receivable and derecognises the underlying assets. The Group initially measures finance lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date, discounted at the interest rate implicit in the lease.

The Group calculates and recognises finance income in each period during the lease term, based on a constant periodic rate of interest. The derecognition and impairment losses are recognised in accordance with the accounting policy described in Note III. 10 Financial instruments. Variable lease payments not included in the measurement of the net instruments in the lease are recognized in profit or loss as incurred.

Lease payments received under operating leases are recognised as lease income on a straight-line basis over the lease term. The Group capitalises the initial direct costs incurred in obtaining an operating lease and recognises those costs as expenses over the lease term on the same basis as the lease income. Variable lease payments not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Special reserve

The Group provided for safety expense according to the relevant regulations of the "Notice on Printing and Distributing the "Administrative Measures for the Provision and Utilisation of Safety production expenses" (Caiqi [2022] No. 136), issued by the MOF and the Ministry of Emergency Management.

Provisions for safety production expenses are included in the cost of related products or profit or loss of the current period and included in the "special reserve" account correspondingly.

When the provisions are utilised within the prescribed scope, if the expenditures are revenue in nature, those expenditures are offset directly against the special reserve; if the fixed assets are formed, the expenditures will be accumulated in "construction in progress" and transferred to fixed assets when the relevant safety project is completed and ready for its intended use. At the same time, the special reserve is reduced according to the cost of the fixed asset formed and the accumulated depreciation of the same amount is provided. The fixed asset will no longer be depreciated in future periods.

30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. The Group determines the reporting segment based on the operating segment and considering the principle of materiality.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. The accounting policies adopted in the preparation of segment reports are consistent with those adopted in the preparation of the Group's financial statements.

31. Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

32. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. The related parties of the Group also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

33. Significant accounting judgements and estimates

The preparation of the interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

1) *Loss allowances for accounts receivable*

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

When estimating lifetime ECLs, significant judgments need to be made on the risk of default, all cash flows expected to be received, etc.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting judgements and estimates (Continued)

2) *Impairment of assets except for inventories and financial assets*

As described in Note III. 21, assets other than inventories and financial assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably, the recoverable amount was calculated based on the present value of estimated future cash flows. In assessing value in use and the present value of estimated future cash flows, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

Performing impairment test for goodwill requires a calculation of the present value of estimated future cash flows of the asset group or a set of asset groups related to the goodwill, and an estimation of the future cash flows expected to arise from such asset group or such a set of asset groups. It also requires determining a suitable interest rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset.

3) *Depreciation and amortisation of assets such as investment properties, fixed assets, intangible assets and long-term deferred expenses*

Assets such as investment properties, fixed assets, intangible assets and long-term deferred expenses are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

33. Significant accounting judgements and estimates *(Continued)*

4) *Deferred tax assets*

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Group exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognised.

5) *Employee liabilities of retirement benefits*

The Group recognises the defined benefit scheme provided to the retired and early retired employees in the future as a liability. The amount of the expenses and liabilities related to the scheme is calculated and paid based on various assumptions, including the discount rate, the growth rate of the salary during the retirement, the growth rate of medical expenses and other factors. Although management considers these assumptions to be reasonable, actual experience and changes in the assumptions will affect the expenses and liabilities related to the employee retirement benefits – defined benefit scheme of the Group.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Changes in significant accounting policies and accounting estimates

(1) Implementation of Accounting Standards for Business Enterprises Interpretation No. 16 “The accounting treatment of the initial recognition exemption does not apply to the deferred tax related to assets and liabilities arising from a single transaction”.

On 30 November 2022, the MOF published the Interpretation of Accounting Standards for Business Enterprises No. 16 (Caikui [2022] No. 31, hereinafter referred to as “Interpretation No. 16”), in which the provision that “The accounting treatment of the initial recognition exemption does not apply to the deferred tax related to assets and liabilities arising from a single transaction” comes into effect from 1 January 2023.

According to Interpretation No.16, for a single transaction that is not a business combination, does not affect accounting profit or taxable income (or deductible loss) at the time of the transaction, and the initial recognition of assets and liabilities results in an equal amount of taxable temporary difference and deductible temporary difference (including a lease transaction in which the lessee initially recognizes the lease liability on the beginning date of the lease term and credits the right-of-use assets), As well as individual transactions such as transactions in which estimated liabilities are recognized and included in related asset costs due to the existence of disposal obligations such as fixed assets), the provisions of exempting deferred tax liabilities and deferred tax assets from initial recognition are not applicable, and the enterprise shall comply with the relevant provisions of Accounting Standards for Enterprises No. 18 – Income Tax when the transaction occurs. The corresponding deferred tax liabilities and deferred tax assets are recognized separately.

For a single transaction to which the provision applies that occurred between the beginning of the earliest period for which the provision is first applied and the date of implementation of the provision, as well as lease liabilities and right-of-use assets recognised as a result of the transaction to which the provision applies at the beginning of the earliest period for which the provision is presented in the financial statements, as well as recognised anticipated liabilities related to the disposal obligation and corresponding related assets, Where there is a taxable temporary difference or a deductible temporary difference, the enterprise shall make adjustments in accordance with the provisions.

The Group has implemented Interpretation No. 16 with effect from 1 January 2023 and the implementation of this provision has no significant impact on the Group’s interim financial statements.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IV. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Cultural construction fee	Income from advertisements (Note 1)	3%
Corporate income tax	Taxable profit (Note 2)	25%,20%
Hong Kong profits tax	Assessable profit (Note 3)	16.5%
Value added tax ("VAT")	Income from sale of goods (Note 4)	13%,9%
VAT	Transportation income (Note 4, Note 5)	9%, 3% or 1%, 0%, exempted
VAT	Income from prier rescue service	6%
VAT	Service income derived from highway facilities and other auxiliary facilities (Note 4)	9%,6%,5%
VAT	Income from toll (Note 5)	3%
City maintenance and construction tax	VAT paid (Note 4)	7%,5%
Education surcharge and local education surcharge	VAT paid (Note 4)	3%,2%
Land appreciation tax	Appreciation amount on property sold and applicable tax rate	40%,60%
Property tax	The taxable residual value of the property	1.2%
Property tax	Rental income	12%

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IV. TAXATION (CONTINUED)

1. Main types of taxes and corresponding tax rates (Continued)

Taxpayers with different enterprise income tax rates are the disclosure as follows:

Name of the taxpayers	Income tax rate
Guangdong Gangtong Vehicles Transportation Company Limited	20%
Guangdong Tongyi Landscape Co., Ltd.	20%
Shenzhen City Man Kam To Bus station Co., Ltd.	20%
Guangdong Yue Li Jia Passenger Transport Company (Guangzhou)	20%
Guangdong Yangjiang Vehicles Transportation Co., Ltd.	20%
Yangjiang Yueyun Langri Car Rental Co., Ltd.	20%
Heyuan City Yueyun Tongxing Travel Company Limited	20%
Meizhou Vehicle Materials Supply Co., Ltd.	20%
Dapu Yueyun Motor Inspection Co., Ltd.	20%
Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd.	20%
Yangshan County Yueyun Motor Inspection Co., Ltd.	20%
Zhuhai Gongqi Taxi Co., Ltd.	20%
Zhuhai Qiguan Sightseeing Bus Co., Ltd.	20%
Huaiji County Yueyun City-Village Public Transportation Co., Ltd.	20%
Chaozhou Changyun Service Co., Ltd.	20%
Guangdong Yueyun Development Co., Ltd.	20%
Guangdong FLY-E Logistics Technology Co., Ltd.	20%
Yueyun Transportation (HK) Company Limited	16.5%
The Motor Transport Company of Guangdong and Hong Kong Limited	16.5%
Gang Tong (HK) Motor Transport Company Limited	16.5%
Guangdong Yue Li Jia Passenger Transport Company (Hong Kong)	16.5%

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IV. TAXATION (CONTINUED)

2. Tax incentives

Note 1: According to "The Announcement of adjustment on some government funds Policy by MOF" (Cai shui [2019] No.46), the payable amount of cultural construction fee belonging to the central revenue shall be reduced by 50%; for the cultural construction fee belonging to the local income, the financial and party committee propaganda departments of all provinces (districts and cities) can reduce the payable amount within the range of 50% in combination with the local economic development level, the development of propaganda, ideological and cultural undertakings and other factors, from 1 July 2019 to 31 December 2024.

According to "The Announcement of reduction on cultural construction fee Policy" (Yue cai shui [2019] No.8) issued by Department of Finance of Guangdong Province and National Tax Bureau of Guangdong Provincial, the payable amount of cultural construction fee belonging to the local income shall be reduced by 50%, from 1 July 2019 to 31 December 2024.

Note 2: On 14 March 2022, according to the "Announcement of MOF and the State Administration of Taxation on the Further Implementation of the Preferential Income Tax Policy for Small and Micro Enterprises" (Announcement No. 13, 2022 of the MOF and State Administration of Taxation) promulgated by the MOF and State Administration of Taxation, the Small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 25% exemption of taxable income and application of income tax rate as 20%, from 1 January 2022 to 31 December 2024;

On 27 March 2023, according to the "Announcement of the MOF and State Administration of Taxation on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Industrial and Commercial Households" promulgated by the MOF and State Administration (Announcement No. 6 [2023]), the Small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 25% exemption of taxable income and application of income tax rate as 20%, from 1 January 2023 to 31 December 2024

Certain subsidiaries of the Group meet the requirements of small-scaled minimal profit enterprise and subject to enterprise income tax calculated at a tax rate of 20%. Please refer to Note. "IV.1. Main types of taxes and corresponding tax rates for details". Furthermore, the statutory tax rate of the Group's other subsidiaries in Mainland china is 25% and the statutory tax rate was implemented during the current period (corresponding period in last year:25%).

Note 3: The applicable Hong Kong profits tax rate for the year is 16.5% for the subsidiaries: Yueyun Transportation (HK) Company Limited, The Motor Transport Company of Guangdong and Hong Kong Limited, Gang Tong (HK) Motor Transport Company Limited and Guangdong Yue Li Jia Passenger Transport Company (Hong Kong) (corresponding period in last year: 16.5%).

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 22 February 2023, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 100% exemption of profit tax in 2023 with the maximum of HK\$6,000.

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 23 February 2022, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 100% exemption of profit tax in 2022 with the maximum of HK\$10,000.

According to Hong Kong tax regulations, the tax losses incurred by an enterprise in a tax year can be carried forward and used to offset against future taxable income of the enterprise in subsequent years.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IV. TAXATION (CONTINUED)

2. Tax incentives (Continued)

Note 4: According to the provisions of the Announcement on Clarifying the Policy of VAT Reduction and Exemption for small-scale VAT Taxpayers promulgated by the MOF and the State Administration of Taxation (Announcement No. 1[2023]), from 1 January 2023 to 31 December 2023, taxpayers of living services are entitled to additional 10% on the current period input VAT amount to deduct against the VAT payable amount.

According to "The Announcement on further supporting self-employment and employment of retired soldiers" (Cai shui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans, from 1 January 2019 to 31 December 2021, for enterprise which recruits retired soldiers for self-employment and signs a labor contract with them for more than one year and pays social insurance premiums in accordance with the law, the value-added tax, city maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted successively according to the actual number of recruits within three years from the month when the labor contract is signed and social insurance is paid.

According to "The Announcement on Extending the Implementation Period of Some Preferential Tax Policies" issued by the MOF and the State Administration of Taxation (No. 4 of 2022), The announcement clarifies that the implementation period of preferential tax policies stipulated in "The Announcement on further supporting self-employment and employment of retired soldiers" (Cai shui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans and other documents will be extended to 31 December 2023.

Note 5: According to the provisions of the Announcement on Clarifying the Policy of VAT Reduction and Exemption for small-scale VAT Taxpayers promulgated by the MOF and the State Administration of Taxation (Announcement No. 1[2023]), from 1 January 2023 to 31 December 2023, small-scale VAT taxpayers with monthly sales of less than RMB100,000 are exempt from VAT, and small-scale VAT taxpayers whose taxable sale income subject to 3% tax rate, VAT will be taxed at a reduced rate of 1%; for prepaid VAT items subject to 3% prepaid tax rate.

Notes to the Interim Financial Statements

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounts receivable

1) The ageing analysis of accounts receivable is as follows:

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

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

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts

Items	30 June 2023					31 December 2022				
	Amount		Provision for bad and doubtful debts		Book value	Amount		Provision for bad and doubtful debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts is made on an individual basis	18,509,243.42	3.69	18,509,243.42	100.00	-	18,509,243.42	4.17	18,509,243.42	100.00	-
Provision for bad debts is made on a collective basis	483,598,757.54	96.31	67,120,311.48	13.88	416,478,446.06	425,339,647.01	95.83	58,249,728.33	13.69	367,089,918.68
Including:										
Ageing portfolio	483,598,757.54	96.31	67,120,311.48	13.88	416,478,446.06	425,339,647.01	95.83	58,249,728.33	13.69	367,089,918.68
Total	502,108,000.96	100.00	85,629,554.90		416,478,446.06	443,848,890.43	100.00	76,758,971.75		367,089,918.68

Provision for bad debts is made on an individual basis:

Items	30 June 2023			
	Amount	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
Total	18,509,243.42	18,509,243.42		

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts (Continued)

Provision for bad debts is made on a collective basis:

Items	30 June 2023		
	Amount	Provision for bad and doubtful debts	Provision ratio (%)
Ageing portfolio			
Road transportation and other service			
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	
Service zone operation			
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	
Constructions material supply			
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	
Total	483,598,757.54	67,120,311.48	

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Long-term equity investments

Investee	Book balance as at 31 December 2022	Changes during the period					Book balance as at 30 June 2023	Provision for impairment as at 30 June 2023
		Additional investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declaring cash dividends or profits		
1. Joint ventures								
Guangdong Yuehuahui Business Management Co., Ltd. (note 1)	8,032,851.51	-	421,368.43	-	-	-	8,454,219.94	-
Zhuhai Yuegong Xinhai Transportation Co., Ltd. (note 2)	46,174,202.65	-	23,353,583.65	-	-	-	69,527,786.30	-
Guangdong Zhongyou Top-E Energy Trading Company Limited (note 3)	34,682,289.84	-	293,501.64	-	-	-	34,975,791.48	-
Guangdong Roadnet Innovalues Media Information Technology Co., Ltd.	2,943,059.89	-	(456,866.37)	-	-	-	2,486,193.52	-
Guangzhou Hehe Intelligent Technology Co., Ltd.	-	-	-	-	-	-	-	-
Shaoguan Yuehong Bus Station Company Limited	2,584,587.09	-	(107,463.08)	-	-	-	2,477,124.01	-
Sub-total	94,416,990.98	-	23,504,124.27	-	-	-	117,921,115.25	-
2. Associates								
Southern United Assets and Equity Exchange Co., Ltd.	61,400,090.13	-	4,271,965.52	-	-	-	65,672,055.65	-
Guangdong South Passenger Network Center Company Limited (note 4)	8,242,306.62	-	(415,426.12)	-	-	-	7,826,880.50	-
Qingyuan Zhongguan Development Co., Ltd.	347,674.88	-	1,208.23	-	-	-	348,883.11	-
Zhuhai Wandatong Hongkong – Zhuhai- Macau Bridge Port Passenger Service Co., Ltd.	6,389,870.00	-	(482,953.82)	-	-	-	5,906,916.18	-
Lufeng Shen-Shan Expressway Services Company Limited	2,964,319.16	-	982,199.82	-	-	-	3,946,518.98	-
Heyuan City Yueyun New Energy Co., Ltd.	233,296.01	-	-	-	-	-	233,296.01	233,296.01

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Long-term equity investments (Continued)

Investee	Book balance as at 31 December 2022	Changes during the period					Book balance as at 30 June 2023	Provision for impairment as at 30 June 2023	
		Additional investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declaring cash dividends or profits			Others
2. Associates (Continued)									
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	295,841.73	-	-	-	-	-	295,841.73	-	
Guangzhou Tianhe Coach Terminal Co., Ltd.	31,864,534.75	-	13,134,495.36	-	-	12,983,676.00	32,015,354.11	-	
Guangdong Guangye Yueyun Natural Gas Company Limited	6,612,901.98	-	(802,728.63)	-	-	-	5,810,173.35	-	
CNPC Yueyun Natural Gas Co. Ltd.	9,904,826.37	-	(329,681.93)	-	-	-	9,575,144.44	-	
Shantou City Automobile Passenger Traffic Centre Co., Ltd.	21,528,850.81	-	(416,682.09)	-	-	-	21,112,168.72	-	
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	-	-	-	-	-	-	-	-	
Shenzhen Yueyun Investment Development Company Limited	46,656,721.92	-	162,540.37	-	-	-	46,819,262.29	-	
Hui Ke Tong Technology (Zhuhai) Company Limited	-	-	-	-	-	-	-	-	
Express Cross-Border Coach Management Company Limited	-	-	-	-	-	-	-	-	
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	28,817,105.64	-	(2,360.30)	-	-	-	29,692,159.06	-	
Guangdong-Hong Kong-Macao System Technology Co., Ltd.	-	-	-	-	-	-	-	-	
Shaoguan Libao Technology Company Limited	2,684,299.54	-	318,107.40	-	-	-	3,002,406.94	-	
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	930,000.00	-	-	-	-	-	930,000.00	930,000.00	
Shaoguan City Danxia Mountain Travel Bus Company Limited	8,337,553.86	-	190,592.16	-	-	-	8,528,146.02	-	
Shaoguan Huanya Vehicle Rental Co., Ltd.	500,000.00	-	-	-	-	-	500,000.00	-	
Sub-total	237,710,193.40	-	16,611,275.97	-	-	12,983,676.00	242,215,207.09	1,163,296.01	
Total	332,127,184.38	-	40,115,400.24	-	-	12,983,676.00	360,136,322.34	1,163,296.01	

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Long-term equity investments (Continued)

Note 1: The Group holds 50% equity of Guangdong Yuehuahui Business Management Co., Ltd. (hereinafter referred to as "Guangdong Yuehuahui"). According to the articles of association of Guangdong Yuehuahui, the shareholders of the company exercise their voting rights in proportion to their capital contributions. The board of directors consists of 5 directors, of which 3 are appointed by the Group and 2 are appointed by third-party shareholders. The resolutions of the board of directors must be unanimously approved by two-thirds of the directors. Therefore, Guangdong Yuehuahui is a joint venture of the Group.

Note 2: The Group holds a 49% stake in Zhuhai Yuegong Xinhai Transportation Co., Ltd. (hereinafter referred to as "Yuegong Xinhai"). According to the company's articles of association of Yuegong Xinhai, the resolution of the shareholders' meeting of the company must be unanimously passed by the voting rights held by the shareholders. Therefore, Yuegong Xinhai is a joint venture of the Group.

Note 3: The Group holds 51% equity of Guangdong Zhongyou Top-E Energy Trading Company Limited. According to the company's articles of association of Guangdong Zhongyou Top-E Energy Trading Company Limited, the shareholders of the company exercise their voting rights in proportion to their capital contributions, and the special resolutions of the shareholders' meeting are adopted by voting by shareholders representing more than two thirds of the voting rights. Therefore, Guangdong Zhongyou Top-E Energy Trading Company Limited is a joint venture of the Group.

Note 4: The Company and its subsidiary Zhuhai Gongyun Bus Terminal Co., Ltd. respectively hold 12% and 4% equity in Guangdong Nanyuetong Passenger Transport Networking Center Co., Ltd. (hereinafter referred to as "Nanyuetong"). According to the promoter agreement of Nanyuetong, the Company has appointed management personnel to serve as directors in Nanyuetong and enjoy the corresponding substantive right to participate in decision-making. Therefore, the Company has a significant influence on Nanyuetong, which is an associate of the Group.

3. Investment in other equity instruments

1) Investment in other equity instruments

Items	30 June 2023	31 December 2022
Zhuhai Gongyun Automobile Transportation Co., Ltd. (note 1)	2,880,000.00	2,880,000.00
Zhongdao Tourism Industry Development Co., Ltd. (note 2)	150,000.00	150,000.00
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. (note 3)	308,228.22	308,228.22
Puning City Yueyun Huazhan Co., Ltd. (note 3)	309,360.00	309,360.00
Chaozhou Hengan Transportation Co., Ltd.	-	96,460.00
Chaozhou United Motor Vehicle Business Consulting Service Co., Ltd.	-	30,000.00
Total	<u>3,647,588.22</u>	<u>3,774,048.22</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Investment in other equity instruments (Continued)

1) Investment in other equity instruments (Continued)

Note 1: Zhuhai Gongyun Vehicle Transportation Co., Ltd. is a company initiated and established by two companies on February 11, 2003. The registered capital is RMB500,000. In 2019, the shareholders increased the capital in the same proportion so that the registered capital increased from the original RMB500,000 to RMB28.8 million. The Group only holds 10% of the shares and has no significant impact on the operating decisions of Zhuhai Gongyun Automobile Transportation Co., Ltd. The Group accounts for the investment in Zhuhai Gongyun Automobile Transportation Co., Ltd. as an investment in other equity instruments.

Note 2: Zhongdao Tourism Industry Development Co., Ltd. (hereinafter referred to as "Zhongdao Tourism") is a company initiated and established by 30 companies on April 17, 2018. The registered capital of the Zhongdao Tourism is RMB30 million. The group only holds 1% of the shares of the Zhongdao Tourism. It does not have a significant impact on the business decisions of Zhongdao Tourism. The Group accounts for the investment in Zhongdao Tourism as other equity instrument investments.

Note 3: Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. is 30% owned by Guangdong Yueyun Langri Co., Ltd., a subsidiary of the Group, and Puning yueyun Huazhan Co., Ltd. is 40% owned by Guangdong Automobile Transportation Group Co., Ltd., a subsidiary of the Group. Since the above invested units are contracted and operated by other units or individuals, Therefore, Guangdong Automobile Transportation Group Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. have no significant impact on the above invested units, and the above equity investment is accounted as investment in other equity instruments.

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	<u>2,717,764,318.85</u>	<u>2,936,259,591.76</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Fixed assets (Continued)

2) Fixed assets

Items	Buildings and structures	Buildings improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Total
1. Cost						
(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	<u>2,051,242,060.43</u>	<u>259,989,231.38</u>	<u>144,480,849.58</u>	<u>410,926,619.90</u>	<u>3,422,527,197.66</u>	<u>6,289,165,958.95</u>
2. Accumulated depreciation						
(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	<u>688,484,645.09</u>	<u>178,004,907.36</u>	<u>81,416,489.09</u>	<u>280,920,445.71</u>	<u>2,338,400,035.82</u>	<u>3,567,226,523.07</u>
3. Provision of impairment						
(1) Balance as at 31 December 2022	-	-	-	-	4,175,117.03	4,175,117.03
(2) Balance as at 30 June 2023	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,175,117.03</u>	<u>4,175,117.03</u>
4. Book value						
(1) Book value as at 30 June 2023	<u>1,362,757,415.34</u>	<u>81,984,324.02</u>	<u>63,064,360.49</u>	<u>130,006,174.19</u>	<u>1,079,952,044.81</u>	<u>2,717,764,318.85</u>
(2) Book value as at 31 December 2022	<u>1,392,552,316.95</u>	<u>88,521,593.31</u>	<u>65,822,562.88</u>	<u>134,805,368.86</u>	<u>1,254,557,749.76</u>	<u>2,936,259,591.76</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

4. Fixed assets *(Continued)*

2) Fixed assets *(Continued)*

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).

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Right-of-use assets

Items	Buildings and structures	Lease of land	Transportation vehicles	Total
1. Cost				
(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	<u>4,049,723.48</u>	<u>–</u>	<u>–</u>	<u>4,049,723.48</u>
(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>
2. Accumulated depreciation				
(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	<u>2,495,356.03</u>	<u>–</u>	<u>–</u>	<u>2,495,356.03</u>
(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>
3. Book value				
(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>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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
1. Cost							
(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	<u>757,673,631.52</u>	<u>116,493,972.28</u>	<u>40,338,482.38</u>	<u>387,478,456.26</u>	<u>316,255,979.19</u>	<u>4,673,854.67</u>	<u>1,622,914,376.30</u>
2. Accumulated amortization							
(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	<u>184,492,520.61</u>	<u>75,164,456.46</u>	<u>-</u>	<u>307,715,757.59</u>	<u>226,573,867.19</u>	<u>2,617,209.15</u>	<u>796,563,811.00</u>
3. Provision of impairment							
(1) Balance as at 31 December 2022	2,956,979.57	-	-	-	-	-	2,956,979.57
(2) Balance as at 30 June 2023	<u>2,956,979.57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,956,979.57</u>
4. Book value							
(1) As at 30 June 2023	<u>570,224,131.34</u>	<u>41,329,515.82</u>	<u>40,338,482.38</u>	<u>79,762,698.67</u>	<u>89,682,112.00</u>	<u>2,056,645.52</u>	<u>823,393,585.73</u>
(2) As at 31 December 2022	<u>613,903,686.45</u>	<u>36,399,311.45</u>	<u>39,146,514.19</u>	<u>85,412,656.93</u>	<u>99,141,456.23</u>	<u>2,382,750.50</u>	<u>876,386,375.75</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Intangible assets (Continued)

1) Details of intangible assets (Continued)

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)	219,592,739.73	145,391,927.90
Unsecured loans	512,624,633.56	598,645,899.68
Including: Loans from banks	512,624,633.56	598,645,899.68
Total	732,217,373.29	750,037,827.58

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 V 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).

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Accounts payable

1) The nature analysis of accounts payable is as follows

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

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

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

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Accounts payable (Continued)

3) Significant accounts payable with ageing 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	18,550,294.00	

9. Non-current liabilities due within one year

Items	Note V	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		577,793,169.99	1,027,975,915.81

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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
	<hr/>	<hr/>
Total	1,111,631,787.09	1,185,325,310.17
	<hr/>	<hr/>
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
	<hr/>	<hr/>
Sub-total (Note V 9)	246,363,168.54	696,131,202.58
	<hr/>	<hr/>
Long-term loans due after 1 year	865,268,618.55	489,194,107.59
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	15,000,000.00	68,097,153.08
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Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Long-term loans (Continued)

- 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 V 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: ①Heyuan 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; ②the 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 (Note V. 9)	249,360,865.59	254,994,878.92
Total	<u>1,939,829,032.23</u>	<u>1,846,526,980.15</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Deferred income

Items	30 June 2023	31 December 2022
Government grant related to assets (Note V.25)	248,587,145.86	277,347,178.49
Prepayments of contracts	154,073,869.87	161,748,821.74
Rental of stations and advertising sites	12,331,645.78	12,925,471.28
Total	<u>414,992,661.51</u>	<u>452,021,471.51</u>

13. Specific reserve

Item	31 December 2022	Additions during the period	Reductions during the period	30 June 2023
Safety specific reserve	<u>27,978,954.27</u>	<u>16,396,606.28</u>	<u>12,852,979.53</u>	<u>31,522,581.02</u>
Total	<u>27,978,954.27</u>	<u>16,396,606.28</u>	<u>12,852,979.53</u>	<u>31,522,581.02</u>

Note: According to "The announcement of the administration instruction on using and provision of enterprises' safety specific reserve" (Cai Qi [2022] No.136) issued by MOF and the Ministry of Emergency Management and Administration instruction of safely operation of Guangdong Yueyun Transportation Co., Ltd., transportation enterprises should provide safety reserve monthly based on last year's actual operating income, at the rates of 1% for ordinary freight transportation service and 1.5% for passengers transportation service, respectively. Enterprises serve for production and storage of hazardous goods should set provision of safety reserve monthly based on last year's actual operating income.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. 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	<u>122,634,003.74</u>	<u>(77,221,703.23)</u>
Retained earnings at the end of the period	<u><u>768,913,204.31</u></u>	<u><u>739,038,346.95</u></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).

15. 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	<u>9,698,729.77</u>	<u>10,818,502.83</u>
Total	<u><u>86,573,152.59</u></u>	<u><u>108,261,767.60</u></u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. 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.(note)	5,957,153.78	21,621,914.50
Total	174,778,978.53	189,110,205.39

Note: Refer to Note IV 2 note 4 and note 5 for preferential policies of VAT reduction and exemption.

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	168,821,824.75	167,488,290.89	

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. 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.

18. 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	61,976.18	(1,708,260.62)
Total	<u>(8,703,453.77)</u>	<u>(6,352,869.14)</u>

19. 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	89,602.73	6,887,093.07
Total	<u>24,083,715.73</u>	<u>11,708,170.50</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. 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	2,350,559.76	49,714.58
Others	2,554,902.09	3,588,385.43
Total	<u>5,936,624.04</u>	<u>7,884,209.66</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	83,290.00	311,500.00	Related to income
Total	<u>83,290.00</u>	<u>2,128,134.22</u>	

21. 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>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Earnings/(loss) per share

1) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated as dividing consolidated net profit/(loss) 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	799,847,800.00	799,847,800.00
Basic earnings/(loss) per share	0.15	(0.10)
Including: Basic/(loss) earnings per share from continuing operations	0.15	(0.10)

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	799,847,800.00	799,847,800.00
Weighted average number of ordinary shares at the end of the period	799,847,800.00	799,847,800.00

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/(loss) per share.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Supplement to cash flow statement

1) Supplement to cash flow statement

Supplement	Amount for the period	Amount for the previous period
1. Reconciliation of net profit/(loss) to cash flows from operating activities:		
Net profit/(loss)	144,092,496.76	(106,950,479.96)
Add: Provisions for credit loss	8,703,453.77	6,352,869.14
Depreciation of fixed assets and investment properties	246,385,923.15	278,272,206.41
Depreciation of right-of-use assets	141,239,713.87	125,642,813.85
Amortisation of intangible assets	30,760,329.36	31,231,106.63
Amortisation of long-term deferred expenses	38,159,771.54	34,272,157.76
Gains on disposal of fixed assets, intangible assets and other long-term assets	(24,083,715.73)	(11,708,170.50)
Gains on disposal of fixed assets	(23,959.52)	(1,263,216.52)
Financial expenses	86,658,991.08	108,690,711.19
Investment income	(40,196,861.00)	3,176,443.16
Decrease/(increase) in deferred tax assets	(4,662,895.26)	657,830.65
(Decrease)/increase in deferred tax liabilities	(4,831,890.69)	(48,368.35)
Decrease/(increase) in inventories	(1,610,853.74)	9,974,775.87
Decrease in operating receivables	(146,190,850.07)	(271,539,963.33)
Decrease/(Increase) in operating payables	(82,430,754.75)	(81,778,738.88)
Decrease/(Increase) in specific reserve	3,543,626.75	3,190,985.40
	<u>395,512,525.52</u>	<u>128,172,962.52</u>
Net cash inflow from operating activities		
2. Change in cash and cash equivalents		
Cash and cash equivalents at the end of the period	1,028,204,013.30	1,139,319,791.64
Less: Cash and cash equivalents at the beginning of the period	945,099,019.66	1,249,403,735.59
	<u>83,104,993.64</u>	<u>(110,083,943.95)</u>
Net increase/(decrease) in cash and cash equivalents		

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Supplement to cash flow statement (Continued)

2) Details of cash and cash equivalents

Items	30 June 2023	31 December 2022
I. Cash at bank and on hand	1,028,204,013.30	945,099,019.66
Including: Cash on hand	5,154,127.61	5,013,741.92
Bank deposits available on demand	1,023,049,885.69	940,085,277.74
II. Closing balance of cash and cash equivalents available on demand	<u>1,028,204,013.30</u>	<u>945,099,019.66</u>

24. Assets with restricted ownership or right of use

Items	Book value at the end of the period	Restricted reason
Monetary funds	9,933,767.02	Performance security deposits, tourism quality deposits and property maintenance funds
Fixed assets	399,466,266.44	Mortgage loan, financial lease mortgage
Intangible assets	145,513,760.21	Mortgage loan, long-term payable mortgage guarantee
Total	<u>554,913,793.67</u>	

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. 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	1,528,503.87	670,744.00	Other income
Subsidies for procurement of new energy vehicles	121,401,195.15	Deferred income	34,952,972.92	34,665,515.97	Other income
Subsidies for fixed assets renovation	103,872,424.27	Deferred income	3,526,335.02	3,542,101.28	Other income
Tax subsidies for vehicles purchase	11,386,983.90	Deferred income	212,765.94	212,765.94	Other income
Other subsidies related to assets	11,629,246.61	Deferred income	1,481,710.32	2,207,101.44	Other income
Total	248,587,145.86		41,702,288.07	41,298,228.63	

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	89,311,966.79	124,461,847.33	Operating costs
Subsidies for operation of bus lines	97,417,704.12	77,350,793.01	Other income
Subsidies of elderly concessionary travel card	13,492,920.93	24,159,142.21	Other income
Other subsidies	16,208,911.63	24,680,127.04	Other income
COVID-19 related subsidies	–	1,816,634.22	Non-operating income
Other subsidies	83,290.00	311,500.00	Non-operating income
Total	216,514,793.47	252,780,043.81	

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Net current liabilities

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

27. Total assets less current liabilities

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

28. Lease

1) As a lessee

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

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Lease (Continued)

2) As a lessor

(1) Operating lease

Items	Amount for the period
Lease income	231,417,963.31
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:

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

VI. 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.

Notes to the Interim Financial Statements

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VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

1) Composition of the Group

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital	Percentage (%)		Established or acquired
					RMB million	Shareholding	Voting rights	
Guangdong Highway Media Company Limited	Guangdong China	Guangdong China	Limited liability company	Expressway services	33.00	100.00	100.00	Established
Yueyun Transportation (HK) Company Limited	Hong Kong China	Hong Kong China	Incorporated corporation	Material Logistics services	HKD1.5	100.00	100.00	Established
Guangdong Top-E Expressway Service Zone Company Limited	Guangdong China	Guangdong China	Limited liability company	Expressway services	100.00	95.56	95.56	Business combinations involving enterprises under common control
Guangdong Tongyi Landscape Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Expressway services	20.00	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Jindaoda Expressway Economic Development Company Limited	Guangdong China	Guangdong China	Limited liability company	Expressway services	10.00	100.00	100.00	Business combinations involving enterprises under common control
The Motor Transport Company of Guangdong and Hong Kong Limited (note 1)	Hong Kong China	Hong Kong China	Incorporated corporation	Cross-border transportation services	HKD9.00	62.00	71.43	Business combinations involving enterprises under common control
Gang Tong (HK) Motor Transport Company Limited	Hong Kong China	Hong Kong China	Limited liability company	Cross-border transportation services	HKD0.01	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Yue Li jia Passenger Transport Company (Hong Kong)	Hong Kong China	Hong Kong China	Limited liability company	Cross-border transportation services	HKD0.50	70.00	70.00	Business combinations involving enterprises under common control
The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited (note 1)	Guangdong China	Guangdong China	Incorporated corporation	Cross-border transportation services	HKD25.00	62.00	71.43	Business combinations involving enterprises under common control
Shenzhen Yuegang Transport Company Limited	Guangdong China	Guangdong China	Limited liability company	Cross-border transportation services	HKD10.50	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Yue Li jia Passenger Transport Company (Guangzhou)	Guangdong China	Guangdong China	Limited liability company	Cross-border transportation services	HKD3.50	70.00	70.00	Business combinations involving enterprises under common control
Guangdong Vehicles Transportation Group Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Investment and domestic transportation	68.00	100.00	100.00	Business combinations involving enterprises under common control

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital	Percentage		Established or acquired
					RMB million	Shareholding	Voting rights	
Foshan City Yueyun Public Transportation Co., Ltd. (note 1)	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	51.00	100.00	Business combinations involving enterprises under common control
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	100.00	59.62	59.62	Business combinations involving enterprises under common control
Foshan City Sanshui District Yueyun Traffic Co., Ltd. (note 1)	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	51.00	100.00	Business combinations involving enterprises under common control
Guangdong Yueyun Traffic Rescue Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Traffic Rescue	60.00	100.00	100.00	Business combinations involving enterprises under common control
Shenzhen City Shenwei Lighter Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	12.00	55.00	55.00	Business combinations involving enterprises under common control
Guangdong Yueyun Langri Co., Ltd.	Guangdong China	Guangdong China	Incorporated corporation	Domestic transportation	156.75	51.00	51.00	Business combinations involving enterprises under common control
Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd. (note 1)	Guangdong China	Guangdong China	Limited liability company	Station services	0.50	60.00	100.00	Business combinations involving enterprises under common control
Yangjiang City Yueyun Langri Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	74.8240	65.00	65.00	Business combinations involving enterprises under common control
Yangchun City Yueyun Langri Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.15	100.00	100.00	Business combinations involving enterprises under common control
Yangxi County Yueyun Langri Passenger Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	100.00	100.00	Business combinations involving enterprises under common control
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	70.00	70.00	Business combinations involving enterprises under common control
Guangzhou City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.503	51.00	51.00	Business combinations involving enterprises under common control

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital	Percentage (%)		Established or acquired
					RMB million	Shareholding	Voting rights	
Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station services	30.00	60.00	60.00	Business combinations involving enterprises under common control
Heyuan City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	10.00	55.28	55.28	Business combinations involving enterprises under common control
Foshan City Yueyun Hexing Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station services	1.020408	51.00	51.00	Business combinations involving enterprises under common control
Guangdong Gangtong Vehicles Transportation Company Limited	Guangdong China	Guangdong China	Limited liability company	Cross-border transportation services	HKD5	100.00	100.00	Established
Yangjiang City Yueyun Langri Passenger Transport Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	100.00	100.00	Established
Heyuan City Chengnan Freight Station Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station services	19.50	100.00	100.00	Established
Heyuan City Yueyun Tongxing Travel Company Limited	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	100.00	100.00	Business combinations involving enterprises not under common control
Heyuan City Yueyun Lvdu Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	58.00	100.00	100.00	Business combinations involving enterprises not under common control
Yangjiang Yueyun Langri Car Rental Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Leasing Services	3.00	100.00	100.00	Established
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	50.00	66.39	66.39	Business combinations involving enterprises not under common control
Yangshan County Yueyun Motor Inspection Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Vehicle Testing	0.40	100.00	100.00	Business combinations involving enterprises not under common control

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital	Percentage	Voting rights	Established or acquired
					RMB million	(%) Shareholding		
Qingyuan City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	17.00	100.00	100.00	Business combinations involving enterprises not under common control
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	142.78	59.69	59.69	Business combinations involving enterprises not under common control
Shaoguan Polycom Motor Vehicles Driving Training Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Motor Driver Training	16.00	100.00	100.00	Business combinations involving enterprises not under common control
Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.11	100.00	100.00	Business combinations involving enterprises not under common control
Shanwei Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	35.00	51.00	51.00	Business combinations involving enterprises not under common control
Lufeng Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	40.00	100.00	100.00	Business combinations involving enterprises not under common control
Shanwei City Yueyun New Energy Vehicles Service Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station Service	5.00	100.00	100.00	Business combinations involving enterprises not under common control
Shanwei City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.58	85.00	85.00	Business combinations involving enterprises not under common control
Guangdong Yueyun Development Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Commercial Service	36.00	100.00	100.00	Established
Haifeng Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	100.00	100.00	Established

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For the six months ended 30 June 2023

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital	Percentage (%)		Established or acquired
					RMB million	Shareholding	Voting rights	
Luhe Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	100.00	100.00	Established
Lufeng Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	10.00	100.00	100.00	Established
Yangjiang City Hailing Yueyun Langri Travel Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	10.00	65.00	65.00	Established
Guangdong Yangjiang Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	47.321932	100.00	100.00	Business combinations involving enterprises under common control
Huajiang County Yueyun City-Village Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	2.9307	100.00	100.00	Business combinations involving enterprises not under common control
Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	34.4494	51.00	51.00	Established
Meizhou City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	38.00	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Vehicles Passenger Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.50	100.00	100.00	Business combinations involving enterprises under common control
Xingning Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.00	100.00	100.00	Business combinations involving enterprises under common control
Dapu Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	3.20	100.00	100.00	Business combinations involving enterprises under common control
Wuhua Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.50	100.00	100.00	Business combinations involving enterprises under common control

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital	Percentage		Established or acquired
					RMB million	Shareholding	Voting rights	
Pingyuan Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	3.20	100.00	100.00	Business combinations involving enterprises under common control
Jiaoling Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	12.60	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Vehicle Materials Supply Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	100.00	100.00	Business combinations involving enterprises under common control
Dapu Yueyun Motor Inspection Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Vehicle Testing	5.00	51.00	51.00	Business combinations involving enterprises under common control
Shenzhen City Man Kam To Bus station Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Property Management	0.50	100.00	100.00	Established
Chaozhou City Yueyun Vehicle Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	40.00	100.00	100.00	Business combinations involving enterprises under common control
Chaozhou City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	18.983	100.00	100.00	Business combinations involving enterprises under common control
Chaozhou Changyun Service Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Hotel service	0.887	100.00	100.00	Business combinations involving enterprises under common control
Zuhai Gongyun Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.80	100.00	100.00	Business combinations involving enterprises under common control
Zuhai Gongqi Taxi Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.50	100.00	100.00	Business combinations involving enterprises under common control

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital	Percentage (%)		Established or acquired
					RMB million	Shareholding	Voting rights	
Zuhai Qiguan Sightseeing Bus Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.80	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	Guangdong China	Guangdong China	Limited liability company	Wholesale of oil	30.6123	51.00	51.00	Business combinations involving enterprises not under common control
Guangdong FLY-E Logistics Technology Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Commercial Service	16.83	51.72	51.72	Business combinations involving enterprises not under common control
Heyuan Yuancheng Xinyun Property Management Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Property Management	43.0742	100.00	100.00	Established
Meizhou Yueyun Investment Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Investment Management	1.00	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Automobile Freight Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.50	100.00	100.00	Business combinations involving enterprises under common control

Note 1: According to shareholders' agreements, the Group's percentage of voting right is more than the percentage of direct and indirect holdings.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

2) Material non-wholly-owned subsidiaries

Name of the subsidiary	Proportion of ownership interest held by non-controlling interest ("NCI")	Profit or loss allocated to NCI during the period	Dividends paid to NCI during the period	Accumulated NCI at the end of the period
The Motor Transport Company of Guangdong and Hong Kong Limited (Hong Kong)	38.00	1,091,748.47	–	65,985,354.54
Foshan City Yueyun Public Transportation Co., Ltd.	49.00	1,196,288.98	–	145,303,468.32
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	40.38	2,488,189.91	–	55,080,845.41
Guangong Yueyun Langri Co., Ltd.	49.00	8,297,877.77	–	107,653,460.93
Heyuan City Yueyun Motor Transportation Co., Ltd.	44.72	53,267.66	–	13,760,963.31
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	33.61	(7,171,671.06)	–	95,293,265.68
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	40.31	189,598.64	–	96,093,289.67
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	49.00	21,862,135.41	–	139,806,685.54

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint arrangements or associates

1) Material joint ventures or associates

Name of enterprise	Incorporation place	Registered place	Business nature	Shareholding percentage (%)	Accounting for investments in joint ventures or associates	Strategic to the Group's activities
Guangdong Zhongyou Top-E Energy Trading Company Limited	Guangdong China	Guangdong China	Wholesale of oil	51.00	Equity method	Yes
Zuhai Yuegong Xinhai Transportation Co., Ltd.	Guangdong China	Guangdong China	Road transportation	49.00	Equity method	Yes
Southern United Assets and Equity Exchange Company Limited	Guangdong China	Guangdong China	Property exchange	25.00	Equity method	Yes
Shenzhen Yueyun Investment Development Company Limited	Guangdong China	Guangdong China	Passenger terminal Operation	20.00	Equity method	Yes
Shantou City Automobile Terminal Co., Ltd.	Guangdong China	Guangdong China	Passenger terminal Operation	35.00	Equity method	Yes
Guangzhou Tianhe Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	Station services	20.00	Equity method	Yes
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	Hong Kong China	Hong Kong China	Transportation	20.00	Equity method	Yes
CNPC Yueyun Natural Gas Co. Ltd.	Guangdong China	Guangdong China	Gas wholesale and retail	24.00	Equity method	Yes

Note 1: As at 30 June 2023, the details of movement analysis in investment in joint ventures and associates of the Company is disclosed in Note V. 2 Long term equity investments.

Note 2: All joint ventures and associates of the Group are non-listed companies. As at 30 June 2023 the ability to transfer fund from the above joint ventures and associates to the Group is not restricted (31 December 2022: Nil). °

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS

1. Information on the parent of the Company

Parent company	Registered place	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)
GCGC	Gudongdong province, the PRC	Investment management	26,800,000,000.00	74.12	74.12

The ultimate holding company of the Group is GCGC.

2. Information on the subsidiaries of the Company

Information on the subsidiaries of the Company is disclosed in Note VII Interests in other entities.

3. Information on joint ventures and associates

For information about the joint ventures and associates of the Group, refer to Note V 2 Long-term equity investments.

4. Information on other related parties

Other related parties	Related party relationships
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Chaoshan Circle Line Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Dachao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Oriental Thought Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangfozhao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangle Expressway Co., Ltd.	Controlled by the ultimate holding company

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information on other related parties (Continued)

Other related parties	Related party relationships
Guangdong Guangzhu Expressway West Section Co., Ltd.	Controlled by the ultimate holding company
Guangdong Humen Bridge Co., Ltd.	Controlled by the ultimate holding company
Guangdong Huiqing Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yunmao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Jiaoke Testing Co., Ltd.	Controlled by the ultimate holding company
Guangdong Traffic Industry Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Kaiyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Lea Top Technology Investment Co. Ltd.	Controlled by the ultimate holding company
Guangdong Lea Top Development Investment Co. Ltd.	Controlled by the ultimate holding company
Guangdong Union Electronic Services Co., Ltd.	Controlled by the ultimate holding company
Guangdong Luoyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Maozhan Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meihe Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meiping Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong South China Logistics Enterprise Co., Ltd.	Controlled by the ultimate holding company
Guangdong Ninghua Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Pingxing Expressway Co., Ltd.	Controlled by the ultimate holding company

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For the six months ended 30 June 2023

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VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

4. Information on other related parties (Continued)

Other related parties	Related party relationships
Guangdong Shanfen Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Expressway Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Freeway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Highway Construction Co., Ltd.	Controlled by the ultimate holding company
Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd.	Controlled by the ultimate holding company
GCG Finance	Controlled by the ultimate holding company
Guangdong Province Road & Bridge Construction Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Taishan Coastal Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Xinyue Transportation Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yangmao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangwu E-commerce Co., Ltd.	Controlled by the ultimate holding company
Guangdong Zhaoyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Zihui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangfo Expressway Co., Ltd.	Controlled by the ultimate holding company
Guang-Shen-Zhu Expressway Co., Ltd.	Controlled by the ultimate holding company
Heyuan Helong Expressway Co., Ltd.	Controlled by the ultimate holding company
Jingzhu Expressway Guangzhu Section Co., Ltd.	Controlled by the ultimate holding company

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information on other related parties (Continued)

Other related parties	Related party relationships
Kee Kwan Motor Road Co., Ltd.	Controlled by the ultimate holding company
Shenzhen Yueyun Investment Development Co., Ltd.	Controlled by the ultimate holding company
Weisheng Transportation Enterprises Co., Ltd.	Controlled by the ultimate holding company
Yunfu City Guangyun Expressway Co., Ltd.	Controlled by the ultimate holding company
Dongguan Weisheng International Logistics Company Limited	Controlled by the ultimate holding company
Guangdong Lea Top Property Development Company Limited	Controlled by the ultimate holding company
Xin Yue(Guangzhou) Financial Leasing Co., Ltd.	Controlled by the ultimate holding company
Guangdong Province Transportation Engineering Company Limited	Controlled by the ultimate holding company
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture of the ultimate holding company
Poly Changda Engineering Co., Ltd.	Associates of the ultimate controlling party
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	Associates of the ultimate controlling party
Shenzhen Huiyan Expressway Co., Ltd.	Associates of the ultimate controlling party
Foshan Guangsan Expressway Co., Ltd.	Associates of the ultimate controlling party

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period

Transactions between the Group and its related parties for the period

Related party transactions that constitute to continuing connected transactions under Chapter 14A of the Listing Rules.

β Related party transactions that constitute to connected transactions under Chapter 14A of the Listing Rules.

The following related party transactions are conducted based on normal commercial terms or according to relevant agreements.

1) Purchases and rendering and receipt of services

Purchases and receipt of services

Related parties	Caption	Amount for the period	Amount for the previous period
Guangdong Yuehuahui Business Management Co., Ltd.	Purchase of materials	15,143,850.96	6,662,027.51
Guangdong Guangye Yueyun Natural Gas Company Limited	Purchase of materials	–	1,800,993.17
Shaoguan Libao Technology Company Limited	Purchase of materials	346,600.56	804,143.95
Others	Purchase of materials	37,735.85	26,548.67
Total		<u>15,528,187.37</u>	<u>9,293,713.30</u>
Guangdong Humen Bridge Co., Ltd.#	Receipt of services	2,400,000.00	2,577,071.41
Others ^β	Receipt of services	3,836,563.96	3,102,334.06
Total		<u>6,236,563.96</u>	<u>5,679,405.47</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

1) Purchases and rendering and receipt of services (Continued)

Purchases and receipt of services

Related parties	Descriptions	Amount for the period	Amount for the previous period
Guangdong Zhongyou Top-E Energy Trading Company Limited	Expressway service operation income	802,575.66	747,993.81
Others	Expressway service operation income	1,435,944.23	3,528,317.41
Total		<u>2,238,519.89</u>	<u>4,276,311.22</u>
Guangdong Chao-Hui Expressway Company Limited [#]	Logistics service income	385,424.53	279,514.56
Guangdong Lea Top Technology Investment Co. Ltd. [#]	Logistics service income	904,396.23	921,514.56
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	Logistics service income	6,296,672.89	–
Others [#]	Logistics service income	<u>3,373,137.10</u>	<u>2,851,028.83</u>
Total		<u>10,959,630.75</u>	<u>4,052,057.95</u>
Other ^β	Repairing income	–	301,586.41
Total		<u>–</u>	<u>301,586.41</u>
Guangdong Roadnet Innovalues Media Information Technology Co., Ltd.	Rendering of other services income	151,721.30	–
Others ^β	Rendering of other services income	565,982.08	327,185.94
Total		<u>717,703.38</u>	<u>327,185.94</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

1) Purchases and rendering and receipt of services (Continued)

Purchases and receipt of services (Continued)

Related parties	Descriptions	Amount for the period	Amount for the previous period
Guangdong Provincial Freeway Co., Ltd.#	Road rescue service income	12,039,473.73	1,681,062.29
Guangdong Province Road & Bridge Construction Development Co., Ltd.#	Road rescue service income	7,976,314.92	9,456,595.42
Guangdong Provincial Highway Construction Co., Ltd.#	Road rescue service income	4,160,638.91	2,354,112.74
Guangdong Yangmao Expressway Co., Ltd.#	Road rescue service income	2,715,218.92	–
Guangdong Chao-Hui Expressway Company Limited#	Road rescue service income	2,685,465.90	2,031,496.98
Guangdong Guangle Expressway Co., Ltd.#	Road rescue service income	2,246,793.96	2,246,793.96
Guangdong Guangfozhao Expressway Company Limited#	Road rescue service income	1,322,999.72	1,322,999.72
Guangdong Maozhan Expressway Co., Ltd.#	Road rescue service income	1,225,525.09	–
Guangdong Guanghui Expressway Co., Ltd.#	Road rescue service income	1,165,005.34	1,165,005.34
Guangdong Bo-Da Expressway Company Limited#	Road rescue service income	1,127,263.69	728,841.65

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

1) Purchases and rendering and receipt of services (Continued)

Purchases and receipt of services (Continued)

Related parties	Descriptions	Amount for the period	Amount for the previous period
Guangdong Meihe Expressway Co., Ltd.#	Road rescue service income	1,091,398.19	–
Guangdong Yunmao Expressway Co., Ltd.#	Road rescue service income	982,084.36	982,084.36
Guangdong Kaiyang Expressway Co., Ltd.#	Road rescue service income	953,186.21	–
Guangdong Huiqing Expressway Co., Ltd.#	Road rescue service income	947,739.40	947,739.40
Guangdong Dachao Expressway Co., Ltd.#	Road rescue service income	913,606.25	913,606.25
Guang-Shen-Zhu Expressway Co., Ltd.#	Road rescue service income	896,865.00	896,865.00
Others#	Road rescue service income	7,511,133.04	5,799,853.70
Total		<u>49,960,712.63</u>	<u>30,527,056.81</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

2) Entrusted management and outsourcing

(1) Entrusted management and outsourcing:

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the period
Guang-Shen-Zhu Expressway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2010-12-01	2027-06-30	Negotiated price	3,434,159.33
Guangdong Provincial Freeway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2008-08-22	Termination date of the highway toll	Negotiated price	1,420,676.31
Foshan Guangsan Expressway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2012-10-10	Termination date of the highway toll	Negotiated price	1,321,353.63
Guangfo Expressway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-01-01	Termination date of the highway toll	Negotiated price	853,437.08
Guangdong Provincial Highway Construction Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2008-09-01	Termination date of the highway toll	Negotiated price	300,964.37
Guangdong Province Road & Bridge Construction Development Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-07-15	Termination date of the highway toll	Negotiated price	104,395.83
Others	Guangdong Highway Media Company Limited	Expressway advertisement resources operation			Negotiated price	1,085,376.02
Weisheng Transportation Enterprises Co.,Ltd.#	The Motor Transport Company of Guangdong and Hong Kong Limited	Passenger transportation contracting fee	2021-01-01	2023-12-31	Negotiated price	1,360,350.00

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(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

2) Entrusted management and outsourcing (Continued)

(1) Entrusted management and outsourcing: (Continued)

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the period
Weisheng Transportation Enterprises Co., Ltd.#	The Motor Transport Company of Guangdong and Hong Kong Limited	Disbursements of passenger transportation contracting fee	2021-01-01	2023-12-31	Negotiated price	239,154.39

(2) Entrusted management and outsourcing:

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract expense for the period
The Motor Transport Company of Guangdong and Hong Kong Limited	Weisheng Transportation Enterprises Co., Ltd.#	Freight transportation outsourcing income	2021-01-01	2023-12-31	Negotiated price	2,497,602.60
The Motor Transport Company of Guangdong and Hong Kong Limited	Weisheng Transportation Enterprises Co., Ltd.#	Disbursements	2021-01-01	2023-12-31	Negotiated price	2,351,905.13

3) Lease

(1) The Group as the lessor:

Lessee	Type of assets leased	Lease income recognised for the period	Lease income recognised for the previous period
Guangdong South China Logistics Enterprise Co., Ltd.	Buildings and structures	—	1,091,905.54
Others	Buildings and structures	97,945.20	176,591.79

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

3) Lease (Continued)

(2) The Group as the lessee:

(i) The Group's acquisition of right-of-use assets:

Lessee	Type of assets leased	Amount for the period	Amount for the previous period
Guangdong Humen Bridge Co., Ltd.	Buildings and structures	–	133,333,333.13
Guangdong Taishan Coastal Expressway Co., Ltd.	Buildings and structures	–	5,722,784.86
Guangdong Zihui Expressway Co., Ltd.	Buildings and structures	172,313,527.07	–

(ii) Lease of expressway service zone

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the period
Guangdong Humen Bridge Co., Ltd.*	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2022-01-08	2029-05-08	Negotiated price	9,011,700.26
Guangdong Provincial Freeway Co., Ltd.*	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2003-04-03	2045-09-25	Negotiated price	8,998,923.51
Guangdong Province Road& Bridge Construction Development Co., Ltd.*	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2010-07-01	2040-12-31	Negotiated price	7,501,418.04
Guangdong Provincial Highway Construction Co., Ltd.*	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2019-12-03	2041-12-28	Negotiated price	7,355,812.71

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

3) Lease (Continued)

(2) The Group as the lessee: (Continued)

(ii) Lease of expressway service zone (Continued)

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the period
Guangdong Guangzhu Expressway West Section Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2013-01-25	2038-01-23	Negotiated price	4,697,990.77
Guangdong Chao-Hui Expressway Company Limited#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2003-12-29	2045-06-17	Negotiated price	5,078,820.69
Guangdong Guangle Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2014-09-27	2039-09-26	Negotiated price	5,046,742.01
Lufeng Shen-Shan Expressway Services Company Limited#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2021-09-20	2030-09-19	Negotiated price	4,175,547.94
Guangdong Kaiyang Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2020-07-09	2027-07-23	Negotiated price	3,008,742.29
Guangdong Guangfozhao Expressway Company Limited#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2016-12-31	2041-12-31	Negotiated price	3,789,186.79
Guangdong Ninghua Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2020-07-30	2042-09-27	Negotiated price	3,194,201.53

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

3) Lease (Continued)

(2) The Group as the lessee: (Continued)

(ii) Lease of expressway service zone (Continued)

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the period
Guang-Shen-Zhu Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2018-02-01	2027-06-30	Negotiated price	2,949,437.98
Guangdong Bo-Da Expressway Company Limited#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2013-03-31	2039-12-27	Negotiated price	2,040,929.19
Guangdong Meihe Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2005-11-30	2033-12-27	Negotiated price	1,631,489.19
Guangdong Yangmao Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2004-12-01	2029-11-30	Negotiated price	1,675,616.72
Guangdong Provincial Expressway Development Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2012-12-26	2036-03-14	Negotiated price	1,320,280.48
Guangdong Dachao Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2020-12-28	2045-12-29	Negotiated price	1,194,800.36
Guangdong Maozhan Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2004-11-26	2040-12-29	Negotiated price	1,145,548.36

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For the six months ended 30 June 2023

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

3) Lease (Continued)

(2) The Group as the lessee: (Continued)

(ii) Lease of expressway service zone

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the period
Guangdong Zhaoyang Expressway Co., Ltd.#	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	2011-01-01	2039-12-31	Negotiated price	1,123,217.68
Others*	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services			Negotiated price	34,730,312.33
Guangdong Guangzhou Expressway West Section Co., Ltd.#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2013-12-01	2023-11-30	Negotiated price	3,448,337.19
Guangdong Humen Bridge Co., Ltd.#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2018-08-30	2023-08-29	Negotiated price	320,728.55
Jingzhu Expressway Guangzhu Section Co., Ltd.#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-01-01	2030-05-12	Negotiated price	625,979.06
Others*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation				422,089.67

Note: The Group has applied new leases standard since 1 January 2019. Under new leases standard, service area management contracting expenses include depreciation expense of right-of-use assets, interest expenses of lease liabilities, and variable lease payments not included in the measurement of lease liabilities.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

3) Lease (Continued)

(2) The Group as the lessee: (Continued)

(iii) Others

Lessor	Type of assets leased	Lease expenses recognised for the period	Lease expenses recognised for the previous period
Guangdong Lea Top Development Investment Co. Ltd. ⁸	Buildings and structures	3,179,248.61	3,299,205.87
Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd. ⁸	Buildings and structures	1,218,000.00	1,153,857.15
Kee Kwan Motor Road Co., Ltd. ⁸	Traffic line/Buildings and structures	326,744.05	390,000.00
Others ⁸	Buildings and structures	3,637,031.10	1,686,879.65

Note: The leasing expenses above include depreciation expense of right-of-use assets, interest expenses of lease liabilities, and short-term lease payments not included in the measurement of lease liabilities.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

4) Borrowing from and lending to related parties

Related parties	Annual interest rate	1 January 2023	Additions during the period	Decrease during the period	30 June 2023	Start date	Expiry date
Lending							
GCG Finance	3.00%	6,000,000.00	-	6,000,000.00	-	2022-3-9	2023-3-8
GCG Finance	3.65%	18,000,000.00	-	18,000,000.00	-	2019-12-26	2024-12-25
GCG Finance	3.65%	6,000,000.00	-	-	6,000,000.00	2018-12-11	2023-12-10
GCG Finance	3.80%	27,000,000.00	-	5,000,000.00	22,000,000.00	2019-8-8	2024-2-21
GCG Finance	3.95%	14,500,000.00	-	500,000.00	14,000,000.00	2018-1-25	2028-1-24
GCG Finance	3.95%	5,000,000.00	-	-	5,000,000.00	2018-5-28	2028-5-27
GCG Finance	3.95%	15,000,000.00	-	-	15,000,000.00	2018-8-9	2028-8-8
GCG Finance	3.65%	17,000,000.00	-	17,000,000.00	-	2020-1-23	2023-1-22
Total		108,500,000.00	-	46,500,000.00	62,000,000.00		

5) Interest income

Related party	Descriptions	Amount for the period	Amount for the previous period
GCG Finance	Deposit interest income	-	97,038.91
Total		-	97,038.91

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For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the period (Continued)

6) Interest expenses

Related party	Descriptions	Amount for the period	Amount for the previous period
GCG Finance	interest expense	1,451,556.52	5,818,496.13
Shaoguan Libao Technology Company Limited	Interest expense	—	3,488.53
Total		<u>1,451,556.52</u>	<u>5,821,984.66</u>

7) Compensation for key management personnel

Item	Amount for the period	Amount for the previous period
Compensation for key management personnel	<u>2,841,345.09</u>	<u>2,672,550.38</u>

8) Trademark

For the six months ended 30 June 2023 and 2022, the Company granted some associates with the trademark use right of “Yueyun” at nil consideration.

9) Road and bridge tolls

The Group’s subsidiaries which are engaged in transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services according to the charging standards jointly formulated and announced by the local government and the price department, and paid certain road and bridge tolls to those road and bridge companies held by GCGC through Union Electronic.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties

1) Amounts due from related parties

Items	Related parties	30 June 2023		31 December 2022	
		Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
Accounts receivable					
	Guangdong Humen Bridge Co., Ltd.	9,603,188.11	480,159.41	6,197,761.16	309,888.06
	Guangdong Provincial Freeway Co., Ltd.	8,739,664.43	436,983.18	8,431,133.98	687,213.73
	Guangdong Kaiyang Expressway Co., Ltd.	3,738,396.24	186,919.81	3,536,320.75	176,816.04
	Guangdong Chao-Hui Expressway Company Limited	2,999,044.50	149,916.06	2,860,403.02	143,056.32
	Poly Changda Engineering Co., Ltd.	2,279,090.03	155.00	2,275,990.03	113,799.50
	Guangdong Shanfen Expressway Co., Ltd.	1,938,732.10	96,936.61	1,833,118.82	91,655.94
	Guangdong South Passenger Network Center Company Limited	1,776,921.22	39,972.93	1,015,595.35	109,899.79
	Guangdong Meihe Expressway Co., Ltd.	1,600,095.97	800,047.99	1,816,434.98	810,864.94
	Guangdong Maozhan Expressway Co., Ltd.	1,518,113.21	75,905.66	565,471.70	28,273.59
	Guangdong Zihui Expressway Co., Ltd.	1,353,888.72	67,694.44	124,148.16	6,207.41
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	1,269,358.59	63,467.93	7,773,350.84	1,143,142.38
	Guangdong Guanghui Expressway Co., Ltd.	1,234,905.66	61,745.28	246,981.14	12,349.06
	Guangdong Lea Top Technology Investment Co. Ltd.	1,001,271.00	50,063.55	1,631,508.00	81,575.40
	Others	8,735,873.89	1,237,839.46	5,520,815.14	1,598,163.57
	Total	47,788,543.67	3,747,807.31	43,829,033.07	5,312,905.73

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

1) Amounts due from related parties (Continued)

Items	Related parties	30 June 2023		31 December 2022	
		Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
Prepayments	Guangdong Guangzhu Expressway West Section Co., Ltd.	899,935.95	-	-	-
	Guangdong Union Electronic Services Co., Ltd.	861,749.08	-	1,346,938.03	-
	Guang-Shen-Zhu Expressway Co., Ltd.	617,978.25	-	189,765.15	-
	Others	1,663,863.61	-	838,405.30	-
	Total	4,043,526.89	-	2,375,108.48	-
Other receivables	Guangdong Province Transportation Engineering Company Limited	40,884,286.00	-	40,891,536.01	-
	Guang-Shen-Zhu Expressway Co., Ltd.	3,575,600.00	-	3,584,000.00	-
	Weisheng Transportation Enterprises Co., Ltd.	3,380,023.34	434,192.87	3,565,949.76	441,896.32
	Guangdong Guangzhu Expressway West Section Co., Ltd.	1,628,300.00	-	1,628,300.00	-
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	1,373,227.52	41.38	1,806,115.82	185.79
	Guangdong Maozhan Expressway Co., Ltd.	1,000,000.00	-	1,000,000.00	-
	Lufeng Shen-Shan Expressway Services Company Limited	1,000,000.00	-	1,000,000.00	-
	Others	10,211,541.05	330,307.26	24,249,302.97	13,458,511.18
	Total	63,052,977.91	764,541.51	77,725,204.56	13,900,593.29
Other non-current assets	Guangzhou Tianhe Coach Terminal Co., Ltd.	-	-	9,600,000.00	-
	Total	-	-	9,600,000.00	-

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties

Items	Related parties	30 June 2023	31 December 2022
Accounts payable			
	Guang-Shen-Zhu Expressway Co., Ltd.	15,242,933.73	10,888,835.79
	Guangdong Kaiyang Expressway Co., Ltd.	10,071,006.50	1,862,526.47
	Guangdong Provincial Freeway Co., Ltd.	7,884,997.63	9,915,270.24
	Guangdong Huiqing Expressway Co., Ltd.	7,242,846.70	4,723,075.65
	Guangdong Humen Bridge Co., Ltd.	7,053,013.84	1,227,441.21
	Guangdong Yuehuahui Business Management Co., Ltd.	4,267,320.35	5,358,060.14
	Foshan Guangsan Expressway Co., Ltd.	1,986,377.03	1,926,268.06
	Guangdong South Passenger Network Center Company Limited	1,900,000.00	1,900,000.00
	Guangfo Expressway Co., Ltd.	1,585,413.01	1,710,973.50
	Poly Changda Engineering Co., Ltd.	1,427,597.24	1,795,142.04
	Kee Kwan Motor Road Co., Ltd.	1,178,501.26	505,661.60
	Others	7,179,379.41	41,009,220.77
	Total	67,019,386.70	82,822,475.47
Advances from customers			
	Guangdong South China Logistics Enterprise Co., Ltd.	206,069.77	–
	Others	271,908.31	1,704,242.07
	Total	477,978.08	1,704,242.07
Contract liabilities			
	Guangdong Provincial Highway Construction Co., Ltd.	2,261,211.37	2,292,210.54
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	1,311,204.49	276,220.68
	Others	2,310,485.17	1,033,767.81
	Total	5,882,901.03	3,602,199.03

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties (Continued)

Items	Related parties	30 June 2023	31 December 2022
Other payables	Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd.	16,894,483.33	15,645,279.84
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	6,447,277.80	–
	Kee Kwan Motor Road Co., Ltd.	6,439,752.60	5,448,998.80
	Zhuhai Yuegong Xinhai Transportation Co., Ltd.	5,573,227.22	5,573,227.22
	GCGC	2,944,346.83	2,944,346.83
	Shaoguan Yuehong Bus Station Company Limited	2,071,195.00	2,084,513.18
	Guangdong Union Electronic Services Co., Ltd.	1,727,564.63	2,676,499.47
	Guangdong Lea Top Development Investment Co. Ltd.	1,565,843.20	1,565,843.20
	Guangdong Lea Top Property Development Company Limited	1,392,493.08	614,014.20
	Guangdong Province Transportation Engineering Company Limited	–	4,452,185.04
	Others	2,952,963.74	2,941,318.68
	Total	48,009,147.43	43,946,226.46
Long-term payables	Xin Yue(Guangzhou) Financial Leasing Co., Ltd.	–	10,151,800.00
	Total	–	10,151,800.00
Lease liabilities	Guangdong Provincial Freeway Co., Ltd.	135,346,289.64	119,566,830.75
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	124,096,479.51	117,344,696.00
	Guangdong Provincial Highway Construction Co., Ltd.	114,566,676.81	146,838,400.06
	Guangdong Chao-Hui Expressway Company Limited	103,936,452.81	102,975,352.33
	Guangdong Guangle Expressway Co., Ltd.	92,202,909.92	90,711,422.80
	Guangdong Ninghua Expressway Co., Ltd.	67,869,508.72	64,105,666.17

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties (Continued)

Items	Related parties	30 June 2023	31 December 2022
	Guangdong Guangzhu Expressway West Section Co., Ltd.	49,732,464.77	50,608,481.83
	Lufeng Shen-Shan Expressway Services Company Limited	46,382,563.17	39,755,235.14
	Guangdong Guangfozhao Expressway Company Limited	39,603,037.50	40,555,448.59
	Guangdong Bo-Da Expressway Company Limited	37,276,826.95	36,811,006.34
	Guangdong Kaiyang Expressway Co., Ltd.	31,587,858.05	24,814,725.53
	Guangdong Dachao Expressway Co., Ltd.	28,785,882.21	27,464,667.11
	Guangdong Meihe Expressway Co., Ltd.	26,170,262.81	26,601,399.05
	Guangdong Provincial Expressway Development Co., Ltd.	24,339,911.80	22,565,507.46
	Guangdong Zhaoyang Expressway Co., Ltd.	21,011,897.84	20,264,291.46
	Guangdong Luoyang Expressway Co., Ltd.	20,638,899.87	19,418,658.90
	Guangdong Yangmao Expressway Co., Ltd.	19,593,576.12	16,797,775.45
	Guangdong Pingxing Expressway Co., Ltd.	19,554,045.86	18,419,248.43
	Guang-Shen-Zhu Expressway Co., Ltd.	18,155,233.82	18,726,761.69
	Guangdong Maozhan Expressway Co., Ltd.	15,667,450.90	13,418,812.13
	Heyuan Helong Expressway Co., Ltd.	10,036,516.87	8,969,508.62
	Guangdong Jiangzhong Expressway Co., Ltd.	8,601,784.81	8,807,647.31
	Zhaoqing Yuezhao Highway Co., Ltd.	8,097,945.09	7,180,841.79
	Guangdong Shanfen Expressway Co., Ltd.	7,821,650.60	5,315,635.94
	Guangdong Taishan Coastal Expressway Co., Ltd.	7,588,338.79	6,254,806.46
	Guangdong Meiping Expressway Co., Ltd.	6,466,943.69	6,136,663.97
	Yunfu City Guangyun Expressway Co., Ltd.	4,454,721.32	4,566,202.59
	Jingzhu Expressway Guangzhu Section Co., Ltd.	3,027,827.86	2,936,369.67
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	2,028,500.06	2,438,113.34
	Others	665,655.86	327,200.06
	Total	<u>1,095,308,114.03</u>	<u>1,070,697,376.97</u>

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties (Continued)

Items	Related parties	30 June 2023	31 December 2022
Non-current liabilities due within one year	Guangdong Provincial Freeway Co., Ltd.	12,512,947.85	11,701,532.46
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	6,931,436.17	6,477,931.98
	Lufeng Shen-Shan Expressway Services Company Limited	5,764,045.82	5,635,608.43
	Guangdong Kaiyang Expressway Co., Ltd.	5,519,710.22	5,370,654.88
	Guang-Shen-Zhu Expressway Co., Ltd.	4,529,545.98	4,181,199.29
	Guangdong Provincial Highway Construction Co., Ltd.	3,730,692.14	4,571,799.55
	Guangdong Lea Top Development Investment Co. Ltd.	3,346,974.82	6,633,514.85
	Guangdong Guangle Expressway Co., Ltd.	3,114,526.07	3,015,397.18
	Guangdong Chao-Hui Expressway Company Limited	3,045,758.84	2,918,944.29
	Guangdong Shanfen Expressway Co., Ltd.	2,409,043.69	2,350,497.60
	Guangdong Ninghua Expressway Co., Ltd.	2,156,507.53	2,108,346.34
	Guangdong Jiangzhong Expressway Co., Ltd.	1,998,510.24	1,703,577.44
	Guangdong Meihe Expressway Co., Ltd.	1,998,370.08	1,903,354.43
	Guangdong Yangmao Expressway Co., Ltd.	1,899,505.17	1,831,704.15
	Guangdong Bo-Da Expressway Company Limited	1,614,091.70	1,212,846.31
	Guangdong Guangfozhao Expressway Company Limited	1,434,688.31	953,510.91
	Shenzhen Yueyun Investment Development Co., Ltd.	1,190,000.00	1,190,000.00
	Guangdong Guangzhu Expressway West Section Co., Ltd.	1,128,466.13	5,923,709.68
	Yunfu City Guangyun Expressway Co., Ltd.	1,036,059.81	–
	Guangdong Taishan Coastal Expressway Co., Ltd.	1,026,179.21	999,200.96
Others	8,092,389.78	6,327,354.36	
	Total	74,479,449.56	77,010,685.09

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IX. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

At the balance sheet date, the Group has no significant commitments that need to be disclosed.

2. Contingency

At the balance sheet date, the Group has no significant contingencies that need to be disclosed.

X. SUBSEQUENT EVENTS

At the balance sheet date, the Group has no significant subsequent events that need to be disclosed.

XI. OTHER SIGNIFICANT MATTERS

1. Correction of prior years' accounting errors

During the reporting period, there was no correction of prior years' accounting errors.

2. 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.

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment information (Continued)

2) Segment reporting

For the six months ended 30 June 2023

Items	Expressway service	Road passenger	Other business	Inter-segment eliminations	Total
	zones operation	transportation and auxiliary			
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/(Loss) before income tax	103,421,462.67	18,531,773.05	54,147,252.86	-	176,100,488.58

For the six months ended 30 June 2022

Items	Expressway service	Road passenger	Other business	Inter-segment eliminations	Total
	zones operation	transportation and auxiliary			
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	94,698,608.09	(184,239,127.43)	6,481,485.70	(940,471.61)	(83,999,505.25)

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XI. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment information (Continued)

2) Segment reporting (Continued)

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	2,985,365,787.14	3,445,146,310.32	784,736,613.93	(636,830,562.60)	6,578,418,148.79

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	3,018,093,480.45	3,501,186,730.88	944,532,167.96	(729,965,758.30)	6,733,846,620.99

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XII. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

1) Disclosure of accounts receivable by ageing:

Ageing	30 June 2023	31 December 2022
Within 3 months (inclusive)	9,746,906.49	7,024,485.79
Over 3 months but within 6 months (inclusive)	–	792,157.37
Over 6 months but within 1 year (inclusive)	1,319,603.57	687,859.14
Over 2 years but within 3 years (inclusive)	10,542,192.34	24,550,328.35
Over 3 years	34,990,993.12	23,823,495.25
Sub-total	56,599,695.52	56,878,325.90
Less: Provision for bad and doubtful debts	30,422,057.22	28,902,456.91
Total	26,177,638.30	27,975,868.99

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

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XII. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts

Items	30 June 2023					31 December 2022				
	Amount		Provision for bad and doubtful debts		Book value	Amount		Provision for bad and doubtful debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts is made on an individual basis	18,465,300.94	32.62	18,465,300.94	100.00	-	18,465,300.94	32.46	18,465,300.94	100.00	-
Provision for bad debts is made on a collective basis	38,134,394.58	67.38	11,956,756.28	31.35	26,177,638.30	38,413,024.96	67.54	10,437,155.97	27.17	27,975,868.99
Including:										
Ageing portfolio	36,663,313.70	64.78	11,956,756.28	32.61	24,706,557.42	36,941,944.08	64.95	10,437,155.97	28.25	26,504,788.11
Portfolio of the Group's scope of consolidation	1,471,080.88	2.60	-	-	1,471,080.88	1,471,080.88	2.59	-	-	1,471,080.88
Total	56,599,695.52	100.00	30,422,057.22		26,177,638.30	56,878,325.90	100.00	28,902,456.91		27,975,868.99

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XII. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts (Continued)

Provision for bad debts is made on an individual basis:

Items	Amount	Provision for bad and doubtful debts	30 June 2023	
			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
Zuhai Yuexinyuan Trade Development Co., Ltd.	1,285,603.65	1,285,603.65	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
Total	<u>18,465,300.94</u>	<u>18,465,300.94</u>		

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XII. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts (Continued)

Provision for bad debts is made on a collective basis:

Items	30 June 2023		Provision ratio (%)
	Amount	Provision for bad and doubtful debts	
Ageing portfolio			
Road transportation and other service			
Within 1 year (inclusive)	9,577,912.74	478,895.64	5.00
Over 1 year but within 2 years (inclusive)	–	–	–
Over 2 years but within 3 years (inclusive)	–	–	–
Over 3 years	1,426,934.84	1,426,934.84	100.00
Sub-total	11,004,847.58	1,905,830.48	
Constructions material supply			
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	
Portfolio of the Group's scope of consolidation	1,471,080.88	–	
Total	38,134,394.58	11,956,756.28	

Notes to the Interim Financial Statements

For the six months ended 30 June 2023

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XII. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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	18,465,300.94	-	-	-	18,465,300.94
Provision for bad debts is made on a collective basis	10,437,155.97	1,519,600.31	-	-	11,956,756.28
Total	<u>28,902,456.91</u>	<u>1,519,600.31</u>	<u>-</u>	<u>-</u>	<u>30,422,057.22</u>

2. Investment income

Items	Amount for the period	Amount for the previous period
Income from long-term equity investments under cost method	-	3,134,729.35
Income from long-term equity investments under equity method	4,381,764.36	8,542,548.42
Others	(2,427,404.69)	-
Total	<u>1,954,359.67</u>	<u>11,677,277.77</u>