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廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited*

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

(Stock Code: 03399)

ANNOUNCEMENT OF 2024 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	For the six months ended		Change
	30 June 2024 <i>RMB'000</i> <i>(unaudited)</i>	30 June 2023 <i>RMB'000</i> <i>(unaudited)</i>	
Revenue	3,674,663	3,498,266	5%
Net profit	135,604	144,092	(6%)
Net profit attributable to shareholders of the parent company	138,669	122,634	13%
Basic earnings per share	RMB0.17	RMB0.15	13%
Diluted earnings per share	RMB0.17	RMB0.15	13%

- The revenue of the Group for the six months ended 30 June 2024 was approximately RMB3,674.663 million, representing an increase of approximately RMB176.397 million or 5% as compared to the corresponding period in 2023.
- The net profit for the six months ended 30 June 2024 was approximately RMB135.604 million, representing a decrease of approximately RMB8.488 million or 6% as compared to the corresponding period in 2023.
- Net profit attributable to shareholders of the parent company for the six months ended 30 June 2024 was approximately RMB138.669 million, representing an increase of approximately RMB16.035 million or 13% as compared to the corresponding period in 2023.
- For the six months ended 30 June 2024, both basic earnings per share and diluted earnings per share were RMB0.17, representing an increase of approximately RMB0.02 as compared to the corresponding period in 2023.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

The board of directors (the “**Board**”) of Guangdong Yueyun Transportation Company Limited (the “**Company**”) announces the unaudited consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024. The unaudited consolidated interim results of the Group for the six months ended 30 June 2024 have been reviewed by the Audit & Corporate Governance Committee of the Company (the “**Audit & Corporate Governance Committee**”). The majority of the members of the Audit & Corporate Governance Committee are independent non-executive directors of the Company. The auditor of the Company, BDO China SHU LUN PAN Certified Public Accountants LLP, has also reviewed the consolidated financial statements of the Group for the six months ended 30 June 2024 in accordance with the Standard on Review Engagements for Certified Public Accountants of China No. 2101 – Engagements to Review Financial Statements.

CONSOLIDATED BALANCE SHEET (UNAUDITED)*As at 30 June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

	<i>Note</i>	30 June 2024	31 December 2023
Assets			
Current assets:			
Cash at bank and on hand		1,502,482,033.61	1,102,710,458.51
Bills receivable		1,358,693.50	500,000.00
Accounts receivable	3	345,393,310.43	343,606,007.30
Prepayments		188,629,570.77	177,212,248.22
Other receivables		619,736,639.10	676,364,559.01
Inventories		109,356,585.39	116,394,019.79
Other current assets		24,484,349.45	37,121,903.49
Total current assets		2,791,441,182.25	2,453,909,196.32
Non-current assets:			
Long-term equity investments		464,116,880.14	395,888,181.67
Investments in other equity instruments		214,482.83	223,272.98
Investment properties		357,592,772.82	340,597,127.55
Fixed assets	4	2,082,511,719.78	2,390,537,513.74
Construction in progress		28,888,038.16	20,061,156.78
Right-of-use assets	5	1,723,723,273.12	1,800,019,149.39
Intangible assets	6	653,503,809.17	691,758,827.36
Development expenditure		1,102,236.33	522,421.15
Goodwill		26,744,839.64	26,744,839.64
Long-term deferred expenses		229,364,473.58	253,860,802.09
Deferred tax assets		140,579,284.82	132,940,982.95
Other non-current assets		92,536,217.97	96,304,833.99
Total non-current assets		5,800,878,028.36	6,149,459,109.29
Total assets		8,592,319,210.61	8,603,368,305.61

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)*As at 30 June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

	<i>Note</i>	30 June 2024	31 December 2023
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	7	463,897,235.35	445,872,428.68
Accounts payable	8	551,511,631.81	557,734,954.12
Advances from customers		108,708,556.39	81,161,524.13
Contract liabilities		69,153,067.12	58,497,321.69
Employee benefits payable		252,338,951.41	207,817,120.80
Taxes payable		94,236,109.41	91,842,732.06
Other payables		769,858,063.26	696,061,086.14
Non-current liabilities due within one year	9	487,153,095.54	421,415,221.31
Total current liabilities		2,796,856,710.29	2,560,402,388.93
Non-current liabilities:			
Long-term loans	10	771,934,297.05	872,009,713.05
Lease liabilities	11	1,768,815,709.26	1,833,134,415.92
Long-term payables		101,337,485.88	140,351,914.14
Long-term employee benefits payable		148,514,061.44	157,202,263.47
Deferred income		331,774,765.87	368,225,943.95
Deferred tax liabilities		42,624,662.36	55,136,309.92
Total non-current liabilities		3,165,000,981.86	3,426,060,560.45
Total liabilities		5,961,857,692.15	5,986,462,949.38

CONSOLIDATED BALANCE SHEET (UNAUDITED) (CONTINUED)*As at 30 June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

	<i>Note</i>	30 June 2024	31 December 2023
Liabilities and shareholders' equity			
(Continued)			
Shareholders' equity:			
Share capital		799,847,800.00	799,847,800.00
Capital reserve		21,862,542.66	21,862,542.66
Other comprehensive income		(37,245,592.73)	(30,609,457.82)
Specific reserve		36,517,649.15	33,769,964.27
Surplus reserve		246,913,317.41	246,913,317.41
Retained earnings	<i>12</i>	917,328,749.90	842,647,338.85
Total equity attributable to shareholders of the Company		1,985,224,466.39	1,914,431,505.37
Non-controlling interests		645,237,052.07	702,473,850.86
Total shareholders' equity		2,630,461,518.46	2,616,905,356.23
Total liabilities and shareholders' equity		8,592,319,210.61	8,603,368,305.61

CONSOLIDATED INCOME STATEMENT (UNAUDITED)*For the six months ended 30 June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

Items	Note	Amount for the period	Amount for the previous period
I. Total operating income		3,674,662,696.59	3,498,266,113.58
Including: Operating income		3,674,662,696.59	3,498,266,113.58
II. Total operating costs		3,675,818,805.95	3,552,521,726.49
Including: Operating costs		3,295,527,395.40	3,199,841,491.34
Taxes and surcharges		21,593,995.48	22,550,126.34
Selling and distribution expenses		32,927,916.96	29,117,916.36
General and administrative expenses		245,738,070.04	213,112,406.51
Research and development expenses		4,524,303.98	1,326,633.35
Financial expenses	13	75,507,124.09	86,573,152.59
Add: Other income	14	145,648,782.45	174,778,978.53
Investment income	15	50,596,083.00	40,196,861.00
Accrual of credit losses	16	(11,213,944.19)	(8,703,453.77)
Impairment losses	17	(560,250.00)	–
Gains from asset disposals	18	6,438,923.17	24,083,715.73
III. Operating profit		189,753,485.07	176,100,488.58
Add: Non-operating income	19	8,552,021.60	5,936,624.04
Less: Non-operating expenses		7,369,606.96	3,995,931.91
IV. Profit before income tax		190,935,899.71	178,041,180.71
Less: Income tax expenses	20	55,332,168.27	33,948,683.95
V. Net profit		135,603,731.44	144,092,496.76
(1) Net profit classified by continuity of operations			
1. Net profit from continuing operations		135,603,731.44	144,092,496.76
2. Net profit from discontinued operations		–	–
(2) Net profit classified by ownership			
Attributable to:			
1. Shareholders of the Company		138,669,235.05	122,634,003.74
2. Non-controlling interests		(3,065,503.61)	21,458,493.02

CONSOLIDATED INCOME STATEMENT (UNAUDITED) (CONTINUED)*For the six months ended 30 June 2024**(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)*

Items	<i>Note</i>	Amount for the period	Amount for the previous period
VI. Other comprehensive income, net of tax		(6,201,100.27)	4,740,143.57
Other comprehensive income (net of tax) attributable to shareholders of the Company		(6,636,134.91)	2,982,077.46
(1) Items that will not be reclassified to profit or loss		(748,500.74)	91,371.57
1. Remeasurement of defined benefit plan		(739,710.59)	91,371.57
2. Changes in fair value of investments in other equity instruments		(8,790.15)	–
(2) Items that may be reclassified subsequently to profit or loss		(5,887,634.17)	2,890,705.89
1. Other comprehensive income that may be reclassified subsequently to profit or loss under the equity method		(6,691,625.45)	–
2. Translation differences arising from translation of foreign currency financial statements		803,991.28	2,890,705.89
Other comprehensive income (net of tax) attributable to non-controlling interests		435,034.64	1,758,066.11
VII. Total comprehensive income		129,402,631.17	148,832,640.33
Attributable to:			
Shareholders of the Company		132,033,100.14	125,616,081.20
Non-controlling interests		(2,630,468.97)	23,216,559.13
VIII. Earnings per share:			
(1) Basic earnings per share (RMB/share)	<i>21</i>	0.17	0.15
(2) Diluted earnings per share (RMB/share)	<i>21</i>	0.17	0.15

1. 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 2023 prepared by the Company. Furthermore, the interim financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

2) Going concern

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

2. CHANGE IN SCOPE OF CONSOLIDATION

1) Loss of control upon a single disposal of investment in subsidiaries

Name of subsidiaries	Consideration of disposal of equity	Percentage of disposal of equity (%)	Mode of disposal	Time of loss of control	Basis for determining the time of loss of control	The differences of consideration of disposal and shares in net assets of the original subsidiary at the consolidated financial statement level	Percentage of remaining equity at the date of loss of control	Carrying amount of remaining equity at the date of loss of control	Fair value of remaining equity at the date of loss of control	Gains or losses arising from remeasurement of remaining equity at the fair value	Determination method and major assumptions of the fair value of the remaining equity at the date of loss of control	The amount of other comprehensive income related to the equity investment of the original subsidiary transferred to the investment profit and loss
Maoming City Dianbai District Xinjiayun City Transportation Co., Ltd. (former name: Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.)	17,800,540.30	51.00	Publicly listed for sale	2024/1/10	Completion of equity transfer	(1,161,868.31)	-	N/A	N/A	N/A	N/A	-
Foshan City Sanshui District Yueyun Traffic Co., Ltd.	10,159,753.70	15.00	Publicly listed for sale	2024/6/25	Completion of equity transfer	3,280,915.98	36%	24,285,625.91	24,383,408.88	97,782.97	Evaluation by income method	-

3. ACCOUNTS RECEIVABLE

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

Aging	30 June 2024	31 December 2023
Within 3 months (inclusive)	221,635,488.21	249,538,395.73
Over 3 months but within 6 months (inclusive)	39,094,178.05	39,960,178.29
Over 6 months but within 1 year (inclusive)	76,747,917.24	44,586,220.38
Over 1 year but within 2 years (inclusive)	27,474,070.50	29,665,700.80
Over 2 years but within 3 years (inclusive)	12,012,757.44	9,343,757.50
Over 3 years	45,561,570.20	47,967,225.23
Sub-total	422,525,981.64	421,061,477.93
Less: Provision for bad and doubtful debts	77,132,671.21	77,455,470.63
Total	<u>345,393,310.43</u>	<u>343,606,007.30</u>

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

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

Items	30 June 2024			31 December 2023			
	Amount	Provision for bad and doubtful debts		Amount	Provision for bad and doubtful debts		
		Amount	Percentage (%)		Amount	Percentage (%)	Amount
Provision for bad debts is made on an individual basis	24,280,544.60	5.75	24,280,544.60	25,117,280.29	5.97	25,117,280.29	100.00
Provision for bad debts is made on a collective basis	398,245,437.04	94.25	52,852,126.61	395,944,197.64	94.03	52,338,190.34	13.22
Including: Aging portfolio	398,245,437.04	94.25	52,852,126.61	395,944,197.64	94.03	52,338,190.34	13.22
Total	422,525,981.64	100.00	77,132,671.21	421,061,477.93	100.00	77,455,470.63	13.22

Provision for bad debts is made on an individual basis:

Names	30 June 2024			Reasons for accruing
	Amount	Provision for bad and doubtful debts	Provision ratio (%)	
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
Guangdong Black & White Advertising Co., Ltd	1,740,239.14	1,740,239.14	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
Others	4,075,004.52	4,075,004.52	100.00	Not expected to be recovered
Total	<u>24,280,544.60</u>	<u>24,280,544.60</u>		

Provision for bad debts is made on a collective basis:

Items	30 June 2024		
	Amount	Provision for bad and doubtful debts	Provision ratio (%)
Aging portfolio			
Road transportation and other service			
Within 1 year (inclusive)	248,067,106.79	12,397,220.44	5.00
Over 1 year but within 2 years (inclusive)	23,573,915.05	8,250,870.50	35.00
Over 2 years but within 3 years (inclusive)	8,978,208.29	4,489,104.18	50.00
Over 3 years	<u>19,098,508.42</u>	<u>19,098,508.42</u>	<u>100.00</u>
Sub-total	<u>299,717,738.55</u>	<u>44,235,703.54</u>	-----
Service zone operation			
Within 1 year (inclusive)	86,860,098.62	4,343,004.93	5.00
Over 1 year but within 2 years (inclusive)	3,037,183.53	303,718.35	10.00
Over 2 years but within 3 years (inclusive)	1,727,541.94	518,262.58	30.00
Over 3 years	<u>2,037,225.58</u>	<u>1,018,612.80</u>	<u>50.00</u>
Sub-total	<u>93,662,049.67</u>	<u>6,183,598.66</u>	-----
Constructions material supply			
Over 3 years	4,865,648.82	2,432,824.41	50.00
Sub-total	<u>4,865,648.82</u>	<u>2,432,824.41</u>	-----
Total	<u>398,245,437.04</u>	<u>52,852,126.61</u>	-----

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

Category	31 December 2023	Charge into income statement	Changes during the period		Foreign currency financial statement translation differences	30 June 2024
			Written-off	Disposal of subsidiaries		
Provision for bad debts is made on an individual basis	25,117,280.29	(836,735.69)	-	-	-	24,280,544.60
Provision for bad debts is made on a collective basis	<u>52,338,190.34</u>	<u>6,750,220.96</u>	<u>3,277,034.60</u>	<u>2,962,265.07</u>	<u>3,014.98</u>	<u>52,852,126.61</u>
Total	<u><u>77,455,470.63</u></u>	<u><u>5,913,485.27</u></u>	<u><u>3,277,034.60</u></u>	<u><u>2,962,265.07</u></u>	<u><u>3,014.98</u></u>	<u><u>77,132,671.21</u></u>

4) **Accounts receivable of actual written-off during the period is as follow:**

Items	Written-off amount
Accounts receivable of actual written-off	<u><u>3,277,034.60</u></u>

4. **FIXED ASSETS**

1) **Fixed assets**

Item	30 June 2024	31 December 2023
Fixed assets	<u><u>2,082,511,719.78</u></u>	<u><u>2,390,537,513.74</u></u>
Total	<u><u>2,082,511,719.78</u></u>	<u><u>2,390,537,513.74</u></u>

2) Fixed assets

Items	Electronic equipment, office equipment and others					Total
	Buildings and structures	Buildings improvements	Machinery and equipment	Transportation vehicles		
1. Cost						
(1) Balance as at 31 December 2023	1,846,446,961.28	263,240,207.04	131,171,021.11	378,214,246.02	3,455,813,458.19	6,074,885,893.64
(2) Additions during the period	7,040,152.62	-	3,063,882.71	11,615,252.67	7,197,486.71	28,916,774.71
– Purchases	1,895,773.15	-	3,061,707.97	9,071,944.27	5,834,926.58	19,864,351.97
– Transfer from construction in progress	4,860,752.92	-	-	2,528,476.18	-	7,389,229.10
– Foreign currency financial statement translation differences	283,626.55	-	2,174.74	14,832.22	1,362,560.13	1,663,193.64
(3) Reductions during the period	19,756,568.98	13,004,086.03	1,913,284.24	15,532,550.88	378,606,691.03	428,813,181.16
– Disposals or discarding	11,274,103.19	13,004,086.03	1,402,495.03	13,886,505.30	129,677,274.40	169,244,463.95
– Transfer to investment properties	8,482,465.79	-	-	-	-	8,482,465.79
– Disposals of subsidiaries	-	-	510,789.21	1,646,045.58	248,929,416.63	251,086,251.42
(4) Balance as at 30 June 2024	1,833,730,544.92	250,236,121.01	132,321,619.58	374,296,947.81	3,084,404,253.87	5,674,989,487.19
2. Accumulated depreciation						
(1) Balance as at 31 December 2023	658,111,842.06	189,672,058.33	78,992,432.02	253,793,323.77	2,499,730,697.63	3,680,300,353.81
(2) Additions during the period	40,026,971.08	64,062.18	6,917,005.63	16,269,448.03	147,753,543.94	211,031,030.86
– Accruals	39,851,659.73	64,062.18	6,914,830.89	16,269,359.53	146,477,537.67	209,577,450.00
– Foreign currency financial statement translation differences	175,311.35	-	2,174.74	88.50	1,276,006.27	1,453,580.86
(3) Reductions during the period	13,671,571.18	12,741,519.79	1,820,936.98	14,013,117.70	261,214,747.70	303,461,893.35
– Disposals or discarding	9,569,770.26	12,741,519.79	1,330,613.84	12,935,707.71	109,201,616.58	145,779,228.18
– Transfer to investment properties	4,101,800.92	-	-	-	-	4,101,800.92
– Disposals of subsidiaries	-	-	490,323.14	1,077,409.99	152,013,131.12	153,580,864.25
(4) Balance as at 30 June 2024	684,467,241.96	176,994,600.72	84,088,500.67	256,049,654.10	2,386,269,493.87	3,587,869,491.32

Items	Electronic equipment, office equipment and others					Total
	Buildings and structures	Buildings improvements	Machinery and equipment	Transportation vehicles		
3. Provision of impairment						
(1) Balance as at 31 December 2023	-	-	-	4,048,026.09	-	4,048,026.09
(2) Additions during the period	-	-	-	-	560,250.00	560,250.00
- Accruals	-	-	-	-	560,250.00	560,250.00
(3) Reductions during the period	-	-	-	-	-	-
(4) Balance as at 30 June 2024	-	-	-	4,048,026.09	560,250.00	4,608,276.09
4. Book value						
(1) Book value as at 30 June 2024	1,149,263,302.96	73,241,520.29	48,233,118.91	694,086,733.91	117,687,043.71	2,082,511,719.78
(2) Book value as at 31 December 2023	1,188,335,119.22	73,568,148.71	52,178,589.09	952,034,734.47	124,420,922.25	2,390,537,513.74

Note: As at 30 June 2024, fixed assets of the Group with carrying amount of RMB214,940,205.55 (31 December 2023: RMB214,729,021.65) were pledged for bank loans, among which, RMB203,994,383.38 (31 December 2023: RMB205,635,516.22) were pledged for long-term loans, RMB10,945,822.17 (31 December 2023: RMB9,093,505.43) were pledged for short-term loans. As at 30 June 2024, fixed assets of the Group with carrying amount of RMB90,178,993.18 (31 December 2023: RMB153,006,500.89) were pledged for long-term payables. As at 30 June 2024, fixed assets of the Group with carrying amount of RMB40,958,939.46 were sealed up (31 December 2023: Nil).

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

Certain buildings and structures of the Group located in Guangzhou, Qingyuan, Foshan, Shaoguan, Shanwei, Meizhou and Heyuan etc. have not yet obtained the certificate of title due to historical reasons. As at 30 June 2024, the book value of such buildings and structures was RMB76,300,279.33 (31 December 2023: RMB79,731,369.89).

5. RIGHT-OF-USE ASSETS

Items	Buildings and structures	Lease of land	Transportation vehicles	Total
1. Cost				
(1) Balance as at 31 December 2023	2,860,852,908.08	95,308,943.20	247,814,049.60	3,203,975,900.88
(2) Additions during the period	26,953,935.09	5,717,579.56	–	32,671,514.65
– Additions of lease	26,941,623.23	5,717,579.56	–	32,659,202.79
– Foreign currency financial statement translation differences	12,311.86	–	–	12,311.86
(3) Reductions during the period	18,470,970.18	5,090,478.99	–	23,561,449.17
– Disposals	11,459,262.18	5,090,478.99	–	16,549,741.17
– Disposals of subsidiaries	7,011,708.00	–	–	7,011,708.00
(4) Balance as at 30 June 2024	<u>2,869,335,872.99</u>	<u>95,936,043.77</u>	<u>247,814,049.60</u>	<u>3,213,085,966.36</u>
2. Accumulated depreciation				
(1) Balance as at 31 December 2023	1,225,724,514.20	41,631,773.67	136,600,463.62	1,403,956,751.49
(2) Additions during the period	85,440,502.77	3,401,165.22	15,333,493.14	104,175,161.13
– Accrual	85,429,059.70	3,401,165.22	15,333,493.14	104,163,718.06
– Foreign currency financial statement translation differences	11,443.07	–	–	11,443.07
(3) Reductions during the period	13,678,740.39	5,090,478.99	–	18,769,219.38
– Disposals	11,459,262.18	5,090,478.99	–	16,549,741.17
– Disposals of subsidiaries	2,219,478.21	–	–	2,219,478.21
(4) Balance as at 30 June 2024	<u>1,297,486,276.58</u>	<u>39,942,459.90</u>	<u>151,933,956.76</u>	<u>1,489,362,693.24</u>
3. Book value				
(1) As at 30 June 2024	<u>1,571,849,596.41</u>	<u>55,993,583.87</u>	<u>95,880,092.84</u>	<u>1,723,723,273.12</u>
(2) As at 31 December 2023	<u>1,635,128,393.88</u>	<u>53,677,169.53</u>	<u>111,213,585.98</u>	<u>1,800,019,149.39</u>

6. INTANGIBLE ASSETS

1) Details of intangible assets

Items	Land use rights	Computer software	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
1. Cost							
(1) Balance as at 31 December 2023	658,050,064.54	112,985,901.72	39,886,693.32	387,478,456.26	304,786,470.91	4,673,854.67	1,507,861,441.42
(2) Additions during the period	279,139.68	823,586.61	284,332.76	–	–	–	1,387,059.05
– Purchases	–	823,586.61	–	–	–	–	823,586.61
– Foreign currency financial statement translation differences	279,139.68	–	284,332.76	–	–	–	563,472.44
(3) Reductions during the period	30,338,715.10	–	–	–	–	–	30,338,715.10
– Transfer to investment properties	30,338,715.10	–	–	–	–	–	30,338,715.10
(4) Balance as at 30 June 2024	627,990,489.12	113,809,488.33	40,171,026.08	387,478,456.26	304,786,470.91	4,673,854.67	1,478,909,785.37
2. Accumulated amortization							
(1) Balance as at 31 December 2023	157,324,792.95	76,847,471.22	–	313,365,715.85	224,647,850.90	2,875,698.78	775,061,529.70
(2) Additions during the period	6,413,265.09	4,263,126.44	–	5,634,239.60	3,845,462.28	326,104.98	20,482,198.39
– Accrual	6,282,256.33	4,263,126.44	–	5,634,239.60	3,845,462.28	326,104.98	20,351,189.63
– Foreign currency financial statement translation differences	131,008.76	–	–	–	–	–	131,008.76
(3) Reductions during the period	11,178,836.25	–	–	–	–	–	11,178,836.25
– Transfer to investment properties	11,178,836.25	–	–	–	–	–	11,178,836.25
(4) Balance as at 30 June 2024	152,559,221.79	81,110,597.66	–	318,999,955.45	228,493,313.18	3,201,803.76	784,364,891.84

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
3. Provision of impairment							
(1) Balance as at 31 December 2023	2,956,979.57	-	-	-	38,084,104.79	-	41,041,084.36
(2) Additions during the period	-	-	-	-	-	-	-
(3) Reductions during the period	-	-	-	-	-	-	-
(4) Balance as at 30 June 2024	<u>2,956,979.57</u>	-	-	-	<u>38,084,104.79</u>	-	<u>41,041,084.36</u>
4. Book value							
(1) As at 30 June 2024	<u>472,474,287.76</u>	<u>32,698,890.67</u>	<u>40,171,026.08</u>	<u>68,478,500.81</u>	<u>38,209,052.94</u>	<u>1,472,050.91</u>	<u>653,503,809.17</u>
(2) As at 31 December 2023	<u>497,768,292.02</u>	<u>36,138,430.50</u>	<u>39,886,693.32</u>	<u>74,112,740.41</u>	<u>42,054,515.22</u>	<u>1,798,155.89</u>	<u>691,758,827.36</u>

Note 1: As at 30 June 2024, land use rights with carrying amount of RMB71,058,411.46 (31 December 2023: RMB110,642,877.76) were pledged for bank loans, among which, RMB54,297,414.49 (31 December 2023 RMB59,008,987.31) were pledged for long-term loans, RMB16,760,996.97 (31 December 2023 RMB51,633,890.45) were pledged for short-term loans. As at 30 June 2024, land use rights with carrying amount of RMB1,025,674.00 (31 December 2023: RMB1,025,674.00) were pledged for long-term payables. As at 30 June 2024, land use rights of the Group with carrying amount of RMB3,659,590.10 were sealed up (31 December 2023: Nil).

Note 2: Certain pieces of land of the Group located in the cities of Heyuan, Shanwei, Shaoguan, Yangjiang and Meizhou etc. have not yet obtained the certificates of ownership. As at 30 June 2024, the carrying amount of land use rights without certificate of the title for the Group was RMB6,870,802.69 (31 December 2023: RMB6,957,525.39).

Note 3: As at 30 June 2024, land use rights with carrying amount of RMB83,200,236.44 (31 December 2023: RMB83,822,210.96) were obtained through allocation.

7. SHORT-TERM LOANS

1) Classification of short-term loans

Items	30 June 2024	31 December 2023
Pledged loan (<i>Note 2</i>)	9,000,000.00	–
Including: Loans from banks	9,000,000.00	–
Loans secured by mortgages (<i>Note 3</i>)	138,165,754.42	136,575,342.46
Unsecured loans	316,731,480.93	309,297,086.22
Including: Loans from banks	316,731,480.93	309,297,086.22
Total	<u>463,897,235.35</u>	<u>445,872,428.68</u>

Note 1: As at 30 June 2024, the Group's short-term loans were borrowings from banks within 1 year, which bear interest rates ranging from 2.00% ~ 5.10% per annum (31 December 2023: 2.00% ~ 5.10%).

Note 2: As at 30 June 2024, the pledged loans held by the Group are the loans borrowed by the subsidiary of the Company, Shanwei Yueyun Automobile Transportation Co., Ltd. with the subsidies for rural road passenger transport in Shanwei City in 2023 and the government subsidies for urban transport development incentives as collateral.

Note 3: For the details of assets mortgaged for secured loans as at 30 June 2024, please refer to Notes 4 and 6.

2) Overdue short-term loans

As at 30 June 2024, the outstanding balance of the Group's overdue short-term loans was RMB17,750,000.00 at an interest rate of 4.80% per annum.

8. ACCOUNTS PAYABLE

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

Items	30 June 2024	31 December 2023
Materials payable	78,419,781.44	79,309,182.67
Transportation fee payable	74,372,441.92	66,193,883.05
Contract payments for cars	4,498,500.00	5,652,172.18
Progress payments for constructions	165,097,047.65	191,379,479.64
Expressway service zones contracts fee payable	122,069,555.50	115,795,970.57
Fuel expenses payable	22,950,147.76	18,606,391.41
Service fees payable	7,445,155.91	14,315,395.53
Others	76,659,001.63	66,482,479.07
Total	<u>551,511,631.81</u>	<u>557,734,954.12</u>

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

Items	30 June 2024	31 December 2023
Within 1 year (inclusive)	331,056,388.62	326,983,018.81
Over 1 year but within 2 years (inclusive)	65,193,177.95	56,657,261.79
Over 2 years but within 3 years (inclusive)	28,126,401.50	142,895,962.46
Over 3 years	127,135,663.74	31,198,711.06
Total	<u>551,511,631.81</u>	<u>557,734,954.12</u>

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

Items	30 June 2024	Nature and reasons for unsettlement
Guangxi Construction First Construction Engineering Group Co., Ltd.	30,700,849.22	Construction fee unsettled
Guangdong Wuhua Erjian Engineering Co., Ltd.	15,099,419.94	Construction fee unsettled
Total	<u>45,800,269.16</u>	

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

Items	<i>Note</i>	30 June 2024	31 December 2023
Long-term loans due within one year	<i>10</i>	164,139,086.75	112,726,491.96
Long-term payables due within one year		156,216,314.38	147,778,059.39
Lease liabilities due within one year	<i>11</i>	166,797,694.41	160,910,669.96
Total		<u>487,153,095.54</u>	<u>421,415,221.31</u>

10. **LONG-TERM LOANS**

1) **Classification of long-term loans**

Items	30 June 2024	31 December 2023
Unsecured loans	504,077,486.88	561,009,396.46
Including: Loans from banks	471,077,486.88	505,606,077.01
Loans from GCG Finance	33,000,000.00	55,403,319.45
Loans secured by mortgages (<i>Note 2</i>)	337,756,916.69	349,230,532.07
Mortgaged and guaranteed loans (<i>Note 3</i>)	42,448,438.56	51,158,778.25
Pledged and mortgaged loans (<i>Note 4</i>)	39,355,180.56	8,878,189.20
Pledged, mortgaged and guaranteed loans (<i>Note 5</i>)	12,435,361.11	14,459,309.03
Total	<u>936,073,383.80</u>	<u>984,736,205.01</u>

Items	30 June 2024	31 December 2023
Less: Long-term loans due within one year		
Including: Unsecured loans	18,789,986.88	40,153,319.45
Loans secured by mortgages	108,308,129.88	32,034,040.99
Mortgaged and guaranteed loans	17,940,428.32	27,601,633.29
Pledged and mortgaged loans	6,665,180.56	8,878,189.20
Pledged, mortgaged and guaranteed loans	12,435,361.11	4,059,309.03
Sub-total (<i>Note 9</i>)	<u>164,139,086.75</u>	<u>112,726,491.96</u>
Long-term loans due after 1 year	<u>771,934,297.05</u>	<u>872,009,713.05</u>
Including: Due after 1 year but within 2 years	650,748,404.04	397,944,748.27
Due after 2 years but within 5 years	<u>121,185,893.01</u>	<u>474,064,964.78</u>

Note 1: As at 30 June 2024, all the Group's long-term loans were from banks and Guangdong Provincial Communication Group Finance Company Limited ("GCG Finance") with interest rates ranging from 2.80%-5.90% per annum (31 December 2023: 2.80%-5.90%).

Note 2: For the details of assets mortgaged for secured loans as at 30 June 2024, please refer to Notes 4 and 6.

Note 3: As at 30 June 2024, mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: ① Heyuan City Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; ② the loans borrowed by Meizhou Yueyun Motor Transportation Co., Ltd., with vehicles as collateral and Zhengzhou Anchi Bonding Co. Ltd. which is the third party, as joint liability guarantee.

Note 4: As at 30 June 2024, the pledged and mortgaged loans held by the Group include the loans borrowed by the subsidiaries: ① Shanwei Yueyun Automobile Transport Co., Ltd., with the comprehensive subsidy for the demonstration and promotion of new energy buses in Shanwei urban area from 2022 to 2025 as pledged assets and land as collateral; ② Shanwei Yueyun Automobile Transport Co., Ltd., with the comprehensive subsidy for the demonstration and promotion of new energy buses in Haifeng from 2022 to 2024 as pledged assets and vehicles as collateral.

Note 5: As at 30 June 2024, the pledged, mortgaged, and guaranteed loans held by the Group were borrowed by its subsidiary Shanwei Yueyun Automobile Transport Co., Ltd., with the 2025 Lufeng New Energy Bus Demonstration and Promotion Application Period Operation Comprehensive Subsidy as pledged assets, with land as collateral and guaranteed by the Company at 51% joint and several liabilities.

2) Overdue long-term loans

As at 30 June 2024, the outstanding balance of the Group's overdue long-term loans was RMB9,922,836.52 at an interest rate of 4.55% per annum.

11. LEASE LIABILITIES

Items	30 June 2024	31 December 2023
Lease liabilities	1,935,613,403.67	1,994,045,085.88
Less: lease liabilities due within one year (<i>Note 9</i>)	166,797,694.41	160,910,669.96
Total	1,768,815,709.26	1,833,134,415.92

12. RETAINED EARNINGS

Items	Amount for the period	Amount for the previous period
Retained earnings at the beginning of the year	842,647,338.85	646,279,200.57
Add: Net profit for the period attributable to the shareholders of the Company	138,669,235.05	122,634,003.74
Less: Final dividends in respect of the previous financial year, approved and declared during the period (<i>Note</i>)	63,987,824.00	—
Retained earnings at the end of the period	917,328,749.90	768,913,204.31

Note: A final dividend of RMB0.08 per share (tax included) for the year ended 31 December 2023 were approved for distribution by shareholders at the Annual General Meeting held on 28 June 2024. The total amount of 2023 final dividend was RMB63,987,824.00, calculated based on the total number of shares of 799,847,800 (for the six months ended 30 June 2023: no dividend was declared).

As at 30 June 2024, the above cash dividend has not been paid.

13. FINANCIAL EXPENSES

Items	Amount for the period	Amount for the previous period
Interest expenses from loans	28,185,796.58	37,675,898.59
Interest income	(9,986,035.48)	(8,619,173.96)
Exchange gains	(1,981,856.44)	(2,673,602.05)
Interest expenses from lease liabilities	47,295,704.83	50,491,300.24
Others	11,993,514.60	9,698,729.77
Total	75,507,124.09	86,573,152.59

14. OTHER INCOME

Items	Amount for the period	Amount for the previous period
Government grants related to assets	33,477,761.90	41,702,288.07
Government grants related to income	111,427,095.05	127,119,536.68
VAT reduction and exemption, etc.	743,925.50	5,957,153.78
Total	<u>145,648,782.45</u>	<u>174,778,978.53</u>

Government grants included in other income

Items	Amount for the period	Amount for the previous period	Related to assets/ Related to income
Subsidies for vehicles replacement	75,746.19	1,528,503.87	Related to assets
Subsidies for procurement of new energy vehicles	28,500,719.92	34,952,972.92	Related to assets
Subsidies for fixed assets renovation	3,444,137.87	3,526,335.02	Related to assets
Tax subsidies for vehicle purchase	212,765.94	212,765.94	Related to assets
Other subsidies related to assets	1,244,391.98	1,481,710.32	Related to assets
Subsidies for operation of bus line	101,593,749.10	97,417,704.12	Related to income
Subsidies of elderly concessionary travel card	4,576,165.74	13,492,920.93	Related to income
Others subsidies related to income	5,257,180.21	16,208,911.63	Related to income
Total	<u>144,904,856.95</u>	<u>168,821,824.75</u>	

15. INVESTMENT INCOME

Items	Amount for the period	Amount for the previous period
Income from long-term equity investments under equity method	48,107,071.06	40,115,400.24
Gains on disposal of subsidiaries (Note 2.1)	2,216,830.64	–
Others	272,181.30	81,460.76
Total	<u>50,596,083.00</u>	<u>40,196,861.00</u>

Note 1: There is no significant restrictions on remittance of the Group's investment income.

16. ACCRUAL OF CREDIT LOSS

Items	Amount for the period	Amount for the previous period
Accounts receivable	(5,913,485.27)	(8,765,429.95)
Other receivables	(5,300,458.92)	61,976.18
Total	<u>(11,213,944.19)</u>	<u>(8,703,453.77)</u>

17. IMPAIRMENT LOSSES

Items	Amount for the period	Amount for the previous period
Impairment loss of fixed assets	<u>(560,250.00)</u>	<u>–</u>
Total	<u><u>(560,250.00)</u></u>	<u><u>–</u></u>

18. GAINS FROM ASSET DISPOSALS

Items	Amount for the period	Amount for the previous period
Gains from disposal of fixed assets	6,438,923.17	11,505,179.59
Gains from disposal of other non-current assets	–	12,488,933.41
Gains from disposal of right-of-use assets	<u>–</u>	<u>89,602.73</u>
Total	<u><u>6,438,923.17</u></u>	<u><u>24,083,715.73</u></u>

19. NON-OPERATING INCOME

Items	Amount for the period	Amount for the previous period
Gains on scrapping of non-current assets	824,131.03	947,872.19
Government grants	–	83,290.00
Compensations	885,037.43	2,350,559.76
Others	<u>6,842,853.14</u>	<u>2,554,902.09</u>
Total	<u><u>8,552,021.60</u></u>	<u><u>5,936,624.04</u></u>

Government grants included in non-operating income

Subsidy items	Amount for the period	Amount for the previous period	Related to assets/ Related to income
Other subsidies	<u>–</u>	<u>83,290.00</u>	Related to income
Total	<u><u>–</u></u>	<u><u>83,290.00</u></u>	

20. INCOME TAX EXPENSES

1) Income tax expenses

Items	Amount for the period	Amount for the previous period
Current income tax expense	66,020,290.22	43,443,469.90
Deferred tax expense	<u>(10,688,121.95)</u>	<u>(9,494,785.95)</u>
Total	<u><u>55,332,168.27</u></u>	<u><u>33,948,683.95</u></u>

21. EARNINGS PER SHARE

1) Basic earnings per share

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

Items	Amount for the period	Amount for the previous period
Consolidated net profit attributable to ordinary shareholders of the Company	138,669,235.05	122,634,003.74
Weighted average number of ordinary shares outstanding	<u>799,847,800.00</u>	<u>799,847,800.00</u>
Basic earnings per share (RMB/share)	0.17	0.15
Including: Basic earnings per share from continuing operations (RMB/share)	<u>0.17</u>	<u>0.15</u>

Weighted average number of ordinary shares is calculated as follows:

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

2) Diluted earnings per share

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

22. GOVERNMENT GRANTS

1) Government grants related to assets

Items	Balance	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	4,565.94	Deferred income	75,746.19	1,528,503.87	Other income
Subsidies for procurement of new energy vehicles	67,634,343.44	Deferred income	28,500,719.92	34,952,972.92	Other income
Subsidies for fixed assets renovation	93,378,887.51	Deferred income	3,444,137.87	3,526,335.02	Other income
Tax subsidies for vehicles purchase	10,961,452.02	Deferred income	212,765.94	212,765.94	Other income
Other subsidies related to assets	9,084,577.14	Deferred income	1,244,391.98	1,481,710.32	Other income
Total	<u>181,063,826.05</u>		<u>33,477,761.90</u>	<u>41,702,288.07</u>	

2) Government grants related to income

Items	The amount included in the current profit and loss or offsetting the related costs and expenses		Items included in the current profit and loss or offsetting the related costs and expenses
	Amount for the period	Amount for the previous period	
Fuel subsidies	15,388,330.77	89,311,966.79	Operating costs
Subsidies for operation of bus lines	101,593,749.10	97,417,704.12	Other income
Subsidies of elderly concessionary travel card	4,576,165.74	13,492,920.93	Other income
Other subsidies	5,257,180.21	16,208,911.63	Other income
Other subsidies	<u>–</u>	<u>83,290.00</u>	Non-operating income
Total	<u>126,815,425.82</u>	<u>216,514,793.47</u>	

23. NET CURRENT LIABILITIES

Items	30 June 2024	31 December 2023
Current assets	2,791,441,182.25	2,453,909,196.32
Less: Current liabilities	<u>2,796,856,710.29</u>	<u>2,560,402,388.93</u>
Net current liabilities	<u>(5,415,528.04)</u>	<u>(106,493,192.61)</u>

24. TOTAL ASSETS LESS CURRENT LIABILITIES

Items	30 June 2024	31 December 2023
Total assets	8,592,319,210.61	8,603,368,305.61
Less: Current liabilities	<u>2,796,856,710.29</u>	<u>2,560,402,388.93</u>
Total assets less current liabilities	<u>5,795,462,500.32</u>	<u>6,042,965,916.68</u>

25. LEASE

1) As a lessee

Items	Amount for the period	Amount for the previous period
Interest expense on lease liabilities	47,295,704.83	50,491,300.24
Short-term lease expenses applied the practical expedient	3,321,580.13	15,051,319.74
Variable lease payments not included in the measurement of lease liabilities	5,132,407.74	8,816,339.25
Income from sub-leasing right-of-use assets	<u>245,101,426.32</u>	<u>211,875,186.39</u>
Total cash outflow for leases	<u><u>127,844,152.21</u></u>	<u><u>157,797,424.63</u></u>

2) As a lessor

(1) Operating lease

Items	Amount for the period	Amount for the previous period
Lease income	262,724,080.66	231,417,963.31
Including: income related to variable lease payments not included in lease receipts	<u>18,660,634.34</u>	<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	30 June 2024	31 December 2023
Within 1 year	497,788,105.43	491,609,268.54
Over 1 year but within 2 years	436,569,493.25	453,936,749.57
Over 2 years but within 3 years	369,493,965.73	381,507,162.92
Over 3 years but within 4 years	310,462,156.13	322,254,930.99
Over 4 years but within 5 years	247,412,952.76	270,555,117.05
Over 5 years	<u>889,707,145.08</u>	<u>977,236,470.22</u>
Total	<u><u>2,751,433,818.38</u></u>	<u><u>2,897,099,699.29</u></u>

26. 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, Taiping Interchange operation and other business. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies.

2) Segment reporting

For the six months ended 30 June 2024

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Taiping Interchange operation and other business	Inter-segment eliminations	Total
Operating income	2,622,555,285.58	980,875,419.10	72,913,593.45	(1,681,601.54)	3,674,662,696.59
Including: Operating income from external customers	2,621,531,085.76	980,218,017.38	72,913,593.45	-	3,674,662,696.59
Inter-segment operating income	1,024,199.82	657,401.72	-	(1,681,601.54)	-
Operating costs	2,285,559,220.05	998,617,625.52	12,144,807.45	(794,257.62)	3,295,527,395.40
Profit/(loss) before income tax	177,075,599.42	(48,606,795.65)	62,172,025.22	(887,343.92)	189,753,485.07

For the six months ended 30 June 2023

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Taiping Interchange operation and other business	Inter-segment eliminations	Total
Operating income	2,391,832,146.63	1,042,196,970.03	67,581,766.42	(3,344,769.50)	3,498,266,113.58
Including: Operating income from external customers	2,388,802,548.28	1,041,881,798.88	67,581,766.42	-	3,498,266,113.58
Inter-segment operating income	3,029,598.35	315,171.15	-	(3,344,769.50)	-
Operating costs	2,172,230,839.56	1,018,807,321.17	12,048,230.11	(3,244,899.50)	3,199,841,491.34
Profit before income tax	103,421,462.67	18,331,773.05	54,147,252.86	-	176,100,488.58

As at 30 June 2024

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Taiping Interchange operation and other business	Inter-segment eliminations	Total
Total assets	3,929,323,016.52	4,209,672,306.43	2,954,292,922.79	(2,500,969,035.13)	8,592,319,210.61
Total liabilities	2,921,689,372.62	2,784,771,079.91	1,108,036,929.45	(852,639,689.83)	5,961,857,692.15

As at 31 December 2023

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Taiping Interchange operation and other business	Inter-segment eliminations	Total
Total assets	3,696,393,256.87	4,521,553,424.87	2,702,461,090.88	(2,317,039,467.01)	8,603,368,305.61
Total liabilities	2,831,151,353.98	2,931,207,574.10	853,487,711.78	(629,383,690.48)	5,986,462,949.38

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2024, as China's economy enters a new stage of sustained recovery and steady growth, the Group has closely kept abreast of the times. With the overall concept of "promoting transformation and quality improvement to achieve industrial reform," we have steadily advanced the restructuring and reform of our expressway service zone business. We have proactively cultivated new productive forces, fully developed our core business of expressway comprehensive energy and new energy platform, fostered the growth of emerging economic industries, and steadily advanced the complete and orderly exit from the passenger transportation business.

I. Expressway Service Zone Operation

The Group has thoroughly implemented the development strategy of the "14th Five-Year Plan", by closely following new market trends, and comprehensively enhancing management efficiency and service quality. We focused on deepening the reform of expressway travel service business, actively expanding the development of energy, investment, retail and advertising businesses, and stimulating new growth vitality, thereby injecting new momentum into the sustainable development of the Group.

1. Energy Business

The Group continued to expand and strengthen its energy business, expand the scale of the comprehensive energy network, enhance its own brand name and create a new momentum for energy development. As of the end of June 2024, the Company had 221 oil stations with operating right and 204 oil stations under operation, including 81 owned and operated oil stations, 11 cooperative oil stations and 112 oil stations under contracted operations; 239 service zones with charging stations, with 1,264 charging piles, 7 battery replacement stations and 4 gas stations. We have mainly carried out the following tasks:

- (1) Actively acquiring gas station resources and expanding scale and size of gas stations. In the first half of 2024, we completed the construction, recovery and operation of nine gas stations, including Northern Guangdong West Oil Gas Station, Yunyan East and West Gas Station, Shatian North and South Gas Station, Henghe West Gas Station, Yuemei Gas Station, and Taimei East and West Gas Station.
- (2) Actively promoting the development of new energy business. We are piloting the construction of photovoltaic "source grid load storage integration" new energy project in service zones, equipped with carbon emission management information systems for the service zones. We have engaged third-party professional institutions to provide overall planning for the Dahuai near-zero carbon demonstration service zone. Combined with the preliminary design plan for charging piles, we fully utilize technologies such as AC/DC microgrids, DC stacking storage and comprehensive energy smart management platform systems to integrate the design plans for supercharging stations, photovoltaic and energy storage projects in the service zone. Currently, we have completed the feasibility study for the construction of super-fast charging stations in 30 selected service zones, continuously strengthening the value creation of the energy supply industry chain.

- (3) Broadening sales channels for gas stations and further increase fuel sales. We are vigorously conducting diesel marketing activities to boost diesel sales, achieving significant year-on-year growth in diesel sales. We have launched 40 marketing campaigns such as “one stop, one strategy,” commuter station gasoline prepayment and membership development to further enhance customer stickiness.

2. *Retail Business*

The Group comprehensively integrated retail resources, expanded the scale of business development, optimized its business structure and enhanced market competitiveness of the “Loyee” brand. As of the end of June 2024, the Group has 500 “Loyee” convenience stores. The main efforts put into the retail business include:

- (1) Leveraging the advantages of retail distribution to expand and strengthen the group purchase and wholesale business. Combining with advantages in distribution services to extend the reach and deeply explore the annual procurement volume of existing customers and expand the scale of group purchases and wholesale. Reducing distribution and procurement costs, in the first half of 2024, we optimized two distribution routes by resource allocation and optimization, saving 73 kilometers per delivery.
- (2) Completing the development of Loyee mall by realizing the dropshipping function for multi-category of products, compiling the operation plan of Loyee mall to further realize the integrated development of online and offline retail business, and to integrate timely the development platform for “Guangdong Pass” according to the business development in the next stage.
- (3) Reforming the retail business operating model. To meet new business development needs, we launched differentiated business models based on store policies, such as “man + machine”, “staffed unmanned stores” and “fully unmanned stores”; integrated retail business resources in service zones and promoted the development of “big retail” business in service zones.

3. *Merchant Solicitation Business*

The Group continued to explore diversified expressway business formats, promotes professional commercial operation management in service zones, and enhances platform development capabilities. We have mainly carried out the following tasks:

- (1) Promoting the reform of merchant solicitation business in the service zones. Attempting to implement a new model of comprehensive lease-based merchant solicitation at Henghe, Changshawan and Renshan service zones, successfully securing tenants; promoting new cooperative models for proprietary commercial brands in the characteristic food areas at Shatian, Henghe, Shenshan, Ren Shan and Taohe service zones. Accelerating the expansion of KFC franchise store’s locations, with the Yayao KFC opened in early July, and completed project approvals for KFC franchises at Changshawan and Shatian service areas. Continue advancing the construction of the commercial operation system for service zones, enhancing the overall image and service quality of service zones throughout the province through training on commercial operation management systems, on-site business inspections and guidance.

- (2) Conduct commercial planning for featured service zones. We have completed commercial planning for the first batch of six pairs of featured service zones. (Changshawan, Wayaogang, Dongsheng, Taimei, Ping Tian and Jiuling) and the second batch of three pairs of featured service zones (Chengnan, Shuiche and Jixiang). We have coordinated with local governments and support teams to hold 31 specialty exhibitions, including local agricultural products, orchids and ceramics, in 26 agricultural demonstration service zones. Reached strategic cooperation with the Guangdong Restaurant Association, organizing leading brand merchants to visit and inspect the Yayao, Shengtang, Dahuai and Yangjiang service zones along the Guangzhou-Zhanjiang Line, aiming to expand the brand portfolio. Leveraging the momentum from merchant solicitation promotional fairs to continuously promote service area quality improvement and upgrade projects through self-media in stages.
- (3) Promoting service zone merchant solicitation activities through various methods and channels. In the first half of 2024, the Group held its first out-of-province expressway service zone merchant solicitation promotion fair and service zone quality upgrading project promotion and merchant solicitation conference, conducting comprehensive promotions for 31 pairs of featured service zones and 104 pairs of agricultural demonstration service areas.
- (4) Expanding new productive business. We have completed the cooperative model plan and related research and study report for the “low-altitude economy” business expansion, established a cooperation model with professional airlines for resource development. A strategic cooperation agreement has been entered, and relevant business activities are planned to be carried out at the Xuwen service zone on the Shenhai Expressway.

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 2024, the Group has operation rights of advertising on 76 expressways, and ownership of 512 resources, mainly including pillars, overpass bridges, gantry, billboards above toll stations, floor standing boards and billboards above service zones. We have mainly carried out the following tasks:

- (1) Optimizing the organizational structure to align with market development. In the first half of 2024, we optimized our marketing functions to integrate resources, strengthen collaboration and create synergy in the marketing end. By closely aligning with the market, we aim to uncover potential customer needs and achieve value-added gains; develop new online marketing and promotion business models to cultivate new revenue growth highlights.
- (2) Ensuring the continued expansion of resources based on existing ones. Strengthening communication and coordination with various road expansion offices to implement demolition, relocation or reconstruction of original resources in sync with expressway reconstruction and expansion as much as possible.

- (3) Consolidating existing customers and expanding new resources and new customers. Enhancing communication with cooperative customers, maintaining good service relationships with existing customers, deeply exploring their needs and empowering value addition. This approach aims to strengthen cooperation, ensuring that original business is not reduced while identifying new growth points for collaboration.

II. Road Passenger Transportation and Auxiliary Business

In accordance with the strategic guidance requirements “the overall strategic contraction of the passenger transport business, a gradual and orderly withdrawal from the domestic passenger transport business, and the steady development of the crossborder passenger transport business”, we formulated the work plan of “one policy for one enterprise” to carry out refined management of transportation enterprises, and vigorously promoted transformational development of passenger transportation business to achieve new results. We have mainly carried out the following tasks:

1. Actively promoting “one policy for one enterprise”

- (1) Promoting the exit of the passenger transport business in a steady and orderly manner. In the first half of 2024, we have completed the equity transfer of Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., and partial equity transfer of Foshan City Sanshui District Yueyun Traffic Co., Ltd.
- (2) Continuously promoting the optimization of personnel structure, reasonably controlling the total number of employees, strengthening cost control.
- (3) Reducing interest-bearing liabilities and financial expenses. As of the end of June 2024, the interest-bearing liabilities ratio decreased by 7.61% as compared with that at the beginning of the year.

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

- (1) Actively utilizing “digital passenger transport” to revitalize existing passenger transportation resources. We have completed the upgrade and optimization of passenger order, pickup, electronic invoicing, dispatching and operations management functions for the bus stop project. The bus stop service now has 686 registered routes, covering 20 cities across the province, with an average daily passenger traffic volume of 18,000 and a peak of 41,000 daily passenger-times in the first half of the year.
- (2) Carrying out all-staff marketing. 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. *Deeply developing the Hong Kong market based on market demand.*

In response to the market changes of “Hong Kong residents traveling northward for consumption,” we have concentrated resources to expand border crossing business. We dispatched 19,555 short-distance express trips and 56,676 long-distance trips, transporting over one million passengers. Additionally, we explored the new market for cross-border transportation of foreign labor in Hong Kong. Leveraging the shuttle bus coordination platform, we launched a transportation support project for foreign labor at Hong Kong Airport (within the Hong Kong region) in April this year and extended the project to include the Shenzhen construction workers’ commute in June.

III. *Continuous Development of Expressway Vehicle Rescue Business*

The Group continues to expand its expressway vehicle rescue business. As of the end of June 2024, the Group has established three rescue centres in northern Guangdong, eastern Guangdong and western Guangdong, respectively, with 207 rescue stations across the province. The expressway vehicle rescue service mileage reached 7,432 km on 83 road sections with 676 rescue vehicles of various types. We have mainly carried out the following tasks:

- (1) Continuously improving traffic smooth flow capabilities during holidays. To ensure traffic safety and smooth flow during holidays and enhance public travel satisfaction, we added over double the number of temporary standby points on top of the existing permanent rescue points during the three major holidays of 2024: Spring Festival, Qingming Festival and May 1st. This significantly reduced the physical distance to incident sites and maximized the scale effect of the road network, with 5,843 coordinated dispatches ensuring rapid arrival and timely clearance of obstructions.
- (2) Optimizing the setup of rescue points and continuing to enhance rescue stations. Through spatiotemporal data analysis of rescue incidents, we continuously optimized the layout of rescue standby points, and leveraged the scale advantage of the road network to further improve resource output efficiency. In the first half of the year, we added 10 new permanent rescue points and optimized the adjustment of 2 existing points. This optimization of rescue points further enhanced the allocation of rescue resources and improved service efficiency.
- (3) Enhancing service process monitoring and command capabilities using 5G+AI systems. In the first half of 2024, we opened 70 vehicle rescue cloud service platform accounts based on 5G+AI technology for various road section owners across the province. This enabled data sharing of rescue operation progress, operation process videos and vehicle operating status, providing technical support for jointly managing and control production safety and rescue service quality and efficiency for owners. We continuously strengthened data analysis of existing operation site handling efficiency, improving service levels through real-time monitoring, case analysis and training. By leveraging the command center of the call dispatch monitoring system, we enhanced accurate information transmission with road section monitoring centers and joint units, effectively reducing duplicate dispatches and continuously improving rescue efficiency.

- (4) Carrying out the development of the “Digital Rescue” platform. The “Digital Rescue” platform has completed 80% of its overall functionality development, its core business processes are now fundamentally operational, initially supporting the smooth implementation of rescue operations.

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 2024, the accumulated toll traffic volume was approximately 19.51 million vehicle-trips, representing an average of approximately 108,300 vehicle-trips per day and a year-on-year increase of approximately 6.89%.
- (2) Continuous implementation of maintenance and repair plans. In order to ensure the safe operation of structures, the maintenance of electromechanical systems, toll collection systems, communication systems and monitoring systems was strengthened, and the daily inspections of the Taiping Interchange have been continuously improved to ensure the safety and smooth flow on bridges and roads.

FINANCIAL REVIEW

THE GROUP’S INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

For the six months ended 30 June 2024, operating income of the Group amounted to RMB3,674.663 million (corresponding period in 2023: RMB3,498.266 million), representing a year-on-year increase of RMB176.397 million or 5%. Gross profit amounted to RMB379.135 million (corresponding period in 2023: RMB298.425 million), representing a year-on-year increase of RMB80.710 million or 27%. The year-on-year growth in operating income and gross profit was mainly because the Company actively focused on deepening the reform of expressway travel services business, resulting in a year-on-year increase in both operating income and gross profit of expressway service zones operational businesses.

For the six months ended 30 June 2024, the Group’s cumulative net profit attributable to shareholders of the parent company (the “**Shareholders**”) amounted to RMB138.669 million (corresponding period in 2023: RMB122.634 million), representing a year-on-year increase of RMB16.035 million; basic earnings per share was RMB0.17 (corresponding period in 2023: RMB0.15), representing a year-on-year increase of RMB0.02 per share. The year-on-year increase in net profit attributable to shareholders of the parent company was mainly due to the year-on-year increase in gross profit of the Company’s overall business as a result of the growth in expressway service zones operational businesses.

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 2024, the Group’s operating income amounted to RMB3,674.663 million (corresponding period of 2023: RMB3,498.266 million), representing a year-on-year increase of RMB176.397 million or 5%.

Operating income by business segment:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zone operation	2,621,531	71%	2,388,803	68%
Road passenger transportation and auxiliary business	980,218	27%	1,041,882	30%
Taiping Interchange operation and other business	72,914	2%	67,581	2%
Total	<u>3,674,663</u>	<u>100%</u>	<u>3,498,266</u>	<u>100%</u>

1. Expressway Service Zone Operation Business

Expressway service zone operation business recorded operating income of RMB2,621.531 million for the first half of 2024 (corresponding period in 2023: RMB2,388.803 million), representing a year-on-year increase of RMB232.728 million or 10%, of which:

- (1) For energy business, the operating income amounted to RMB2,172.158 million for the first half of 2024 (corresponding period in 2023: RMB1,978.699 million), representing a year-on-year increase of RMB193.459 million or 10%, which was mainly due to the expansion of oil stations, and increase in sales volume.
- (2) For retail business, the operating income amounted to RMB277.386 million for the first half of 2024 (corresponding period in 2023: RMB265.487 million), representing a year-on-year increase of RMB11.899 million or 4%.
- (3) For merchant solicitation business, the operating income amounted to RMB141.754 million for the first half of 2024 (corresponding period in 2023: RMB114.617 million), representing a year-on-year increase of RMB27.137 million or 25%, which was mainly due to the increase in merchant solicitation and leasing, resulting in the decrease of vacant shops.
- (4) For advertising business, the operating income amounted to approximately RMB30.233 million for the first half of 2024 (corresponding period in 2023: RMB30.000 million), representing a year-on-year increase of RMB0.233 million or 1%.

2. Road Passenger Transportation and Auxiliary Business

Road passenger transportation and auxiliary business recorded operating income of RMB980.218 million for the first half of 2024 (corresponding period in 2023: RMB1,041.882 million), representing a year-on-year decrease of RMB61.664 million or 6%, which was mainly due to the active promotion of “one enterprise, one policy” and the orderly withdrawal from the road transportation business.

3. *Taiping Interchange Operation Business and Other Business*

Taiping Interchange operation business and other business recorded operating income of approximately RMB72.914 million for the first half of 2024 (corresponding period in 2023: RMB67.581 million), representing a year-on-year increase of RMB5.333 million or 8%, of which Taiping Interchange recorded operating income of approximately RMB72.914 million for the first half of 2024 (corresponding period in 2023: RMB67.432 million), representing a year-on-year increase of RMB5.482 million or 8%, which was mainly due to the year-on-year increase in the daily average vehicle traffic flow, while the materials logistics business had no operating income in the first half of 2024 (corresponding period in 2023: RMB0.149 million) due to a decrease in the inventory business.

GROSS PROFIT

The Group recorded a gross profit of RMB379.135 million for the first half of 2024 (corresponding period in 2023: RMB298.425 million), representing a year-on-year increase of RMB80.710 million or 27%, with a gross profit margin of 10.32% (corresponding period in 2023: 8.53%).

Gross profit/(loss) by business segment:

	For the six months ended 30 June 2024		For the six months ended 30 June 2023	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zone operation	336,662	89%	216,887	73%
Road passenger transportation and auxiliary business	(18,295)	(5%)	26,147	9%
Taiping Interchange operation and other business	60,768	16%	55,391	18%
Total	379,135	100%	298,425	100%

1. *Expressway Service Zone Operation*

Expressway service zone operation business recorded a gross profit of RMB336.662 million for the first half of 2024 (corresponding period in 2023: RMB216.887 million), representing a year-on-year increase of RMB119.775 million or 55%, with a gross profit margin of 13% (corresponding period in 2023: 9%). Of which:

- (1) The energy business generated a gross profit of RMB275.241 million for the first half of 2024 (corresponding period in 2023: RMB182.944 million), representing a year-on-year increase of RMB92.297 million or approximately 50%, with a gross profit margin of 13% (corresponding period in 2023: 9%), which was mainly due to the year-on-year increase in revenue from the energy business.
- (2) The retail business recorded a gross profit of RMB53.372 million for the first half of 2024 (corresponding period in 2023: RMB39.358 million), representing a year-on-year increase of RMB14.014 million or 36%, with a gross profit margin of 19% (corresponding period in 2023: gross profit margin was 15%), which was mainly due to the increase in marketing efforts by the Company, while reforming its business model and reducing operating costs.

- (3) The merchant solicitation business recorded a gross loss of RMB1.578 million for the first half of 2024 (corresponding period in 2023: gross loss of RMB17.062 million), representing a year-on-year increase of RMB15.484 million or a change of 91%. The gross loss margin was 1% (corresponding period in 2023: gross loss margin of 15%), which was mainly due to the year-on-year increase in revenue from the merchant solicitation business.
- (4) The advertising business recorded a gross profit of RMB9.627 million for the first half of 2024 (corresponding period in 2023: RMB11.647 million), representing a year-on-year decrease of RMB2.020 million or 17%, with a gross profit margin of 32% (corresponding period in 2023: 39%), which was mainly due to the year-on-year increase in business costs.

2. *Road Passenger Transportation and Auxiliary Business*

The road passenger transportation and ancillary business recorded a gross loss of RMB18.295 million for the first half of 2024 (corresponding period in 2023: a gross profit of RMB26.147 million), representing a year-on-year decrease of RMB44.442 million or a change of 170%, with a gross loss margin of 2% (corresponding period in 2023: gross profit margin of 3%), which was mainly due to the orderly withdrawal from the transportation business and the year-on-year decrease in fuel subsidies.

3. *Taiping Interchange Operation Business and Other Business*

Taiping Interchange operation business and other business recorded a gross profit of approximately RMB60.768 million for the first half of 2024 (corresponding period in 2023: RMB55.391 million), representing a year-on-year increase of RMB5.377 million or 10%, of which Taiping Interchange operation business recorded a gross profit of RMB60.768 million for the first half of 2024 (corresponding period in 2023: RMB55.384 million), representing a year-on-year increase of RMB5.384 million or 10%, with a gross profit margin of 83% (corresponding period in 2023: 82%), which was mainly due to a year-on-year increase in daily average vehicle traffic flow that resulted in the increase in revenue, while the material logistics business had no gross profit in the first half of 2024 (the same period of 2023: RMB7,000) due to a decrease in the inventory business.

Administrative and research and development expenses

In the first half of 2024, the Group's total administrative and research and development expenses amounted to RMB250.263 million (corresponding period in 2023: RMB214.439 million), representing a year-on-year increase of RMB35.824 million or 17%, which was mainly due to the promotion of business reform and the transformation of employment model that resulted in the year-on-year increase in dismissal benefits.

Finance expenses

In the first half of 2024, the Group incurred finance expenses of RMB75.507 million (corresponding period in 2023: RMB86.573 million), representing a year-on-year decrease of RMB11.066 million or 13%, which was mainly due to a year-on-year decrease in interest-bearing liabilities.

Other income

In the first half of 2024, the Group recorded other income of RMB145.649 million (corresponding period in 2023: RMB174.779 million), representing a year-on-year decrease of RMB29.130 million or 17%, which was mainly due to the year-on-year decrease in government grants.

Investment gains

In the first half of 2024, the Group recorded investment gains of RMB50.596 million (corresponding period in 2023: investment gains of RMB40.197 million), representing a year-on-year increase of RMB10.399 million or 26% in gains, which was mainly due to the year-on-year increase in net profit of associates and joint ventures for the current period.

Credit impairment losses

In the first half of 2024, the Group's credit impairment losses amounted to RMB11.214 million (corresponding period in 2023: RMB8.703 million), representing a year-on-year increase of RMB2.511 million or 29% in impairment losses, mainly due to the increase in credit impairment losses in proportion to the aging of the current period.

Gains on disposal of assets

In the first half of 2024, the Group recorded gains on disposal of assets of RMB6.439 million (corresponding period in 2023: RMB24.084 million), representing a year-on-year decrease of RMB17.645 million or 73%, mainly due to the large number of items in disposal of assets and higher gains in the same period of last year.

Non-operating income and expenses

In the first half of 2024, the Group's non-operating net income was RMB1.182 million (corresponding period in 2023: net income of RMB1.941 million), representing a year-on-year decrease of RMB0.759 million or 39% in net income, which was mainly due to the year-on-year increase in the damage and scrapping losses of non-current assets.

Liquidity and Capital Structure

The Group adopted prudent financial management policies in its financial management and implemented strict budget control on the use of funds. The Group satisfied its cash requirements for payable contractual obligations and general working capital mainly through cash generated from operating activities and bank borrowings. The Group proactively reduced interest-bearing liabilities and strived to achieve the optimal financing cost. The Group enhanced internal allocation of funds through the operation of cash pooling to improve the efficiency of utilization of funds. Benefiting from the strict budget control over its funds and optimization of its financial structure, the Group's balance of available credit facilities granted by banks and other financial institutions amounted to RMB3,515.468 million as of 30 June 2024, which provided sufficient protection for the Group's operating loans and ensured repayment of principal and interest without risk.

Items	30 June 2024 RMB'000	31 December 2023 RMB'000
Borrowings (from banks and other financial institutions)	1,731,294	1,801,551
Less: Cash and cash equivalents	1,490,211	1,085,765
Net debt	241,083	715,786
Total liabilities	5,961,857	5,986,463
Total shareholders' equity	2,630,462	2,616,905
Total equity	2,871,545	3,332,691
Total assets	8,592,319	8,603,368
Gearing ratio	8.40%	21.48%
Asset to liability ratio	69.39%	69.58%

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liability/Total assets

Cash Flows

In the first half of 2024, 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:

Cash generated from/(used in)	For the six months ended 30 June 2024 RMB'000	For the six months ended 30 June 2023 RMB'000	Change RMB'000
Operating activities	623,201	395,513	227,688
Investing activities	4,627	(20,824)	25,451
Financing activities	(223,976)	(292,816)	68,840

Operating activities

The Group's net cash inflow from operating activities amounted to RMB623.201 million in the first half of 2024 (corresponding period in 2023: net cash inflow of RMB395.513 million), representing a year-on-year increase of net cash inflow of RMB227.688 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 2024, the net cash inflow from investing activities was RMB4.627 million (corresponding period in 2023: net cash outflow of RMB20.824 million), representing an increase in net cash inflow of RMB25.451 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 2024, the net cash outflow from financing activities was RMB223.976 million (corresponding period in 2023: net cash outflow of RMB292.816 million), representing a decrease in net cash outflow of RMB68.840 million, which was mainly due to a year-on-year decrease in debt repayment expenses.

Borrowings

As of 30 June 2024, the Group had outstanding borrowings of RMB1,731.294 million (31 December 2023: RMB1,801.551 million). Of which: (i) unsecured short-term loans: RMB316.731 million (31 December 2023: RMB309.297 million); (ii) secured short-term loans: RMB138.166 million (31 December 2023: RMB136.575 million); (iii) pledged short-term loans: RMB9.000 million (31 December 2023: nil); (iv) unsecured long-term loans: RMB504.077 million (31 December 2023: RMB561.010 million); (v) secured long-term loans: RMB431.996 million (31 December 2023: RMB423.727 million); (vi) finance lease payables: RMB331.324 million (31 December 2023: RMB370.942 million). As of 30 June 2024, the Group's borrowings are denominated in Renminbi and bear interest at floating or fixed rates, of which approximately 49% of the amount of borrowings bear interest at fixed rates.

Material subsequent events

Nil.

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

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

Major properties held for investment

Name of property	Address	Usage	Type of lease
Hong Kong Plaza	Unit 13-14, 24/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong	Operating lease	Short-term (within 10 years)
No. 2 office, 1/F, King's Court, Wai Ching Street, Jordan Road, Kowloon	No. 2 office, 1/F, King's Court, No.65, 67, 69, 71, 73, 75, Wai Ching Street, Jordan Road, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
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	Operating lease	Short-term (within 10 years)
Apartment of Drivers	Interchange between Fuqianxi Road and Huancheng Road, Qujiang District, Shaoguan City	Operating lease	Short-term (within 10 years)
Passenger Traffic Center Building in Lianzhou	No. 136, Beihu Road, Lianzhou City	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)

The Group has no freehold ownership over the above properties which are situated outside Hong Kong.

Pledge of assets

As at 30 June 2024, fixed assets at the net value of approximately RMB305.119 million (31 December 2023: RMB367.736 million) and land use rights at the net value of approximately RMB72.084 million (31 December 2023: RMB111.669 million) of the Group were pledged as security for borrowings and long-term payables. As at 30 June 2024, investment properties at the net value of approximately RMB210.853 million (31 December 2023: RMB192.034 million) of the Group were pledged as security for borrowings.

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 2024, 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 in accord with its operation requirements to reduce the currency risk exposure of the Group.

Contingent liabilities

As of 30 June 2024, the Group had no material contingent liabilities.

KEY BUSINESS DEVELOPMENTS OF THE GROUP IN THE SECOND HALF OF 2024 ARE AS FOLLOWS:

I. Expressway Service Zones Operation

1. *Energy Business*

- (1) Strengthening the achievements of traditional energy development. The Group will expand its strategic cooperation with energy enterprises and rapidly expand its business scale by taking advantage of the cooperation platform; and continue to promote the cooperation plans with state-owned oil companies to actively carry out resource expansion and strategic alliances. The Group will constantly expand the scale of its self-operated gas stations under “Yueyun Energy” and continue to promote the newly construction, recovery and commencement of operation of gas stations, thereby developing a more intensive terminal sales network of self-operated gas stations.
- (2) Optimizing the energy structure and deploying clean energy. The Group will develop the photovoltaic “source grid load storage integration” new energy project in Dahuai Service Zone and establish a carbon emission management information system, thereby becoming a national benchmarking “zero-carbon” and “low-carbon” demonstration service zone. The Group will accelerate its deployment of new energy industries such as charging piles, battery swap stations and photovoltaics and establish a one-stop platform for the operation and management of battery “charging, discharging and selling” network for all expressways across Guangdong Province, thereby reducing operating costs and achieving carbon emission reduction.
- (3) Broadening the pipeline of oil procurement and proactively planning to ensure supply. The Group will seize the favourable window of sales peaks during the summer transportation season, the Mid-Autumn Festival and the National Day in the second half of the year, and take into account the implementation of the international and domestic refined oil markets to formulate phased procurement strategies, thereby striving to reduce procurement costs; and, at the same time, with reference to the historical sales data of gas stations, timely determine the peak time of sales, and continue to strengthen the connection and communication with gas stations and refined oil suppliers to make timely deployment so as to increase transportation capacity, thereby providing stable and convenient refined oil supply services for past customers.
- (4) Carrying out reform and innovation to expand brand effectiveness. The Group will conduct a series of marketing activities to create characteristics of its self-operated gas stations, and adopt the “one stop, one strategy” approach to determine its operating model according to various factors such as the region and route of the gas stations, the traffic flow and the development of the road network.

2. Retail Business

- (1) Continuing to enhance operation capacity of our retail business, expanding the retail network scale of Leyi, our well-known convenience store brand in expressway service areas, and steadily opening more convenience stores.
- (2) Vigorously continuing to develop our group-buying, wholesaling sales business and sharpening our edges in this sector. Our Group's domestic and overseas customer bases will be expanded so as to enlarge the business scale. Coverage of the business will also be extended to diversified products such as grain and oil, stationery and gifts. By relying on an efficient delivery service mechanism, our existing clients' expanded shopping lists will be surely satisfied and our group-buying, wholesaling sales business volume can be increased significantly. While retaining our supply strength in the existing product spectrum, we will keep introducing new products such as labor protection supplies. Marketing campaigns will be carefully designed to successfully enrich our product lines and enhance market attractiveness.
- (3) Proactively carrying out our sales promotion strategy of identifying and introduction of new high-quality products or brands. During the process, the Group will rationally optimize sales categories by establishing a sound mechanism for the management of incoming and outgoing products. In view of the unique characteristics of expressway service areas, a reasonable gross profit margin range for each product category is set and this pricing strategy is strictly implemented. In the second half of the year, we will steadily implementing the said product management efforts according to the established annual category planning and institutional framework to ensure the continuous optimization and update of our product portfolio.
- (4) Actively connecting with the market by formulation and implementation of individualized business strategies according to the actual conditions of different stores. The Group will have centralized planning and adjustments for the business model of human-machine collaboration and unmanned retail. Idle, with expired contract or inefficient stores shall be closed down with an aim to further achieve effective cost control and efficiency enhancement by optimizing store operation models and staff allocation, thereby enhancing the profitability of each store. In the second half of the year, we will continue to flexibly adjust operation tactics of some of our stores in accordance with the plan for adjusting the operating approach of our stores to adapt to market changes and maintain the continuous growth of our business.
- (5) Strengthening the incentive mechanism to promote the revenue generation and management improvement of our stores. We have developed a sales incentive plan for Leyi and implemented a full commission system.

3. *Merchant Solicitation Business*

- (1) Continuing to promote quality improvement and upgrade projects within the characteristic service areas under the “Urban and Rural Coordinated Development Project” and strengthening commercial planning to foster exploration the new development model of the “transportation + agriculture, cultural and tourism business” around our expressway service areas. In the second half of the year, we will be forging ahead for the high-quality development of 4 areas namely Changsha Bay, Huangtian, Huangmaohai and Maoming as both characteristic service zones and agricultural demonstration service zones, so as to achieve dual advancement in commercial values and public service standards of these communities.
- (2) Fully utilizing the relevant platform resources, enriching the business model, and enhancing the commercial value of our service areas. We will further subdivide the business formats of our service zones and continue to promote the planning, merchant solicitation and growth of those platform projects. Taking advantage of the “Urban and Rural Coordinated Development Project” and “Rural Revitalization”, the Group will actively explore the integration of roads and land, and cooperate with local agricultural, cultural and tourism business resources to further expand the business ecosystem of our service areas. We will further nurture our self-operated brands such as “Yipinhui”, “Letuhui” and “大食匯” through opening more new stores and bolster the core competitiveness of these brands.
- (3) Continuously optimizing the business operation model of our service areas, accelerating business response and improving management efficiency. We will keep learning from our previous experience and improving the commercial operation management system of our service areas. Through training, supervision and other means, the commercial sense and capability of our service area management personnel will be comprehensively enhanced. By reforming the management and organizational structure of our service areas, optimizing the management and control system of our business, gradually carrying out the overall outsourcing of property management, introducing qualified professional property management companies, we will strengthen the property management, improve the management quality as well as reduce the management cost in our service areas.

4. *Advertising business*

- (1) Furthering utilization of our service area resources to make service area advertising a new growth engine of our revenue and profit. For our service areas, we can formulate high-standard advertising facilities planning solutions which will assist brand customers to carry out on-site promotion activities with our vigorous development in digital media business and our sales campaigns.
- (2) Strengthening marketing efforts and reducing under-use advertising resources. We will provide good service to old customers and acquire customers from other segments. For remote areas, we will adopt various measures to support local advertising partners to extend our service coverage and exposure, cater more clients’ need as well as strive to employ every kind of resources which are available and feasible.

- (3) Continuously improving the systematic and standardized framework for the development of our event planning business. With comprehensive consideration of many aspects of the event planning business which include project development, product packaging, product promotion, project implementation, customer evaluation, case display and other aspects, the Group has established a matrix project team system to continuously improve our professionalism in project implementation.
- (4) Relying on the expansion in our self-operated business, we will continue to broaden our customer resources and explore the development of external marketing business.

II. Road Passenger Transportation and Auxiliary Services

1. Adhering to classified policies and optimizing business structures

- (1) Focusing on key tasks such as steadily advancing the comprehensive and orderly exit of the passenger transportation business and resolving debt risks, comprehensively implementing industrial transformation and improving in quality and efficiency. The passenger transportation business will actively seek government subsidies, intensify efforts in equity and asset disposal, and accelerate the revitalization and disposal of passenger transport resources. We aim to complete the exit of 2 to 3 regional passenger transportation enterprises within the year.
- (2) Continuously promoting the digitalization of passenger transport. Relying the Didi platform to explore digital passenger transport for achieving full coverage of the existing passenger transportation business information platform and exiting traditional passenger transport routes, transferring resources to off-station and customized passenger transportation businesses, while transferring the resources to off-station and customized passenger transportation businesses.
- (3) Continuing to optimize the personnel structure of the passenger transportation business and continuously optimize the management structure.
- (4) Continuing to promote the disposal of low-effective and ineffective assets of passenger transportation companies. For equity-holding companies with no hope of turning a profit, formulating a “one policy for one enterprise” exit implementation plan and steadily adopting various methods such as overall transfer, business divestiture, spinoff and disposal, withdrawal of enterprise controlling interest, closure and liquidation for disposal, business stripping and splitting, divesting enterprise control, or even closure and liquidation.

2. Continuing to develop expressway vehicle rescue business

- (1) Actively improving service quality. Solidly ensuring a 30-minute on-site punctuality rate and a 60-minute obstacle clearance punctuality rate for road rescue services to enhance highway rescue guarantee efficiency. Leveraging the 5G+AI system to improve service process monitoring and command capabilities; continuing to optimize the layout of rescue stations and utilizing the scale advantages of the road network to further enhance resource output efficiency.
- (2) Building the Yanggang Rescue network (陽光救援網) driven by technology and empowered by data. Through the application of big data, cloud computing and visualization technologies, achieving integrated information, unified platforms and data interoperability for vehicle rescue across the province's highways, which strongly supporting the digital transformation and upgrade of expressway vehicle rescue service for meeting the need for building an ecological road rescue service framework.
- (3) Continuously strengthen the marketing and promotion of gold card membership products to further expand market scale. First, improving and revising the marketing incentive measures following the price increase of membership service products to enhance the marketing enthusiasm of all employees. Second, increasing investment in marketing and promotion to raise the exposure and recognition of the product services.
- (4) Continuing to enhance platform operation cooperation, actively providing technical and business service support, assisting in formulating feasible operation plans, and further increasing the sales scale of Yuetongyilianhe (粵通易聯合) membership products.
- (5) Strengthening cooperation with external business units to leverage industry synergy effects. Continuing to seek partnerships with external units, jointly exploring vehicle rescue service products based on each other's service advantages.

Future plans for significant investments and capital assets

As at 30 June 2024, the Group had no other plan for material investments or capital assets.

Key business developments and financing arrangements for the second half of 2024

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

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

The Company does not hold any treasury shares (including any treasury shares held or deposited with the Central Clearing and Settlement System).

During the six months ended 30 June 2024, the Company did not redeem any of its listed shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company (including sale of any treasury shares) for the six months ended 30 June 2024.

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 C1 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the six months ended 30 June 2024.

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 2023 Annual General Meeting of the Company held on 28 June 2024, Mr. Chen Chuxuan, an non-executive Director, did not attend due to work reasons. The Board considers that such deviation has not affected the Directors’ understanding of the views of the Shareholders or their responses to the Shareholders’ inquiries, as other executive Directors and all of the independent non-executive Directors were present in such meeting and they could gain and develop a balanced understanding the Shareholders’ views of the Company and give adequate answers to any questions raised by the Shareholders at the meeting. The Company will provide all Directors with electronic means such as telephone or video conferences in accordance with the provisions of the Articles of Association, so as to provide more flexible ways for our Directors to attend general meetings.

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 C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the supervisors of the Company (the “**Supervisor(s)**”). Having made specific enquiries with all the Directors and Supervisors, each of the Directors and Supervisors confirmed that he/she had complied with the requirements set out in the Model Code for the six months ended 30 June 2024.

DIRECTORS AND SUPERVISORS' INTERESTS

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

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

Save as disclosed above, as at 30 June 2024, none of the Directors, Supervisors or the chief executives of the Company had any interests or short positions in any shares or underlying shares or interests in debentures of the Company or any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) of the Company which were (i) required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO; (ii) required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

BOARD

On 30 June 2024 and the date of this announcement, the Board of the Company consists of 9 members, namely 4 executive Directors, Mr. Zhu Fang, Mr. Huang Wenban, Mr. Hu Xianhua and Mr. Hu Jian; 1 non-executive Director, Mr. Chen Chuxuan; and 4 independent non-executive Directors, Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa.

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 2024, 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 2024 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 consolidated financial statements for the six months ended 30 June 2024 in accordance with the Standard on Review Engagements for Certified Public Accountants of China No. 2101 – Engagements to Review Financial Statements issued by the Chinese Institute of Certified Public Accountants.

SUPERVISORY COMMITTEE

As at 30 June 2024 and the date of this announcement, the Supervisory Committee comprised seven members, including two independent Supervisors, namely Mr. Duan Xinhong and Ms. Meng Xue, two shareholder representative Supervisors, namely Mr. Zhou Yihua and Mr. Wang Qingwei, and three employee representative Supervisors, namely Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin.

EMPLOYEES AND REMUNERATION POLICIES

The Group had 13,850 employees as at 30 June 2024 (31 December 2023: 14,558). Total staff costs for the six months ended 30 June 2024, including the Directors' remuneration, amounted to approximately RMB749 million (corresponding period in 2023: approximately RMB819 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 has 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 2024, the Group has conducted a total of 228 training courses with 15,938 participants and total curriculum duration of approximately 203,171 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 2024.

AUDITOR OF THE COMPANY

The Shareholders considered and approved the ordinary resolution in respect of the appointment of BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor of the Company at the annual general meeting of the Company held on 28 June 2024 for a term of office until the close of the next annual general meeting of the Company.

Disclosure of Information on the Stock Exchange's Website

The electronic version of this announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk/>) and the Company (<http://www.gdyueyun.com>), respectively. An interim report for the period ended 30 June 2024 containing all the information required by Appendix D2 to the Listing Rules will be published on HKEXnews website of the Stock Exchange and the Company's website in due course.

By order of the Board
Guangdong Yueyun Transportation Company Limited
Zhu Fang
Chairman of the Board

Guangzhou, the PRC
22 August 2024

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

* *For identification purpose only*