

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



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 2020 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

| | For the six months ended | | Change % |
|--|--|---|-------------|
| | 30 June 2020 <i>RMB'000</i> (<i>unaudited</i>) | 30 June 2019 <i>RMB'000</i> (<i>unaudited</i>) (<i>restated</i>) | |
| Revenue | 2,601,847 | 3,283,299 | (21%) |
| Net (loss)/profit | (182,471) | 254,462 | N/A |
| Net (loss)/profit attributable to shareholders of the Company | (111,440) | 206,146 | N/A |
| Basic (loss)/earnings per share | RMB(0.14) | RMB0.26 | N/A |
| Diluted (loss)/earnings per share | RMB(0.14) | RMB0.26 | N/A |

- As disclosed in the profit warning announcement of the Company dated 29 July 2020, the Group's results for the six months ended 30 June 2020 was affected by the Pandemic, and its operating results was under unprecedented pressure, which resulted in a turnaround from net profit attributable to shareholders of the Company for the corresponding period in 2019. Under the impact of the Pandemic, the Group proactively responded to make up for the loss from business operations in a multi-pronged manner with an aim to minimize the adverse impact of the Pandemic.
- The revenue of the Group for the six months ended 30 June 2020 was approximately RMB2,601.847 million, representing a decrease of approximately RMB681.452 million or 21% as compared to the corresponding period in 2019.
- The net loss for the six months ended 30 June 2020 was approximately RMB182.471 million, representing a turnaround from net profit of approximately RMB254.462 million for the corresponding period in 2019.
- Net loss attributable to shareholders of the Company for the six months ended 30 June 2020 was approximately RMB111.440 million, representing a turnaround from net profit attributable to shareholders of the Company of approximately RMB206.146 million for the corresponding period in 2019.
- For the six months ended 30 June 2020, both basic loss per share and diluted loss per share were RMB0.14.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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 2020. The unaudited consolidated interim results of the Group for the six months ended 30 June 2020 have been reviewed by the Audit & Corporate Governance Committee of the Company (the “**Audit & Corporate Governance Committee**”). The auditor of the Company, KPMG Huazhen LLP, has also reviewed the unaudited consolidated interim results for the six months ended 30 June 2020 in accordance with Chinese Standards on Review No. 2101-Engagements to Review Financial Statements issued by the Chinese Institute of Certified Public Accountants. The majority of the members of the Audit & Corporate Governance Committee are independent non-executive directors of the Company.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020 (UNAUDITED)*(Expressed in Renminbi Yuan)*

| | <i>Note</i> | As at 30 June 2020 | As at 31 December 2019 |
|---|-------------|--------------------------|---------------------------|
| Assets | | | |
| Current Assets | | | |
| Cash at bank and on hand | | 1,180,929,150.56 | 1,180,551,897.43 |
| Bills receivable | | 143,208.00 | 678,800.00 |
| Accounts receivable | 3 | 457,371,654.69 | 382,747,473.53 |
| Prepayments | | 364,296,878.47 | 268,916,914.67 |
| Other receivables | | 512,819,166.31 | 519,210,319.87 |
| Inventories | | 100,428,169.80 | 95,699,288.59 |
| Non-current assets due within one year | | 1,267,002.98 | 1,269,554.64 |
| Other current assets | | 66,948,265.61 | 63,472,662.40 |
| Total current assets | | 2,684,203,496.42 | 2,512,546,911.13 |
| Non-current assets | | | |
| Long-term receivables | | 90,842.89 | 571,376.73 |
| Long-term equity investments | | 377,297,013.83 | 428,963,608.71 |
| Investments in other equity instruments | | 4,224,048.22 | 4,224,048.22 |
| Investment properties | | 110,426,529.90 | 111,939,500.41 |
| Fixed assets | 4 | 3,900,363,331.65 | 3,888,448,732.01 |
| Construction in progress | | 246,288,377.02 | 407,199,387.20 |
| Right-of-use assets | 25 | 1,980,100,028.03 | 1,917,778,638.89 |
| Intangible assets | 5 | 1,062,967,562.19 | 1,091,154,911.08 |
| Goodwill | | 112,617,543.73 | 110,976,227.51 |
| Long-term deferred expenses | | 212,463,519.27 | 150,002,433.13 |
| Deferred tax assets | | 281,174,185.05 | 242,568,659.60 |
| Other non-current assets | | 241,146,767.46 | 228,631,046.84 |
| Total non-current assets | | 8,529,159,749.24 | 8,582,458,570.33 |
| Total assets | | 11,213,363,245.66 | 11,095,005,481.46 |

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020 (UNAUDITED) (CONTINUED)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | As at 30 June 2020 | As at 31 December 2019 |
|---|-------------|-------------------------|---------------------------|
| Liabilities and shareholders' equity | | | |
| Current liabilities | | | |
| Short-term loans | 6 | 397,975,156.19 | 221,074,050.00 |
| Bills payable | | 58,637,000.00 | 55,300,000.00 |
| Accounts payable | 7 | 733,857,296.52 | 812,491,280.36 |
| Advances from customers | | 108,009,392.69 | 119,032,210.06 |
| Contract liabilities | | 37,302,979.41 | 34,690,337.75 |
| Employee benefits payable | | 192,063,188.81 | 193,727,085.96 |
| Taxes payable | | 85,726,471.71 | 108,239,478.93 |
| Other payables | | 838,223,147.20 | 817,774,971.08 |
| Non-current liabilities due within one year | 8 | 1,093,779,914.22 | 995,756,539.66 |
| Total current liabilities | | 3,545,574,546.75 | 3,358,085,953.80 |
| Non-current liabilities | | | |
| Long-term loans | 9 | 1,012,013,485.24 | 976,588,520.21 |
| Bonds payable | 10 | 398,430,606.85 | 398,161,553.41 |
| Lease liabilities | 25 | 1,915,327,023.66 | 1,848,330,046.38 |
| Long-term payables | | 200,527,349.52 | 210,148,675.76 |
| Long-term employee benefits payable | | 187,388,809.56 | 188,698,759.30 |
| Provisions | | – | 125,594.00 |
| Deferred income | | 531,095,430.15 | 558,188,105.99 |
| Deferred tax liabilities | | 62,171,225.99 | 69,756,482.71 |
| Total non-current liabilities | | 4,306,953,930.97 | 4,249,997,737.76 |
| Total liabilities | | 7,852,528,477.72 | 7,608,083,691.56 |

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020 (UNAUDITED) (CONTINUED)
(Expressed in Renminbi Yuan)

| | <i>Note</i> | As at 30 June 2020 | As at 31 December 2019 |
|---|-------------|---------------------------------|---------------------------------|
| Liabilities and shareholders' equity (continued) | | | |
| Shareholders' equity | | | |
| Share capital | | 799,847,800.00 | 799,847,800.00 |
| Capital reserve | | 18,800,491.50 | 18,800,491.50 |
| Other comprehensive income | | (13,378,037.10) | (17,326,859.28) |
| Special reserve | | 27,325,015.44 | 23,523,945.80 |
| Surplus reserve | | 203,389,142.12 | 203,389,142.12 |
| Retained earnings | <i>11</i> | <u>1,179,640,796.47</u> | <u>1,291,081,241.71</u> |
| Equity attributable to shareholders of the Company | | <u>2,215,625,208.43</u> | 2,319,315,761.85 |
| Non-controlling interests | | <u>1,145,209,559.51</u> | <u>1,167,606,028.05</u> |
| Total shareholders' equity | | <u><u>3,360,834,767.94</u></u> | <u>3,486,921,789.90</u> |
| Total liabilities and shareholders' equity | | <u><u>11,213,363,245.66</u></u> | <u><u>11,095,005,481.46</u></u> |

**CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020
(UNAUDITED)**

(Expressed in Renminbi Yuan)

| | | For the six months ended 30 June | |
|--|-------------|---|---------------------------|
| | <i>Note</i> | 2020 | 2019 <i>(Restated)</i> |
| I. Operating income | | 2,601,847,080.47 | 3,283,298,632.09 |
| Less: Operating costs | | 2,580,358,366.56 | 2,672,422,732.04 |
| Taxes and surcharges | | 17,632,607.05 | 21,134,346.78 |
| Selling and distribution expenses | | 30,629,551.90 | 34,191,425.37 |
| General and administrative expenses | | 286,785,677.90 | 355,025,797.45 |
| Research and development expenses | | 40,980.97 | – |
| Financial expenses | <i>12</i> | 113,022,090.43 | 89,603,540.05 |
| Including: Interest expenses | | 53,507,531.07 | 41,792,360.47 |
| Interest income | | 8,466,464.40 | 9,437,020.15 |
| Add: Other income | <i>15</i> | 245,434,154.44 | 182,542,650.73 |
| Investment income | <i>16</i> | 3,922.21 | 19,060,139.80 |
| Including: (Loss)/income from investments in associates and joint ventures | | (1,406,500.43) | 19,588,847.49 |
| Accrual of credit losses | <i>13</i> | (7,394,597.79) | (6,684,783.89) |
| Impairment losses | <i>14</i> | (5,897,186.88) | (1,586,775.40) |
| Gains from asset disposals | <i>17</i> | 621,213.46 | 29,094,239.55 |
| II. Operating (loss)/profit | | (193,854,688.90) | 333,346,261.19 |
| Add: Non-operating income | <i>18</i> | 28,756,932.60 | 6,038,556.44 |
| Less: Non-operating expenses | | 12,255,700.42 | 6,291,530.99 |
| III. (Loss)/profit before income tax | | (177,353,456.72) | 333,093,286.64 |
| Less: Income tax expenses | <i>19</i> | 5,117,812.89 | 78,630,955.70 |

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020
(UNAUDITED) (CONTINUED)
(Expressed in Renminbi Yuan)

| | Note | For the six months ended 30 June | |
|--|------|----------------------------------|---------------------------|
| | | 2020 | 2019 <i>(Restated)</i> |
| IV. Net (loss)/profit for the period | | (182,471,269.61) | 254,462,330.94 |
| (1) Net (loss)/profit classified by continuity of operations | | | |
| 1. Net (loss)/profit from continuing operations | | (182,471,269.61) | 254,462,330.94 |
| 2. Net profit from discontinued operations | | — | — |
| (2) Net (loss)/profit classified by ownership | | | |
| 1. Non-controlling interests | | (71,030,824.37) | 48,316,042.85 |
| 2. Shareholders of the Company | | (111,440,445.24) | 206,146,288.09 |
| V. Other comprehensive income, net of tax | | | |
| Other comprehensive income (net of tax) attributable to shareholders of the Company | | 3,948,822.18 | 747,913.84 |
| (1) Items that will not be reclassified to profit or loss: | | | |
| 1. Remeasurement of defined benefit plan | | (292,556.24) | (409,356.42) |
| (2) Items that may be reclassified to profit or loss: | | | |
| 1. Translation differences arising from translation of foreign currency financial statements | | 4,241,378.42 | 1,157,270.26 |
| Other comprehensive income (net of tax) attributable to non-controlling interests | | 2,332,487.32 | 609,473.25 |
| VI. Total comprehensive income for the period | | (176,189,960.11) | 255,819,718.03 |
| Attributable to: | | | |
| Shareholders of the Company | | (107,491,623.06) | 206,894,201.93 |
| Non-controlling interests | | (68,698,337.05) | 48,925,516.10 |
| VII. Earnings per share | | | |
| (I) Basic earnings per share | 20 | (0.14) | 0.26 |
| (II) Diluted earnings per share | 20 | (0.14) | 0.26 |

Note: For a business combination involving entities under common control which occurred in November 2019, the net profit of the investees for the six months ended 30 June 2019 was RMB20,257,753.17. The financial position of the investees as at 31 December 2019, and the financial performance and cash flows of the investees for the six months ended 30 June 2019 have been included in the comparative figures of the consolidated financial statements.

Notes

(Expressed in Renminbi Yuan)

1 BASIS OF PREPARATION OF INTERIM FINANCIAL REPORT

The unaudited interim financial information was extracted from the interim financial report of the Group for the six months ended 30 June 2020.

The interim financial report has been prepared on the going concern basis. As at 30 June 2020, the Group's current liabilities exceeded its current assets by RMB861,371,050.33. As of 30 June 2020, the Group has obtained the unutilised general facility of RMB3,462,698,000.00 granted by financial institutions, and the Group is expected to have sufficient financial support to pay off debts in the next 12 months, so the financial statements are still prepared on the basis of going concern.

The interim financial report of the Group has been prepared in accordance with the requirements of "Accounting Standard for Business Enterprises No.32 – Interim Financial Reporting" issued by the Ministry of Finance (MOF) of the PRC. The interim financial report also complies with the applicable disclosure requirements of the Rules Governing the Listing of Securities on SEHK (the "Listing Rules") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. In accordance with the requirements of "Accounting Standard for Business Enterprises No.32 – Interim Financial Reporting", the explanatory notes to the interim financial report have been simplified as appropriate compared with the notes to the annual financial statements.

2 BUSINESS COMBINATIONS AND CONSOLIDATED INTERIM FINANCIAL REPORT

(1) Subsidiaries Acquired through Business Combination Not under Common Control during the Period

| No. | Full name of the subsidiary | Incorporation Type | Registration place | Business nature | Registration capital RMB | Period end actual investment RMB | Share holding percentage % | Voting rights percentage % | |
|-----|--|----------------------------|--------------------|-----------------|-----------------------------|-------------------------------------|-------------------------------|-------------------------------|----|
| 1 | Guangdong Zhongyuetong Oil Trading Company Limited | Domestic and non-financial | Guangdong China | Guangdong China | Refined oil wholesale | 30,612,300.00 | 30,612,300.00 | 51 | 51 |

(2) Former Subsidiaries that Ceased to be Consolidated during the Period

Guangdong Yueyun Second Transportation Co., Ltd. and Guangdong Province Guangshen High Speed Coach Co., Ltd., subsidiaries of the Group, were deregistered on 9 January 2020 and 20 April 2020 respectively. Their operating results and cash flows before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow statement for the six months ended 30 June 2020.

3 ACCOUNTS RECEIVABLE

(1) The Ageing Analysis of Accounts Receivable is as Follows:

| Ageing | As at 30 June 2020 RMB | As at 31 December 2019 RMB |
|---|------------------------------|----------------------------------|
| Within 3 months (inclusive) | 353,602,170.15 | 318,208,984.86 |
| Over 3 months and within 6 months (inclusive) | 62,089,335.91 | 29,945,983.46 |
| Over 6 months and within 1 year (inclusive) | 47,154,445.35 | 36,325,149.01 |
| Over 1 year and within 2 years (inclusive) | 13,982,995.05 | 11,208,215.40 |
| Over 2 years and within 3 years (inclusive) | 6,139,962.00 | 5,881,650.41 |
| Over 3 years | 36,307,641.24 | 37,912,950.75 |
| Sub-total | 519,276,549.70 | 439,482,933.89 |
| Less: Provisions for bad and doubtful debts | (61,904,895.01) | (56,735,460.36) |
| Total | <u>457,371,654.69</u> | <u>382,747,473.53</u> |

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

(2) Impairment of Accounts Receivable

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on ageing of accounts receivable. As the Group's historical credit loss experience indicates that significantly different loss patterns for different segments, the loss allowances based on ageing information is further distinguished between the Group's different customer bases, which include road passenger transportation and auxiliary, expressway service zones operation and constructions materials supply for the purpose of measuring ECLs.

| | ECL | As at 30 June 2020 | | As at 31 December 2019 | |
|---|------|------------------------------|--|------------------------------|--|
| | | Book value <i>RMB</i> | Provisions for bad and doubtful debts <i>RMB</i> | Book value <i>RMB</i> | Provisions for bad and doubtful debts <i>RMB</i> |
| Road passenger transportation and auxiliary | | | | | |
| Within one year (inclusive) | 5% | 247,835,036.80 | (12,381,963.62) | 201,163,808.12 | (9,978,077.64) |
| Over 1 year and within 2 years (inclusive) | 35% | 9,675,882.82 | (3,386,558.99) | 7,810,698.60 | (2,733,744.51) |
| Over 2 years and within 3 years (inclusive) | 50% | 5,303,020.07 | (2,651,510.04) | 3,900,041.02 | (1,950,020.51) |
| Over 3 years | 100% | 9,332,103.58 | (9,332,103.58) | 7,568,883.79 | (7,568,883.79) |
| Sub-total | | <u>272,146,043.27</u> | <u>(27,752,136.23)</u> | <u>220,443,431.53</u> | <u>(22,230,726.45)</u> |
| Expressway service zones operation | | | | | |
| Within one year (inclusive) | 5% | 102,108,209.35 | (5,105,410.47) | 54,263,191.00 | (2,713,159.55) |
| Over 1 year and within 2 years (inclusive) | 10% | 3,710,249.98 | (371,025.00) | 2,993,035.03 | (299,303.50) |
| Over 2 years and within 3 years (inclusive) | 30% | 836,941.93 | (251,082.58) | 1,981,609.39 | (594,482.82) |
| Over 3 years | 50% | 916,476.90 | (458,238.45) | 1,272,591.91 | (636,295.96) |
| Sub-total | | <u>107,571,878.16</u> | <u>(6,185,756.50)</u> | <u>60,510,427.33</u> | <u>(4,243,241.83)</u> |
| Constructions materials supply | | | | | |
| Within one year (inclusive) | 5% | 112,902,705.26 | (5,645,135.25) | 129,053,118.21 | (6,452,655.90) |
| Over 1 year and within 2 years (inclusive) | 10% | 596,862.25 | (59,686.23) | 404,481.77 | (40,448.18) |
| Over 2 years and within 3 years (inclusive) | 30% | – | – | – | – |
| Over 3 years | 50% | 7,593,759.82 | (3,796,879.86) | 10,606,174.11 | (5,303,087.06) |
| Sub-total | | <u>121,093,327.33</u> | <u>(9,501,701.34)</u> | <u>140,063,774.09</u> | <u>(11,796,191.14)</u> |
| Credit risk losses | | 500,811,248.76 | (43,439,594.07) | 421,017,632.95 | (38,270,159.42) |
| Individual assessment (Note) | | <u>18,465,300.94</u> | <u>(18,465,300.94)</u> | <u>18,465,300.94</u> | <u>(18,465,300.94)</u> |
| Total | | <u><u>519,276,549.70</u></u> | <u><u>(61,904,895.01)</u></u> | <u><u>439,482,933.89</u></u> | <u><u>(56,735,460.36)</u></u> |

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Note: Reasons for accruing bad debt provision by item for the six months ended 30 June 2020 and the year ended 31 December 2019:

| Items | Balance at 30 June 2020 and 31 December 2019 <i>RMB</i> | Nature and reasons for unsettlement |
|--|---|---|
| Shenzhen Hongbao Trading Co., Ltd. | 14,264,922.29 | Significant financial difficulty of the debtor |
| Guangzhou Jun Fat Trading Co., Ltd. | 2,914,775.00 | Deregistered status of the debtor |
| Zhuhai Yuexinyuan Trade Development Co., Ltd. | <u>1,285,603.65</u> | A breach of contract and delinquency in payments for goods of the debtor |
| Total | <u><u>18,465,300.94</u></u> | |

(3) **The Analysis of the Movements of Credit Loss for Accounts Receivable for the Six Months Ended 30 June 2020 and the Year Ended 31 December 2019 is as Follows:**

| | For the six months ended 30 June 2020 <i>RMB</i> | 2019 <i>RMB</i> |
|---|--|-------------------------------|
| Adjusted balance at the beginning of the period/year | (56,735,460.36) | (50,215,718.11) |
| Addition during the period/year | (4,010,212.33) | (7,694,568.46) |
| Written-off during the period/year | 40,716.16 | 573,180.99 |
| (Increase)/decrease resulting from consolidation scope change during the period/year | (1,169,289.88) | 606,524.45 |
| Foreign currency financial statement translation differences | <u>(30,648.60)</u> | <u>(4,879.23)</u> |
| Balance at the end of the period/year | <u><u>(61,904,895.01)</u></u> | <u><u>(56,735,460.36)</u></u> |

4 FIXED ASSETS

| | Note 2 | Buildings and structures RMB | Building improvements RMB | Machinery and equipment RMB | Electronic equipment, office equipment and others RMB | Transportation vehicles RMB | Total RMB |
|---|--------|---------------------------------|------------------------------|--------------------------------|--|--------------------------------|------------------|
| Cost | | | | | | | |
| Balance as at 31 December 2019 | | 1,923,294,449.46 | 272,313,260.55 | 121,544,292.63 | 364,702,799.70 | 4,227,094,088.36 | 6,908,948,890.70 |
| Additions during the period | | 12,615,309.28 | – | 4,650,570.52 | 13,637,895.80 | 8,486,248.11 | 39,390,023.71 |
| Transferred from construction in progress | | 19,061,858.34 | 3,502,628.81 | 207,334.78 | 1,507,076.01 | 335,025,962.76 | 359,304,860.70 |
| Transferred from investment properties | | 859,622.99 | – | – | – | – | 859,622.99 |
| Additions arising from business combinations not under common control | (1) | 15,039,566.30 | – | 7,603,564.00 | 1,666,549.85 | 426,287.08 | 24,735,967.23 |
| Foreign currency financial statement translation differences | | 773,606.78 | – | 22,599.55 | 145,090.63 | 5,173,008.14 | 6,114,305.10 |
| Disposals during the period | | (38,666,609.40) | (1,135,907.40) | (18,180.00) | (6,087,401.67) | (281,007,349.24) | (326,915,447.71) |
| Balance as at 30 June 2020 | | 1,932,977,803.75 | 274,679,981.96 | 134,010,181.48 | 375,572,010.32 | 4,295,198,245.21 | 7,012,438,222.72 |

| | Buildings and structures RMB | Building improvements RMB | Machinery and equipment RMB | Electronic equipment, office equipment and others RMB | Transportation vehicles RMB | Total RMB |
|--|---------------------------------|------------------------------|--------------------------------|--|--------------------------------|--------------------|
| Less: Accumulated depreciation | | | | | | |
| Balance as at 31 December 2019 | (439,897,307.43) | (119,685,374.52) | (42,910,219.47) | (264,555,533.93) | (2,152,373,214.48) | (3,019,421,649.83) |
| Charges during the period | (32,336,971.84) | (11,759,760.01) | (5,541,151.27) | (14,773,660.78) | (263,618,191.61) | (328,029,735.51) |
| Transferred from investment properties | (106,548.84) | - | - | - | - | (106,548.84) |
| Foreign currency financial statement translation differences | (317,550.11) | - | (21,657.66) | (103,789.48) | (3,855,253.37) | (4,298,250.62) |
| Written off on disposal | 221,750.58 | 1,105,667.26 | 13,383.91 | 5,112,097.87 | 240,219,675.28 | 246,672,574.90 |
| Balance as at 30 June 2020 | (472,436,627.64) | (130,339,467.27) | (48,459,644.49) | (274,320,886.32) | (2,179,626,984.18) | (3,105,183,609.90) |
| Less: Provision for impairment | | | | | | |
| Balance as at 31 December 2019 | - | - | - | - | (1,078,508.86) | (1,078,508.86) |
| Charges during the period | (5,089,336.44) | - | (785,713.86) | (23,228.28) | - | (5,898,278.58) |
| Written off on disposal | - | - | - | - | 85,506.27 | 85,506.27 |
| Balance as at 30 June 2020 | (5,089,336.44) | - | (785,713.86) | (23,228.28) | (993,002.59) | (6,891,281.17) |
| Carrying amount | | | | | | |
| As at 30 June 2020 | 1,455,451,839.67 | 144,340,514.69 | 84,764,823.13 | 101,227,895.72 | 2,114,578,258.44 | 3,900,363,331.65 |
| As at 31 December 2019 | 1,483,397,142.03 | 152,627,886.03 | 78,634,073.16 | 100,147,265.77 | 2,073,642,365.02 | 3,888,448,732.01 |

As at 30 June 2020, fixed assets with carrying amount of RMB453,591,160.63 (31 December 2019: RMB403,898,449.23) were pledged for bank borrowings, among which, RMB334,540,792.10 were pledged for long-term loans (31 December 2019: RMB355,884,996.26) and RMB119,050,368.53 were pledged for short-term loans (31 December 2019: RMB48,013,452.97).

As at 30 June 2020, the buildings and structures in certain cities have not yet obtained the certificates of title. As at 30 June 2020, the carrying amount of such buildings was RMB330,477,283.62 (31 December 2019: RMB342,296,838.19).

5 INTANGIBLE ASSETS

| | Land use rights RMB | Joint operation earning rights RMB | Software RMB | Passenger service licenses RMB | Station and toll bridge franchise operating rights RMB | Route license use rights RMB | Trade mark rights and others RMB | Total RMB |
|--|------------------------|--|-----------------|--------------------------------------|---|------------------------------------|--|------------------|
| Cost | | | | | | | | |
| Balance as at 31 December 2019 | 883,588,105.61 | 42,747,190.60 | 73,062,405.13 | 39,255,193.64 | 387,478,456.26 | 270,033,345.48 | 4,435,058.72 | 1,700,599,755.44 |
| Additions during the period | 1.00 | - | 2,443,638.84 | - | - | 2,922,600.00 | - | 5,366,239.84 |
| Transferred to investment properties | (752,159.18) | - | - | - | - | - | - | (752,159.18) |
| Foreign currency financial statement translation differences | 761,368.61 | - | - | 772,149.98 | - | - | - | 1,533,518.59 |
| Balance as at 30 June 2020 | 883,597,316.04 | 42,747,190.60 | 75,506,043.97 | 40,027,343.62 | 387,478,456.26 | 272,955,945.48 | 4,435,058.72 | 1,706,747,354.69 |
| Less: Accumulated amortisation | | | | | | | | |
| Balance as at 31 December 2019 | (150,253,134.03) | (17,558,010.77) | (38,852,878.24) | - | (266,933,210.47) | (134,304,170.40) | (1,543,440.45) | (609,444,844.36) |
| Charges during the period | (9,501,944.91) | (1,950,890.09) | (3,708,889.70) | - | (9,063,990.18) | (9,858,852.50) | (135,503.61) | (34,220,070.99) |
| Transferred to investment properties | 179,085.55 | - | - | - | - | - | - | 179,085.55 |
| Foreign currency financial statement translation differences | (293,962.70) | - | - | - | - | - | - | (293,962.70) |
| Balance as at 30 June 2020 | (159,869,956.09) | (19,508,900.86) | (42,561,767.94) | - | (275,997,200.65) | (144,163,022.90) | (1,678,944.06) | (643,779,792.50) |
| Carrying amount | | | | | | | | |
| As at 30 June 2020 | 723,727,359.95 | 23,238,289.74 | 32,944,276.03 | 40,027,343.62 | 111,481,255.61 | 128,792,922.58 | 2,756,114.66 | 1,062,967,562.19 |
| As at 31 December 2019 | 733,334,971.58 | 25,189,179.83 | 34,209,526.89 | 39,255,193.64 | 120,545,245.79 | 135,729,175.08 | 2,891,618.27 | 1,091,154,911.08 |

As at 30 June 2020, land use rights with carrying amount of RMB87,785,552.25 (31 December 2019: RMB88,503,568.31) were obtained through allocation.

As at 30 June 2020, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right (toll bridge franchise operating rights) with carrying amount of RMB66,074,183.38 (31 December 2019: RMB74,529,760.30) was pledged as counter guarantee to Guangdong Provincial Communication Group Company Limited (“GCGC”) in connection with the issuance of the 2014 corporate bonds of the Group as mentioned in Note 10. In addition, land use rights with carrying amount of RMB279,363,150.44 (31 December 2019: RMB242,768,866.37) were pledged for bank loans, among which, RMB130,855,855.51 (31 December 2019: RMB152,570,542.04) were pledged for long-term loans, RMB148,507,294.93 (31 December 2019: RMB90,198,324.33) were pledged for short-term loans. As at 30 June 2020, land use rights with carrying amount of RMB931,902.00 (31 December 2019: RMB931,902.00) were pledged for long-term payables. As at 30 June 2020, there were no other restricted intangible assets of the Group.

As at 30 June 2020, the carrying amount of the land use rights located in certain cities without certificates of title was RMB10,867,221.22 (31 December 2019: RMB10,994,860.20).

6 SHORT-TERM LOANS

| | | As at 30 June 2020 | As at 31 December 2019 |
|--------------------------------|---------------|-----------------------|------------------------|
| | | <i>RMB</i> | <i>RMB</i> |
| Unsecured loans | | 204,636,794.64 | 109,900,000.00 |
| Including: Loans from banks | | 204,636,794.64 | 109,900,000.00 |
| Loans secured by mortgages | <i>Note 1</i> | 134,000,000.00 | 74,000,000.00 |
| Guaranteed and mortgaged loans | <i>Note 2</i> | 9,338,361.55 | 19,174,050.00 |
| Loans secured by pledges | <i>Note 3</i> | 50,000,000.00 | 18,000,000.00 |
| | | <hr/> | <hr/> |
| Total | <i>Note 4</i> | 397,975,156.19 | 221,074,050.00 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Note 1: For the details of assets pledged for secured loans as at 30 June 2020 and 31 December 2019, please refer to Note 4 and 5.

Note 2: As at 30 June 2020 and 31 December 2019, the loans borrowed by Qingyuan City Qingxin District Yueyun Public Transport Co., Ltd. with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.

Note 3: As at 30 June 2020, loans secured by pledges shown on the group consolidation balance sheet is short-term loan raised by its the subsidiary company Qingyuan City Qingxin District Yueyun Public Transport Co., Ltd., using RMB500,000.00 guarantees deposit as pledge. As at 31 December 2019, the loans from Shanwei Rural Commercial Bank were secured by the pledged properties, which is the central grants receivable by subsidiaries of the Group, including Shanwei City Yueyun Public Transportation Co., Ltd., Haifeng Yueyun Public Transportation Co., Ltd., Lufeng Yueyun Public Transportation Co., Ltd. and Luhe Yueyun Public Transportation Co., Ltd., regarding to the 2017 & 2018 energy conservation and the operation of new energy public vehicles.

Note 4: As at 30 June 2020, the Group’s short-term loans were borrowings from banks and other financial institutions within 1 year, which bear interest rates ranging from 2.05% to 4.35% per annum (31 December 2019: 3.92% to 4.35% per annum). The Group had no overdue short-term loans as at 30 June 2020 (31 December 2019: Nil).

7 ACCOUNTS PAYABLE

(1) The ageing analysis of accounts payable is as follows:

| Ageing | As at 30 June 2020 RMB | As at 31 December 2019 RMB |
|---|---------------------------------------|---|
| Within 3 months (inclusive) | 381,519,541.56 | 605,456,947.56 |
| Over 3 months and within 6 months (inclusive) | 66,575,643.13 | 60,316,091.60 |
| Over 6 months and within 1 year (inclusive) | 179,633,468.85 | 33,621,111.41 |
| Over 1 year and within 2 years (inclusive) | 64,228,545.42 | 84,670,027.84 |
| Over 2 years and within 3 years (inclusive) | 27,253,583.01 | 5,143,292.29 |
| Over 3 years | 14,646,514.55 | 23,283,809.66 |
| Total | <u>733,857,296.52</u> | <u>812,491,280.36</u> |

(2) The nature analysis of accounts payable is as follows:

| Items | As at 30 June 2020 RMB | As at 31 December 2019 RMB |
|---|---------------------------------------|---|
| Materials payable | 87,054,013.19 | 124,936,917.01 |
| Transportation fee payable | 137,329,502.50 | 138,390,269.64 |
| Contract payments for cars | 202,297,028.29 | 232,314,668.13 |
| Progress payments for constructions | 200,931,602.25 | 226,731,189.62 |
| Contract payments for expressway service zone | 23,204,035.69 | 28,360,195.34 |
| Fuel expenses payable | 23,034,376.28 | 16,180,306.84 |
| Service fees | 13,604,281.53 | 10,459,400.98 |
| Others | 46,402,456.79 | 35,118,332.80 |
| Total | <u>733,857,296.52</u> | <u>812,491,280.36</u> |

8 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

| | <i>Note</i> | As at 30 June 2020 RMB | As at 31 December 2019 RMB |
|--|-------------|---------------------------------------|---|
| Long-term loans due within one year | 9 | 454,339,576.85 | 445,062,584.81 |
| Long-term payables due within one year | | 55,851,083.73 | 22,046,427.60 |
| Lease liabilities due within one year | 25(1) | 243,926,043.90 | 189,313,299.21 |
| Bonds payable due within one year | 10 | 339,663,209.74 | 339,334,228.04 |
| Total | | <u>1,093,779,914.22</u> | <u>995,756,539.66</u> |

9 LONG-TERM LOANS

| | <i>Note</i> | As at 30 June 2020 RMB | As at 31 December 2019 RMB |
|---|---------------|---------------------------------------|---|
| Unsecured loans | | 808,903,128.28 | 834,946,877.79 |
| Including: Loans from banks | | 189,053,128.28 | 154,046,877.79 |
| Loans from Guangdong Provincial Communication Group Finance Company Limited | | 619,850,000.00 | 680,900,000.00 |
| Loans secured by mortgages | <i>Note 1</i> | 241,160,966.27 | 208,720,094.59 |
| Guaranteed loans | <i>Note 2</i> | 27,152,606.63 | 38,336,138.31 |
| Guaranteed and mortgaged loans | <i>Note 3</i> | 130,470,065.74 | 223,058,840.85 |
| Unsecured and mortgaged loans | <i>Note 4</i> | 119,854,295.17 | 116,589,153.48 |
| Loans secured by pledges | <i>Note 5</i> | 138,812,000.00 | – |
| Total | <i>Note 6</i> | 1,466,353,062.09 | 1,421,651,105.02 |
| Less: Long-term loans due within one year | | | |
| Including: Unsecured loans | | (308,486,943.32) | (338,904,733.32) |
| Loans secured by mortgages | | (68,556,499.73) | (43,767,244.84) |
| Guaranteed loans | | (17,496,513.36) | (22,121,038.36) |
| Guaranteed and mortgaged loans | | (33,822,820.44) | (36,269,568.29) |
| Unsecured and mortgaged loans | | (4,000,000.00) | (4,000,000.00) |
| Loans secured by pledges | | (21,976,800.00) | – |
| Sub-total | 8 | (454,339,576.85) | (445,062,584.81) |
| Long-term loans due after 1 year | | 1,012,013,485.24 | 976,588,520.21 |
| Including: Due after 1 year but within 2 years | | 202,458,628.21 | 129,746,401.64 |
| Due after 2 years but within 5 years | | 809,554,857.03 | 846,842,118.57 |

Note 1: For the details of assets pledged for secured loans, please refer to Note 4 and 5.

Note 2: As at 30 June 2020 and 31 December 2019, the Group's guaranteed loans were from the subsidiary Foshan City Yueyun Public Transportation Co., Ltd., which were guaranteed by the third party, Zhengzhou Anchi Bonding Co., Ltd..

Note 3: As at 30 June 2020 and 31 December 2019, Mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: Heyuan Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; and the loans borrowed by Zhaoqing City Yueyun Motor Transportation Co., Ltd., Guangdong yueyun langri Real Estate Development Co., Ltd, Chaozhou City Yueyun Motor Transportation Co., Ltd., Shaoguan Yueyun Vehicles Transportation Co., Ltd., Maoming city Dianbai District Yueyun Transportation Co., Ltd., and Meizhou Yueyun Motor Transportation Co., Ltd., with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd. as joint liability guarantee.

Note 4: As at 30 June 2020 and 31 December 2019, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, received loans on credit with additional guarantee by its land use rights and buildings.

Note 5: As at 30 June 2020, Loans secured by pledges held by the group are constituted by two parts. The first part is borrowing of Shanwei City Yueyun Public Transportation Co., Ltd. that is secured by 2019 Central financial energy saving and new energy buses operation government subsidies as pledge. The second component is pledge loan borrowed by Foshan City Yueyun Public Transportation Co., Ltd. that is using its RMB2,200,000.00 guarantee deposit as pledge.

Note 6: As at 30 June 2020, the Group's long-term loans were borrowings from banks and other financial institutions with interest rates ranging from 3.16% to 4.90% per annum (31 December 2019: 4.27% to 4.90% per annum). The Group did not have any expired but outstanding long-term loans as at 30 June 2020 (31 December 2019: Nil).

10 BONDS PAYABLE

| Items | Face value RMB | Issuing date | Period | Issuing amount RMB | Carrying amount as at 1 January 2020 RMB | Amortisation for the period RMB | Due within one year RMB | Carrying amount as at 30 June 2020 RMB |
|---------------------------------------|-------------------|--------------|---------|-----------------------|---|---------------------------------------|-------------------------------|--|
| 2014 corporate bond (first phase) | 400,000,000.00 | 28/09/2015 | 7 years | 400,000,000.00 | 398,161,553.41 | 269,053.44 | - | 398,430,606.85 |
| 2014 corporate bond (second phase) | 340,000,000.00 | 17/12/2015 | 5 years | 340,000,000.00 | 339,334,228.04 | 328,981.70 | (339,663,209.74) | - |
| Total | 740,000,000.00 | | | 740,000,000.00 | 737,495,781.45 | 598,035.14 | (339,663,209.74) | 398,430,606.85 |

On 28 September 2015, the Company entrusted Morgan Stanley Huaxin Securities Company Limited as the lead underwriter and issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB400.00 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal will be returned upon maturity. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after five years of the issue date. On 17 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB380.00 million with a term of 5 years. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after three years of the issue date. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum for the first three years (from 17 December 2015 to 16 December 2018), which is increased to 4.50% per annum for the next two years (from 17 December 2018 to 16 December 2020). On 17 December 2018, the Company redeemed the bonds with the amount of RMB40 million.

In connection with the issuance of these bonds, GCGC provided an unconditional and irrecoverable joint liability guarantee in full on the principal and interest of the bonds. In the meantime, the Company provided counter guarantee to GCGC with a pledge of the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right. Please refer to Note 5.

11 RETAINED EARNINGS

| | | For the six months ended 30 June | |
|--|---------------|---|--------------------------------|
| | | 2020 | 2019 |
| | | RMB | RMB |
| | | | <i>(Restated)</i> |
| Retained earnings at the beginning of the period | | 1,291,081,241.71 | 1,174,583,143.55 |
| Add: Net (loss)/profit attributable to the shareholders of the Company for the period | | (111,440,445.24) | 206,146,288.09 |
| Less: Final dividends in respect of the previous financial year, approved and declared during the interim period | <i>Note 1</i> | – | (135,974,126.00) |
| Business combinations involving enterprises under common control – other changes | | – | (30,613,846.09) |
| Retained earnings at the end of the period | <i>Note 2</i> | <u>1,179,640,796.47</u> | <u>1,214,141,459.55</u> |

Note 1: There was no dividend approved for distribution by shareholders for current period (corresponding period in 2019: RMB0.17 per share (tax included), amounting to RMB135,974,126.00 in total).

Note 2: As at 30 June 2020, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB401,536,770.08 (31 December 2019: RMB389,514,799.05).

Note 3: The Board does not recommend distribution of an interim dividend for the period (corresponding period in 2019: Nil).

12 FINANCIAL EXPENSES

| | | For the six months ended 30 June | |
|--|---------------|----------------------------------|----------------------|
| | | 2020 | 2019 |
| | | RMB | RMB |
| | | | <i>(Restated)</i> |
| Interest expenses from loans and bonds | <i>Note 1</i> | 54,308,191.07 | 45,004,151.61 |
| Less: Borrowing costs capitalised | <i>Note 2</i> | 800,660.00 | 3,211,791.14 |
| Net interest expenses | | 53,507,531.07 | 41,792,360.47 |
| Less: Interest income | | 8,466,464.40 | 9,437,020.15 |
| Net exchange losses/(gains) | | 772,316.80 | (1,859,488.37) |
| Amortisation of unrecognised financial charges | | 7,147,932.26 | 4,517,282.72 |
| Interest expenses from lease liabilities | | 54,539,561.83 | 50,878,716.17 |
| Others | | 5,521,212.87 | 3,711,689.21 |
| Total | | 113,022,090.43 | 89,603,540.05 |

Note 1: Interest expenses related to bank loans of the Group for current period due within 5 years were RMB28,768,402.76 (corresponding period in 2019: RMB23,572,178.65 (Restated)). Interest expenses related to bonds were RMB16,648,035.14 (corresponding period in 2019: RMB15,812,921.97).

Note 2: Capitalised interest expenses of the Group for current period were RMB800,660.00 (corresponding period in 2019: RMB3,211,791.14).

13 ACCRUAL OF CREDIT LOSSES

| | | For the six months ended 30 June | |
|-----------------------|--|----------------------------------|-----------------------|
| | | 2020 | 2019 |
| | | RMB | RMB |
| | | | <i>(Restated)</i> |
| Accounts receivable | | (4,010,212.33) | (3,183,184.20) |
| Other receivables | | (3,384,385.46) | (3,499,078.21) |
| Long-term receivables | | - | (2,521.48) |
| Total | | (7,394,597.79) | (6,684,783.89) |

14 IMPAIRMENT LOSSES

| | For the six months ended 30 June | |
|------------------------------|---|-------------------|
| | 2020 | 2019 |
| | RMB | RMB |
| | | <i>(Restated)</i> |
| Prepayments | 1,091.70 | – |
| Inventories | – | 39,220.00 |
| Long-term equity investments | – | (930,000.00) |
| Fixed assets | (5,898,278.58) | (695,995.40) |
| Total | (5,897,186.88) | (1,586,775.40) |

15 OTHER INCOME

| | For the six months ended 30 June | |
|-------------------------------------|---|-------------------|
| | 2020 | 2019 |
| | RMB | RMB |
| | | <i>(Restated)</i> |
| Government grants related to assets | 42,811,227.18 | 37,076,246.72 |
| Government grants related to income | 169,244,647.19 | 145,466,404.01 |
| VAT super-deduction | 33,378,280.07 | – |
| Total | 245,434,154.44 | 182,542,650.73 |

16 INVESTMENT INCOME

| | For the six months ended 30 June | |
|--|---|-------------------|
| | 2020 | 2019 |
| | RMB | RMB |
| | | <i>(Restated)</i> |
| (Loss)/income from investments using equity method | (1,406,500.43) | 19,588,847.49 |
| Others | 1,410,422.64 | (528,707.69) |
| Total | 3,922.21 | 19,060,139.80 |

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

17 GAINS FROM ASSET DISPOSALS

| | For the six months ended 30 June | |
|--|---|-------------------|
| | 2020 | 2019 |
| | RMB | RMB |
| | | <i>(Restated)</i> |
| Gains on disposals of fixed assets | 606,571.93 | 2,233,068.79 |
| Gains on disposals of other non-current assets | – | 25,915,293.47 |
| Gains on disposals of right-of-use assets | 14,641.53 | 945,877.29 |
| | <hr/> | <hr/> |
| Total | 621,213.46 | 29,094,239.55 |
| | <hr/> <hr/> | <hr/> <hr/> |

18 NON-OPERATING INCOME

| | For the six months ended 30 June | |
|--|---|-------------------|
| | 2020 | 2019 |
| | RMB | RMB |
| | | <i>(Restated)</i> |
| Gains on disposals of non-current assets | 8,928,081.74 | 1,416,497.14 |
| Government grants | 14,523,611.50 | 1,600,966.08 |
| Others | 5,305,239.36 | 3,021,093.22 |
| | <hr/> | <hr/> |
| Total | 28,756,932.60 | 6,038,556.44 |
| | <hr/> <hr/> | <hr/> <hr/> |

19 INCOME TAX EXPENSES

| | For the six months ended 30 June | |
|--|---|-------------------|
| | 2020 | 2019 |
| | RMB | RMB |
| | | <i>(Restated)</i> |
| Current tax expenses for the period based on tax law and regulations | 52,655,717.99 | 82,880,890.47 |
| Changes in deferred tax | (46,187,487.21) | (4,754,742.56) |
| Adjustment of tax filing differences | (1,350,417.89) | 504,807.79 |
| | <hr/> | <hr/> |
| Total | 5,117,812.89 | 78,630,955.70 |
| | <hr/> <hr/> | <hr/> <hr/> |

20 EARNINGS PER SHARE

(a) Basic Earnings per Share

Basic earnings per share is calculated by dividing the net (loss)/profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the period. The calculation is as follows:

| | For the six months ended 30 June | |
|---|----------------------------------|---------------------------|
| | 2020 RMB | 2019 RMB (Restated) |
| Net (loss)/profit attributable to shareholders of the Company | (111,440,445.24) | 206,146,288.09 |
| Weighted average number of ordinary shares in issue during the period | <u>799,847,800.00</u> | <u>799,847,800.00</u> |
| Basic earnings per share (RMB/share) | <u>(0.14)</u> | <u>0.26</u> |

(b) Diluted Earnings per Share

The amounts of diluted earnings per share are the same as basic earnings per share as there were no dilutive potential ordinary shares in existence for the six months ended 30 June 2020 and 2019.

21 GOVERNMENT GRANTS

| | For the six months ended 30 June | |
|-------------------------------------|----------------------------------|---------------------------|
| | 2020 RMB | 2019 RMB (Restated) |
| Government grants related to assets | 42,811,227.18 | 37,076,246.72 |
| Government grants related to income | <u>194,640,318.58</u> | <u>207,299,979.88</u> |
| Total | <u>237,451,545.76</u> | <u>244,376,226.60</u> |

(1) Government Grants Related to Assets

The government grants of the Group related to assets for the period are summarised as follows:

| Items | Balance of deferred income at the beginning of the period <i>RMB</i> | Additions during the period <i>RMB</i> | Recognition as other income during the period <i>RMB</i> | Balance of deferred income at the end of the period <i>RMB</i> |
|---|--|--|---|--|
| Subsidies for vehicles replacement | 6,184,601.12 | 109,965.86 | (1,267,395.71) | 5,027,171.27 |
| Subsidies for fixed assets renovation | 102,306,560.47 | 208,343.13 | (4,228,577.15) | 98,286,326.45 |
| Tax subsidies for vehicles purchase | 12,863,579.51 | – | (212,765.94) | 12,650,813.57 |
| Subsidies for procurement of new energy vehicles | 154,591,106.01 | 28,529,792.29 | (35,645,401.60) | 147,475,496.70 |
| Software development subsidies | 300,000.00 | – | – | 300,000.00 |
| Other subsidies related to assets | 14,498,062.03 | 766,873.25 | (1,457,086.78) | 13,807,848.50 |
| Total | <u>290,743,909.14</u> | <u>29,614,974.53</u> | <u>(42,811,227.18)</u> | <u>277,547,656.49</u> |

(2) Government Grants Related to Income

Government grants of the Group that are related to income for the period are summarised as follows:

Impact on Income Statement Items

(a) Offsetting Against Operation Costs

| Item | For the six months ended 30 June | |
|----------------|----------------------------------|---|
| | 2020 <i>RMB</i> | 2019 <i>RMB</i> <i>(Restated)</i> |
| Fuel subsidies | <u>10,872,059.89</u> | <u>60,232,609.79</u> |

(b) *Recognising as Other Income*

| Items | For the six months ended 30 June | |
|--|---|---|
| | 2020 RMB | 2019 RMB <i>(Restated)</i> |
| Subsidies for operation of bus lines | 38,956,389.64 | 43,651,800.00 |
| Subsidies for operation of new energy vehicles | 117,374,174.11 | 89,855,000.00 |
| Subsidies of elderly concessionary travel card | 11,198,396.82 | 10,836,329.31 |
| Other subsidies | 1,715,686.62 | 1,123,274.70 |
| Total | 169,244,647.19 | 145,466,404.01 |

(c) *Recognising as Non-Operating Income*

| Items | For the six months ended 30 June | |
|----------------------------------|---|---|
| | 2020 RMB | 2019 RMB <i>(Restated)</i> |
| Subsidies for vehicles disposals | 399,000.00 | 373,000.00 |
| Subsidies for COVID-19 | 6,409,508.00 | — |
| Other subsidies | 7,715,103.50 | 1,227,966.08 |
| Total | 14,523,611.50 | 1,600,966.08 |

22 SEGMENT REPORTING

Based on the Group's internal organisation structure, management requirement and internal reporting policy, the operations of the Group were classified into three segments, including travel services, material logistics 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.

(1) Segment Reporting

| | Travel services <i>RMB</i> | Material logistics <i>RMB</i> | Other business <i>RMB</i> | Inter-segment elimination <i>RMB</i> | Total <i>RMB</i> |
|---|-------------------------------|----------------------------------|------------------------------|--|-------------------------|
| For the six months ended 30 June 2020 | | | | | |
| Operating income | | | | | |
| External income | 2,456,119,798.98 | 141,904,703.20 | 3,822,578.29 | - | 2,601,847,080.47 |
| Inter-segment income | - | - | 3,378,514.54 | (3,378,514.54) | - |
| Total segment operating income | 2,456,119,798.98 | 141,904,703.20 | 7,201,092.83 | (3,378,514.54) | 2,601,847,080.47 |
| Total segment operating costs | 2,435,942,694.13 | 142,290,916.17 | 2,544,301.04 | (419,544.78) | 2,580,358,366.56 |
| Segment operating (loss)/profit | <u>(197,183,827.46)</u> | <u>2,508,776.27</u> | <u>1,285,382.36</u> | <u>(465,020.07)</u> | <u>(193,854,688.90)</u> |
| For the six months ended 30 June 2019 (Restated) | | | | | |
| Operating income | | | | | |
| External income | 3,065,133,951.47 | 214,275,184.31 | 3,889,496.31 | - | 3,283,298,632.09 |
| Inter-segment income | - | - | 3,179,687.17 | (3,179,687.17) | - |
| Total segment operating income | 3,065,133,951.47 | 214,275,184.31 | 7,069,183.48 | (3,179,687.17) | 3,283,298,632.09 |
| Total segment operating costs | 2,462,453,426.23 | 208,854,044.93 | 2,343,774.68 | (1,228,513.80) | 2,672,422,732.04 |
| Segment operating profit | <u>321,363,935.73</u> | <u>13,049,381.11</u> | <u>1,732,778.00</u> | <u>(2,799,833.65)</u> | <u>333,346,261.19</u> |
| As at 30 June 2020 | | | | | |
| Total segment assets | 13,853,502,825.66 | 18,530,264.95 | 42,583,697.08 | (2,701,253,542.03) | 11,213,363,245.66 |
| Total segment liabilities | <u>8,766,275,857.04</u> | <u>15,475,827.80</u> | <u>53,936,760.87</u> | <u>(983,159,967.99)</u> | <u>7,852,528,477.72</u> |
| As at 31 December 2019 | | | | | |
| Total segment assets | 13,772,842,800.45 | 31,714,925.62 | 41,043,830.23 | (2,750,596,074.84) | 11,095,005,481.46 |
| Total segment liabilities | <u>8,606,187,725.59</u> | <u>15,710,479.95</u> | <u>53,579,520.59</u> | <u>(1,067,394,034.57)</u> | <u>7,608,083,691.56</u> |

(2) Geographic Information

The Group's operating income comes from mainland China and Hong Kong, among which, the income comes from Hong Kong amounted to RMB24,262,713.59 in the current period (corresponding period in 2019: RMB165,401,859.40). As at 30 June 2020, the Group's non-current assets held by the Hong Kong operations amounted to RMB218,337,087.00 (31 December 2019: RMB231,164,588.91).

(3) Major Customers

No operating income from one single customer of the Group was above 10% of the Group's total operating income for the current period and the corresponding period of 2019.

23 NET CURRENT LIABILITIES

| | As at 30 June 2020 RMB | As at 31 December 2019 RMB |
|---------------------------|--------------------------------|----------------------------------|
| Current assets | 2,684,203,496.42 | 2,512,546,911.13 |
| Less: Current liabilities | <u>(3,545,574,546.75)</u> | <u>(3,358,085,953.80)</u> |
| Net current liabilities | <u><u>(861,371,050.33)</u></u> | <u><u>(845,539,042.67)</u></u> |

24 TOTAL ASSETS LESS CURRENT LIABILITIES

| | As at 30 June 2020 RMB | As at 31 December 2019 RMB |
|---------------------------------------|--------------------------------|----------------------------------|
| Total assets | 11,213,363,245.66 | 11,095,005,481.46 |
| Less: Current liabilities | <u>(3,545,574,546.75)</u> | <u>(3,358,085,953.80)</u> |
| Total assets less current liabilities | <u><u>7,667,788,698.91</u></u> | <u><u>7,736,919,527.66</u></u> |

25 LEASES

(1) Lease as Lessee

(a) *Right-of-Use Assets*

| | Buildings <i>RMB</i> | Transportation vehicles <i>RMB</i> | Lease of land <i>RMB</i> | Others <i>RMB</i> | Total <i>RMB</i> |
|---------------------------------|-------------------------|--|-----------------------------|-----------------------|-------------------------|
| Cost | | | | | |
| Balance as at 31 December 2019 | 2,260,722,521.88 | 406,173,232.80 | 108,480,112.57 | 11,148,070.83 | 2,786,523,938.08 |
| Additions during the period | 162,201,086.28 | 107,890.20 | 4,594,272.90 | 199,293.10 | 167,102,542.48 |
| Decrease during the period | (13,360,826.69) | (404,067.34) | (3,688,154.21) | - | (17,453,048.24) |
| Balance as at 30 June 2020 | <u>2,409,562,781.47</u> | <u>405,877,055.66</u> | <u>109,386,231.26</u> | <u>11,347,363.93</u> | <u>2,936,173,432.32</u> |
| Accumulated depreciation | | | | | |
| Balance as at 31 December 2019 | (692,281,955.51) | (132,463,396.66) | (35,734,157.60) | (8,265,789.42) | (868,745,299.19) |
| Balance as at 30 June 2020 | <u>(748,128,656.68)</u> | <u>(162,303,608.91)</u> | <u>(35,806,929.06)</u> | <u>(9,834,209.64)</u> | <u>(956,073,404.29)</u> |
| Carrying amount | | | | | |
| Balance as at 31 December 2019 | <u>1,568,440,566.37</u> | <u>273,709,836.14</u> | <u>72,745,954.97</u> | <u>2,882,281.41</u> | <u>1,917,778,638.89</u> |
| Balance as at 30 June 2020 | <u>1,661,434,124.79</u> | <u>243,573,446.75</u> | <u>73,579,302.20</u> | <u>1,513,154.29</u> | <u>1,980,100,028.03</u> |

As at 30 June 2020 and 31 December 2019, transportation vehicles with carrying amount of RMB242,663,837.05 and RMB272,390,927.87 were pledged for obligations under leases.

(b) *Lease Liabilities*

| | <i>Note</i> | As at 30 June 2020 <i>RMB</i> | As at 31 December 2019 <i>RMB</i> |
|--|-------------|--|--|
| Long-term lease liabilities | | 2,159,253,067.56 | 2,037,643,345.59 |
| Less: Lease liabilities due within one year | 8 | <u>(243,926,043.90)</u> | <u>(189,313,299.21)</u> |
| Total | | <u>1,915,327,023.66</u> | <u>1,848,330,046.38</u> |

For the six months ended 30 June

| | 2020 | 2019 |
|--|----------------|-------------------|
| | RMB | RMB |
| | | <i>(Restated)</i> |
| Short-term lease expenses applied the practical expedient | 25,012,616.74 | 25,442,241.88 |
| Variable lease payments not included in the measurement of lease liabilities | 12,316,675.59 | 8,414,757.53 |
| Income from sub-leasing right-of-use assets | 262,763,590.86 | 260,133,423.61 |
| Total cash outflow for leases | 152,954,728.38 | 172,406,731.52 |

(2) As a Lessor

(a) Operating Lease

For the six months ended 30 June

| | 2020 | 2019 |
|---|-----------------------|-------------------|
| | RMB | RMB |
| | | <i>(Restated)</i> |
| Lease income | 318,504,300.00 | 333,001,594.10 |
| Including: income related to variable lease payments not included in lease receipts | 11,551,277.26 | 11,145,773.88 |

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

| | As at | As at |
|---|-------------------------|-------------------------|
| | 30 June 2020 | 31 December 2019 |
| | RMB | RMB |
| Within 1 year (inclusive) | 462,795,697.45 | 551,491,587.59 |
| Over 1 year but within 2 years (inclusive) | 468,736,560.84 | 497,479,674.73 |
| Over 2 years but within 3 years (inclusive) | 393,405,408.91 | 418,073,459.07 |
| Over 3 years but within 4 years (inclusive) | 326,484,225.24 | 347,793,692.49 |
| Over 4 years but within 5 years (inclusive) | 153,126,211.99 | 290,919,317.40 |
| Over 5 years | 1,974,092,973.06 | 2,095,299,439.17 |
| | <hr/> | <hr/> |
| Total | 3,778,641,077.49 | 4,201,057,170.45 |
| | <hr/> <hr/> | <hr/> <hr/> |

(b) *Finance Lease*

| | For the six months ended 30 June | |
|--|---|------------|
| | 2020 | 2019 |
| | RMB | RMB |
| Finance income on the net investment in the lease | 185,063.47 | 526,243.72 |
| Income relating to variable lease payments not included in the net investment in the lease | – | – |

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

| | As at 30 June 2020 | As at 31 December 2019 |
|--|---------------------------|------------------------|
| | RMB | RMB |
| Within 1 year (inclusive) | 1,396,952.00 | 1,749,377.68 |
| Over 1 year but within 2 years (inclusive) | 92,146.00 | 645,022.00 |
| Subtotal of undiscounted lease receipts | 1,489,098.00 | 2,394,399.68 |
| Less: Unearned finance income | (131,252.13) | (553,468.31) |
| Net investment in the lease | 1,357,845.87 | 1,840,931.37 |

26 COMPARATIVE FIGURES

For a business combination involving entities under common control which occurred in November 2019, the transaction was completed and the Group acquired control over Chaozhou City Yueyun Vehicle Transportation Co., Ltd. and its subsidiaries (“**Chaozhou Yueyun Group**”) and Zhuhai Gongyun Coach Terminal Co., Ltd. and its subsidiaries (“**Zhuhai Gongyun Group**”), and the Group has made retrospective adjustments to comparative figures where required. The financial position as at 31 December 2019, and the financial performance and cash flows of Chaozhou Yueyun Group and Zhuhai Gongyun Group for the six months ended 30 June 2019 have been retrospective adjusted in accordance with the new financial instruments standards and the new leases standard.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group actively responded to changes in industry policies and impact of the COVID-19 pandemic (the “**Pandemic**”), coordinated the two themes of prevention and control of the Pandemic and corporate development, continued to promote the “secondary reform, secondary entrepreneurship (二次改革、二次創業)”, and integrated its operation into the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the coordinated development and construction of Guangdong in the form of “one center, one belt and one region (一核一帶一區)”. We have always been customer-oriented and innovated the service models of road passenger transportation and auxiliary business, taking “a combination of measures” of platform grouping, site layout, service improvement, adjustment of models of vehicles and optimization of management mechanism. The Group accelerated its information construction, continued to upgrade the version of the “Yuexing (悦行)” platform, completed the fare clearing system through collaboration with Tencent and Ping An Bank, and integrated the system modules including the express, hitch ride, car rental, charter coach, tourist transport, striving to achieve “travel with only one button”.

The Group advanced the development of energy business, convenience stores retail business and merchant solicitation business, which provided new driving forces for continuous transformation of our road passenger transportation business and performance growth for the Group. The Group highly emphasized on capital operations and funds management, considered the listing of the Company’s A shares as the primary work objectives, and strived to enhance the market value under the new model to provide shareholders with reasonable returns.

Travel Services Segment

1. *Road Passenger Transportation and Auxiliary*

The Group actively responded to the Pandemic and strengthened cost control. In response to the shortage of passengers for a single route during the Pandemic, measures such as integration, merging, reduction of routes, and suspension of routes have been flexibly adopted to strictly control the operation of inefficient and ineffective shifts and reduce the operating cost of shuttle buses.

With the support of informatization, the Group built an integrated platform for travel services, and continuously focused on developing upgraded version of “Yuexing (悦行)” platform. Currently, the customization and carpooling system establishment for the fourth phase of “Yuexing (悦行)” has been completed. As of June 2020, the Group’s intercity and customized carpooling business has been launched in Yangjiang, Chaozhou, Zhongshan, Zhaoqing (Zhaoqing city area, Sihui, Huaiji), Meizhou, Chaoyang and other regions, with 107 routes opened. In the first half of this year, a total of 39,700 person-time was served.

The Group accelerated the adjustment of its vehicle model and structure to adapt to the future travel characteristics of “small lots and multiple batches (小批量、多批次)”. At present, among the Group’s shuttle passenger vehicles, small and medium-sized vehicles below 9 metres account for 44%, representing an increase of 10.78% over the beginning of the year. In the first half of this year, a total of 63 passenger cars, 56 small passenger cars, 7 medium passenger cars were purchased and operated, while no large passenger cars were purchased.

The Group actively responded to the difficulty of reduction of routes and passengers in stations, and organized passenger sources out of the station. The transportation companies comprising the Group adapted to local conditions and combined with the travel demand of local residents to promote customized passenger transportation business. In the first half of this year, the revenue from non-station group passenger business exceeded RMB45 million.

The Group actively increased the proportion of urban and rural passenger transportation services, developed the passenger transportation business of “town-to-village” with small vehicles, and rapidly occupied the market by ways such as adjustments to stock operating vehicles and increase in new licensing quotas. Some routes were opened by making an appointment. The number of “town-to-village” vehicles increased to 476 from 185 at the end of last year.

The traffic rescue business gave full play to the advantages of scale, and it gradually built the reputation of “Yueyun Rescue” brand while doing a good job in “keeping safe and unblocked”. There are currently 55 expressways for the vehicle rescue services, with mileages of 5,610 kilometres, representing an increase of 9% over the same period last year, and the rescue operations increased by 17% year-on-year. We improved the efficiency of resource allocation by optimizing the stationing point, standby point setting and rescue resource allocation. The data analysis, video surveillance and GPS data were combined to strengthen the supervision. We actively extended the rescue services on expressway, and the revenue from passenger emergency transfer business, hoisting business and unlocking business increased by 28% year-on-year.

2. Expressway Service Zones Operation

(1) Energy Business

The Group continued to strengthen its energy business and strived to increase revenue and enhance the brand influence of “Yueyun Energy” through enhanced marketing activities. The Group conducted gasoline promotion activities in the manner of “one station one policy”. The promotional activities included various forms such as “Member Value Promotion Day”, “Electronic Gasoline Cash Coupons”, “Buy Water and Get Gasoline”, etc., which have better promoted membership promotion and return of regular customers. The total tax-inclusive income of the energy business in the first half of the year increased by approximately 72% year-on-year, among which, the self-operated gasoline sales was approximately 129,000 tons, and the income amounted to approximately RMB878 million.

The Group vigorously strengthened brand promotion and enhanced the popularity of “Yueyun Energy”. We carried out brand promotion and display in more than 10 road sections across the province through coordinated use of the advertising resources of Guangdong Highway Media Company Limited.

The Group took advantage of the price opportunity in the trough of international oil price and increased the price difference between purchases and sales by increasing the pre-purchase of oil and hoarding oil at low price based on the actual situation. Meanwhile, the Group seized the opportunity of increasing flow of trucks brought by the toll-free expressway policy to vigorously expand diesel sales. The Group also strengthened its internal refined management and carried out skills training, competitions and other works.

(2) *Convenience Stores Retail Business*

Taking advantage of the regional advantages of “Yueyun Loyee” convenience stores, the Group has opened 572 stores. “Yueyun Loyee” implemented multiple business models such as self-operation and franchising. The Group introduced the “amoeba” mode of operating management, by which the retail business will be divided into units on the business boundaries of three major business centers, namely procurement and sales, delivery and retail, which fully stimulated the motivation and vitality of all employees to actively participate in operation. The Group sold commodities according to local conditions through the combination of online and offline sales models, which promoted the opening of approximately 170 shops for selling special local products. We actively developed the supermarketization of convenience stores, optimized the structure of commodities, and added more than 620 barcodes for special local products.

(3) *Merchant Solicitation Business*

The Group fully used the resource advantages of Guangdong Provincial Communication Group Company Limited to improve the efficiency level of the existing service zones. It accelerated the quality improvement and upgrading of the Group’s service zones, and vigorously carried out the construction of commercial upgrading and transformation projects in Luhe, Xiegang, Guandu and Datang. In order to improve the facilities level, we have deployed more than 700 sets of shared massage chair, representing a year-on-year increase of approximately 40%. The pilot self-service vending machine projects for people driving on the expressway have been conducted in 10 pairs of service zones including Shunde, Yayao, etc.

The Group has completed the differentiated positioning of 11 pairs of service zones on Guangzhou-Zhanjiang Expressway, including commercial planning and business concept design for Liangjinshan, Shengtang and Yangjiang service zones. The Group also proactively expanded the reserve of high-quality brand merchants. In the first half of the year, it completed the introduction of 3 new brands for the brand repository, and the number of brand in the brand resource repository reached 98.

(4) *Advertising Business*

Relying on the existing expressway advertising resources, the Group increased its efforts in customer exploitation and business development, promoted the integrated and collaborative development of multiple resources, and continued to develop and acquire the leading well-known customers in the industry with industry influence through meticulous customer portraits and deeply-cultivated connection channels. Based on the “Advertising Media Planning Programme for Service Zones in Guangdong Province” (《廣東省服務區廣告媒體規劃方案》) for 2019, the Group formulated the “Advertising Media Planning Programme for Service Zones in the Pearl River Delta Region”, considering the site environment after the upgrading of service zones in the Pearl River Delta region. The Group actively expanded business out of system through its professional business capabilities and service reputation, explored diversified cooperation models, and expanded online business through media platforms of network.

3. Operation of Taiping Interchange

In order to support the prevention and control of the Pandemic and the resumption of work and production, the government stipulated that the expressways would be free for all vehicles from 17 February to 5 May 2020. Affected by this policy, the accumulated toll traffic of Taiping Interchange in the first half of this year was approximately 4.92 million times, representing a year-on-year decrease of approximately 73.61%. The Group actively implemented the Taiping Interchange maintenance and repair plan to ensure the safe operation of bridges and the unblocked roads.

Material Logistics Segment

The Group continued to steadily perform the completion of material supply inventory businesses subject to controllable risks.

FINANCIAL REVIEW (THE CORRESPONDING PERIOD IN 2019 HAS BEEN RESTATED)

The Group's Interim Results for the Six Months Ended 30 June 2020

For the six months ended 30 June 2020, operating income of the Group amounted to RMB2,601.847 million (the corresponding period in 2019: RMB3,283.299 million), representing a year-on-year decrease of RMB681.452 million or 21%. Gross profit amounted to RMB21.489 million (the corresponding period in 2019: RMB610.876 million), representing a year-on-year decrease of RMB589.387 million or 96%. The year-on-year decrease in operating income and gross profit was due to the impact of the Pandemic, against which, the Guangdong Provincial Government initiated level-1 response and carried out travel restrictions and control, which resulted in a significant decrease in the routes and carriage rate of the Group's road passenger transportation and auxiliary business; meanwhile, toll fee exemption was implemented for Taiping Interchange operation business from February to May 2020 in compliance with the requirements of the government.

For the six months ended 30 June 2020, the Group realized net loss of RMB182.471 million (the corresponding period in 2019: net profit of RMB254.462 million); net loss attributable to the shareholders of the Company (the "Shareholders") was RMB111.440 million (the corresponding period in 2019: net profit attributable to the shareholders of the Company of RMB206.146 million); basic loss per share was RMB0.14 (the corresponding period in 2019: basic earnings per share of RMB0.26). The turnaround from profit to loss was mainly due to the negative impact of the Pandemic, which resulted in a significant decrease in the gross profit of our road passenger transportation and auxiliary business and Taiping Interchange operation business. Facing the unfavorable situation caused by the Pandemic, the Group proactively responded by vigorously developing strategic businesses such as energy business and adopting a number of measures to reduce expenditures and costs to make up for the operating losses in a multi-pronged manner.

Operating Income

Operating income of the Group was mainly derived from travel services segment. Operating income of the Group for the first half of 2020 amounted to RMB2,601.847 million (the corresponding period in 2019: RMB3,283.299 million), representing a year-on-year decrease of RMB681.452 million or 21%. The year-on-year decrease in operating income was due to the impact of the Pandemic, against which, the government carried out travel restrictions and control, which resulted in a significant decrease in the routes and carriage rate of the Group's road passenger transportation and auxiliary business; meanwhile, toll fee exemption was implemented for Taiping Interchange operation business from February to May 2020 in compliance with the requirements of the government.

Operating Income by Business Segments:

| | For the six months ended 30 June 2020 | | For the six months ended 30 June 2019 | |
|--------------------|--|--------------------|--|--------------------|
| | <i>RMB'000</i> | <i>Percentage</i> | <i>RMB'000</i> <i>(Restated)</i> | <i>Percentage</i> |
| Travel services | 2,456,120 | 94% | 3,065,134 | 93% |
| Material logistics | 141,905 | 6% | 214,275 | 7% |
| Other business | 3,822 | 0% | 3,890 | 0% |
| Total | <u>2,601,847</u> | <u>100%</u> | <u>3,283,299</u> | <u>100%</u> |

1. *Travel Services Segment*

Travel services segment is the major source of the Group's operating income. Operating income of such business amounted to RMB2,456.120 million (the corresponding period in 2019: RMB3,065.134 million) for the first half of 2020, representing a year-on-year decrease of RMB609.014 million, or approximately 20%, and accounting for approximately 94% (the corresponding period in 2019: 93%) of the Group's total operating income, of which:

- (1) Road passenger transportation and auxiliary business recorded operating income of RMB1,026.373 million (the corresponding period in 2019: RMB1,945.485 million) for the first half of 2020, representing a year-on-year decrease of RMB919.112 million or approximately 47%, which was mainly due to the impact of the Pandemic, against which, the government carried out travel restrictions and control, which resulted in a significant decrease in the routes and carriage rate of the Group's road passenger transportation and auxiliary business.

- (2) Expressway service zones operation recorded operating income of RMB1,410.175 million (the corresponding period in 2019: RMB1,033.596 million) for the first half of 2020, representing a year-on-year increase of RMB376.579 million or approximately 36%, which was mainly due to a substantial increase in income from the energy business. Among which:
- a) For energy business, the operating income amounted to RMB983.959 million (the corresponding period in 2019: RMB572.466 million) for the first half of 2020, representing a year-on-year increase of RMB411.493 million or approximately 72%, mainly due to income contributed by Guangdong Zhong Yue Tong Oil Products Operation Company Limited (廣東中粵通油品經營有限公司) (“**Zhong Yue Tong**”), a subsidiary newly came under the Group’s control and consolidated for the year, and a year-on-year increase in the scale of self-operated gas stations.
 - b) For retail business, the operating income amounted to RMB218.752 million (the corresponding period in 2019: RMB256.039 million) for the first half of 2020, representing a year-on-year decrease of RMB37.287 million or approximately 15%, mainly due to the impact of the Pandemic, which resulted in a decrease in customer flow.
 - c) For merchant solicitation business, the operating income amounted to RMB153.746 million (the corresponding period in 2019: RMB161.944 million) for the first half of 2020, representing a year-on-year decrease of RMB8.198 million or approximately 5%.
 - d) For advertising business, the operating income amounted to approximately RMB53.718 million (the corresponding period in 2019: RMB43.147 million) for the first half of 2020, representing a year-on-year increase of RMB10.571 million or approximately 24%, which was mainly attributable to the year-on-year increase in income derived from advertising planning business.
- (3) For operation of Taiping Interchange, the operating income amounted to approximately RMB19.572 million (the corresponding period in 2019: RMB86.053 million) for the first half of 2020, representing a year-on-year decrease of RMB66.481 million or approximately 77%. The decrease was mainly due to the toll fee exemption implemented for Taiping Interchange from February to April 2020, as a result of the impact of the Pandemic, and suspended toll fee collection during the suspension for vortex vibration of the bridge in May 2020.

2. Material Logistics Segment

Material logistics segment recorded operating income of RMB141.905 million (the corresponding period in 2019: RMB214.275 million) for the first half of 2020, representing a year-on-year decrease of RMB72.370 million, or approximately 34%, and accounting for approximately 6% (the corresponding period in 2019: 7%) of the Group’s total operating income. The decrease in operating income was mainly due to the decrease in existing business volume.

Gross Profit

Gross profit of the Group for the first half of 2020 amounted to RMB21.489 million (the corresponding period in 2019: RMB610.876 million), representing a year-on-year decrease of RMB589.387 million or approximately 96%. Gross profit margin was 0.83% (the corresponding period in 2019: 18.61%).

Gross Profit by Business Segments:

| | For the six months ended 30 June 2020 | | For the six months ended 30 June 2019 | |
|--------------------|--|-------------|--|-------------|
| | RMB'000 | Percentage | RMB'000 (Restated) | Percentage |
| Travel services | 20,178 | 94% | 602,680 | 99% |
| Material logistics | (386) | (2%) | 5,421 | 1% |
| Other business | 1,697 | 8% | 2,775 | 0% |
| Total | <u>21,489</u> | <u>100%</u> | <u>610,876</u> | <u>100%</u> |

1. Travel Services Segment

The travel services segment recorded a gross profit of RMB20.178 million in the first half of 2020 (the corresponding period in 2019: RMB602.680 million), representing a year-on-year decrease of RMB582.502 million or approximately 97%, and the gross profit margin was 1% (the corresponding period in 2019: 20%). The decrease in gross profit and gross profit margin was mainly due to the decrease in income as a result of the impact of the Pandemic.

- (1) Road passenger transportation and auxiliary business generated a gross loss of RMB266.298 million in the first half of 2020 (the corresponding period in 2019: gross profit of RMB316.402 million). Gross loss margin was 26% (the corresponding period in 2019: gross profit margin of 16%). The turnaround from profit to loss was mainly due to (i) the impact of the Pandemic, against which, the government carried out travel restrictions and control, which resulted in a significant decrease in the routes and carriage rate of the Group's road passenger transportation and auxiliary business and thus a significant decrease in customer flow, leading to a decrease in income, and (ii) the fact that fixed costs such as depreciation and amortisation accounted for a relatively high proportion and were less affected by the changes in income.
- (2) The business of expressway service zones operation recorded a gross profit of RMB282.401 million in the first half of 2020 (the corresponding period in 2019: RMB214.412 million), representing a year-on-year increase of RMB67.989 million or approximately 32%, and the gross profit margin was 20% (the corresponding period in 2019: 21%). The year-on-year increase in gross profit was mainly due to a year-on-year increase in revenue attributable to the consolidation of Zhong Yue Tong and the expanded scale of self-operated gas stations, including:

- a) The energy business generated a gross profit of RMB168.028 million in the first half of 2020 (the corresponding period in 2019: RMB82.591 million), representing a year-on-year increase of RMB85.437 million or approximately 103%. The gross profit margin was 17% (the corresponding period in 2019: 14%). The year-on-year increase in the gross profit was mainly due to the increase in revenue. The gross profit margin from purchase and sale for the period was 24% (the corresponding period in 2019: 22%).
 - b) The retail business generated a gross profit of RMB36.143 million in the first half of 2020 (the corresponding period in 2019: RMB44.783 million), representing a year-on-year decrease of RMB8.640 million or approximately 19%. The gross profit margin was 17% (the corresponding period in 2019: 17%). The decrease in gross profit was mainly due to the impact of the Pandemic, which resulted in a decrease in customer flow.
 - c) The merchant solicitation business generated a gross profit of RMB48.963 million in the first half of 2020 (the corresponding period in 2019: RMB64.041 million), representing a year-on-year decrease of RMB15.078 million or approximately 24%, and the gross profit margin was 32% (the corresponding period in 2019: 40%). The year-on-year decrease in gross profit and gross profit margin was mainly due to the impact of the Pandemic resulting in a decrease in income and a year-on-year increase in the number of service zones resulting in an increase in depreciation of right-of-use assets and fixed assets.
 - d) The advertising business generated a gross profit of RMB29.267 million in the first half of 2020 (the corresponding period in 2019: RMB22.997 million), representing a year-on-year increase of RMB6.270 million or approximately 27%. The gross profit margin was 54% (the corresponding period in 2019: 53%). The increase in gross profit was mainly due to the increase in the income derived from advertising planning business.
- (3) Taiping Interchange operation generated a gross profit of RMB4.074 million in the first half of 2020 (the corresponding period in 2019: RMB71.866 million), representing a year-on-year decrease of RMB67.792 million or approximately 94%. The gross profit margin was 21% (the corresponding period in 2019: 84%), which was mainly due to the decrease in income as a result of the toll-free expressway policy.

2. *Material Logistics Segment*

The material logistics segment generated a gross loss of RMB0.386 million in the first half of 2020 (the corresponding period in 2019: gross profit of RMB5.421 million). The turnaround from profit to loss was mainly due to the impact of the Pandemic and a decrease in existing business volume.

Taxes and Surcharges

In the first half of 2020, taxes and surcharges of the Group amounted to RMB17.633 million (the corresponding period in 2019: RMB21.134 million), representing a year-on-year decrease of RMB3.501 million or approximately 17%, mainly due to a decrease in such amounts paid under the relevant tax reduction and exemption policies.

Selling and Distribution Expenses

In the first half of 2020, selling and distribution expenses of the Group amounted to RMB30.629 million (the corresponding period in 2019: RMB34.191 million), representing a year-on-year decrease of RMB3.562 million or approximately 10%.

General and Administrative Expenses, and Research and Development Expenses

In the first half of 2020, the Group incurred general and administrative expenses, and research and development expenses of RMB286.827 million (the corresponding period in 2019: RMB355.026 million), representing a year-on-year decrease of RMB68.199 million or approximately 19%, mainly due to a decrease in the relevant costs and expenses including performance bonus for road passenger transportation and auxiliary business, which was in line with the decrease in business volume.

Finance Expenses

In the first half of 2020, finance expenses of the Group amounted to RMB113.022 million (the corresponding period in 2019: RMB89.604 million), representing a year-on-year increase of RMB23.418 million or approximately 26%, which was mainly due to an increase of RMB771 million in the closing balance of debts bearing interest as compared to the corresponding period of last year.

Other Income

The Group's other income derived in the first half of 2020 amounted to RMB245.434 million (the corresponding period in 2019: RMB182.543 million), representing a year-on-year increase of RMB62.891 million or approximately 34%, which was mainly due to the recognition of subsidies for operation of new energy vehicles from Central Government for the period, contributing a year-on-year increase.

Investment Income

The Group's investment income derived in the first half of 2020 amounted to RMB4,000 (the corresponding period in 2019: RMB19.060 million), representing a year-on-year decrease of RMB19.056 million or approximately 100%, which was mainly due to the impact of a year-on-year decrease in the net profit for the period from the associates and joint ventures of the Group.

Credit Losses

Credit losses of the Group in the first half of 2020 was RMB7.395 million (the corresponding period in 2019: RMB6.685 million), representing a year-on-year increase of RMB0.71 million or approximately 11%, which was mainly due to a year-on-year increase in credit losses resulting from consolidation of Zhong Yue Tong.

Impairment Losses

Impairment losses of the Group in the first half of 2020 was RMB5.897 million (in the corresponding period in 2019: RMB1.587 million), representing a year-on-year increase of RMB4.310 million or approximately 272%, which was mainly due to a year-on-year increase in impairment losses resulting from consolidation of Zhong Yue Tong.

Gains from Asset Disposals

Gains from asset disposals of the Group in the first half of 2020 amounted to RMB0.621 million (the corresponding period in 2019: RMB29.094 million), representing a year-on-year decrease of RMB28.473 million or approximately 98%, which was mainly due to a year-on-year decrease in the disposal of assets.

Non-Operating Income and Expenses

The net amount of non-operating income and expenses in the first half of 2020 incurred a net income of RMB16.502 million (the corresponding period in 2019: net expenditure of RMB0.253 million), representing a year-on-year increase in net income of RMB16.755 million or approximately 6,623%, mainly due to an increase in the non-recurring government subsidies.

Liquidity and Capital Structure

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards use of funds. The Group satisfied its requirement for cash in respect of its payment obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and bank borrowings. The Group fully leveraged on the preferential financial policies during the Pandemic to obtain financing with low costs to optimize financial structure and lower overall financial cost. The Group enhanced capital allocation through the operation of cash pooling, in order to effectively reduce the need for external borrowings and increase the efficiency of fund utilization. In the first half of 2020, benefiting from the strict budget control over the funds and the optimization of the financial structure, the balance of available facilities of the Group granted by banks and other financial institutions amounted to RMB3,462.698 million, which provided sufficient protection for the Group's operating loans and ensured repayment of principal and interest without risk.

| Items | 30 June 2020 RMB'000 | 31 December 2019 RMB'000 |
|--|-------------------------------------|--------------------------------|
| Borrowings (from banks and other financial institutions) | 2,872,913 | 2,668,511 |
| Less: Cash and cash equivalents | 1,164,678 | 1,163,481 |
| Net debt | 1,708,235 | 1,505,030 |
| Total liabilities | 7,852,528 | 7,608,084 |
| Total shareholders' equity | 3,360,835 | 3,486,922 |
| Total equity | 5,069,070 | 4,991,952 |
| Total assets | 11,213,363 | 11,095,005 |
| Gearing ratio | 33.70% | 30.15% |
| Asset to liability ratio | 70.03% | 68.57% |

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liabilities/Total assets

Cash Flows

In the first half of 2020, the Group satisfied its requirement for payment of its obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and long-term liabilities with low interest rates. Cash and cash equivalents of the Group were mainly denominated in RMB. Cash and cash equivalents (after excluding the effect of exchange rate movement) were as follows:

| | For the six months ended June 30 | | |
|-------------------------------|---|-------------------|-------------------|
| | 2020 RMB'000 | 2019 RMB'000 | Change RMB'000 |
| Cash generated from/(used in) | | <i>(Restated)</i> | |
| Operating activities | 352,216 | 737,638 | (385,422) |
| Investing activities | (413,786) | (536,862) | 123,076 |
| Financing activities | 59,368 | (100,536) | 159,904 |

Operating Activities

In the first half of 2020, the Group's net inflow from operating activities amounted to RMB352.216 million (the corresponding period in 2019: net inflow of RMB737.638 million). A year-on-year decrease of RMB385.422 million in the net inflow was mainly due to the impact of the Pandemic, which resulted in a decrease in the cash received from sale of goods and rendering of services in the period.

Investing Activities

In the first half of 2020, the net cash outflow from investing activities was RMB413.786 million (the corresponding period in 2019: net outflow of RMB536.862 million), representing a decrease in net outflow of RMB123.076 million, which was mainly attributable to a year-on-year decrease in payment for acquisition of fixed assets, intangible assets and other long-term assets, as a result of the Group's effort in managing its investment scale.

Financing Activities

In the first half of 2020, the net cash inflow from financing activities was RMB59.368 million (the corresponding period in 2019: net outflow of RMB100.536 million), representing an increase in net inflow of RMB159.904 million, which was mainly attributable to a year-on-year increase in proceeds from borrowings.

Borrowings

As of 30 June 2020, outstanding borrowings of the Group was RMB2,872.913 million (31 December 2019: RMB2,668.511 million), comprising (i) unsecured short-term loans of RMB204.637 million (31 December 2019: RMB109.900 million); (ii) secured or pledged short-term loans of RMB193.338 million (31 December 2019: RMB111.174 million); (iii) unsecured long-term loans of RMB836.056 million (31 December 2019: RMB873.283 million); (iv) secured or pledged long-term loans of RMB630.297 million (31 December 2019: RMB548.368 million); (v) finance lease payables of RMB270.491 million (31 December 2019: 288.290 million); and (vi) bonds payable of RMB738.094 million (31 December 2019: RMB737.496 million). As of 30 June 2020, the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates, of which borrowings with fixed interest rate accounted for approximately 41%.

Material Subsequent Events

Nil.

Major Acquisitions and Establishment of New Companies

Nil.

Major Properties Held for Investment

| Name of property | Address | Usage | Types of lease |
|--|--|-----------------|------------------------------|
| Hong Kong Plaza | Unit 13-14, 24/F and Unit 8-12, 31/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong | Operating lease | Short-term (within 10 years) |
| Zijin Old Station – Main Building, Clock Tower, Office of Canteen | No. 99, Jinshan Boulevard Central, Zijin County, the PRC | Operating lease | Short-term (within 10 years) |
| No. 1-2 office, 1/F, King’s Court, Wai Ching Street, Jordan Road, Kowloon | No. 1-2 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 for 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 | Short-term (within 10 years) |

Pledge of Assets

As at 30 June 2020, fixed assets at the net value of approximately RMB453.591 million (31 December 2019: RMB403.898 million) and land use rights at the net value of RMB280.295 million (31 December 2019: RMB243.701 million) of the Group were pledged as security for borrowings. As at 30 June 2020, transportation vehicles at the net value of approximately RMB242.664 million (31 December 2019: RMB272.391 million) of the Group were pledged as security for lease.

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 2020, the working capital and liquidity of the Group were slightly affected by the fluctuations in foreign exchange rate. The directors of the Company (the “**Directors**”) believe that the Group will have sufficient foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

Contingent Liabilities

As of 30 June 2020, the Group had no material contingent liabilities.

Key Business Developments of the Group in the Second Half of 2020 are as Follows:

1. Road Passenger Transportation and Auxiliary

- (1) To supervise the construction of the “No. 1 Project” in relation to road passenger transportation information, complete the top-level design of the “one ticket, one network, one center, one platform (一張票、一張網、一個中心、一個平台)” system, implement strategic cooperation matters with external units, collaborate with third-party platform professional forces, effectively carry out the construction of the “Yuexing (悦行)” platform, complete the online operation of the “Yuexing (悦行)” platform in the fourth phase, and initiate the fifth phase of the “Yuexing (悦行)” platform construction, and strive to increase the percentage of respective online operating vehicles to reach 90%.
- (2) To further develop self-service ticket vending machines, self-service vending machines, online shopping and ticketing, online grouping of customers, etc., and promote the development of travel service consumption in a more professional, diversified and high-quality direction.
- (3) To expand non-traditional road passenger transportation business and improve non-station passenger group business at passenger terminals, and to achieve a year-on-year increase of 15% in passenger traffic or revenue from non-station passenger business such as charter coach, commuting, tourism, customization, and research in cities and counties.
- (4) To intensify the expansion of the rural passenger transport market, further improve the network layout of township passenger terminals, seize the opportunities for developing the “town-to-village” rural road passenger transport business, actively promote the “town-to-village” rural passenger shuttle bus business in all cities and counties, and to build our brand and increase our market share in rural passenger transport market.
- (5) To deepen the supply-side reform of the passenger transportation business, step up efforts to promote the miniaturization of vehicles and the launch of small online-hailing vehicles, and realize the reasonable allocation between “large, medium and small” operating vehicles and “high, medium and general” services to obtain more shares in travel segment market.

- (6) To promote the commercial transformation of passenger terminals, focusing on the three projects of Yangjiang Terminal, Xintang Terminal and Zhaoqing Terminal.

2. Expressway Service Zones Operation

- (1) To advance and realize synchronous investment and operation of total 12 pairs of service zones (including carpark zones) for 6 sections such as, Qingyuan and Jiangao at Hui-Qing Expressway, Shangsha at Hua-Lu Expressway, Qishan and Guangde at Da-Chao Expressway, Lantang and Hengli at Zi-Hui Expressway, Luoping at Yun-Mao Expressway, Luodong, Nanfeng, Jinzhuang, Yunan at Huai-Yang Expressway with the opening of such sections as scheduled.
- (2) To accelerate the construction, investment and operation of “Yueyun Energy” self-built and self-operated gas stations, promote the construction of new gas stations in Ketang, Qingyuan, Jiangao, Guangde and other service areas and the reconstruction of Shachong gas stations, and aiming for the total number of “Yueyun Energy” self-built and self-operated gas stations reaching 50.
- (3) To promote the development of joint venture companies in gas stations and other projects through the adjustment of equity structure and profit model.
- (4) To expedite the expansion of the scale of “Yueyun Loyee” convenience stores, the number of stores reaching 630.
- (5) To vigorously promote the trial operation of “big retail” and the exclusive business of local specialties, and plan to complete the construction of 10 “Loyee” supermarkets in the 5 service areas of Qingyuan, Waxi, Yangchun, Luhe and Xiangang. In addition, special counters or special areas will also be set up in two-thirds of the self-operated service areas stores to tap the potential of the retail business.
- (6) To complete the commercial upgrading and transformation of service areas in Luhe, Datang, Guandu, Xiegang, Wayaogang, etc., and create characteristic service areas in accordance with local conditions.
- (7) To launch local specialties project of “Yipinhui” in Xiegang, Yuantan and Huacheng service areas.

Key Business Developments and Financing Arrangements for the Second Half of 2020

The Group will primarily use loan and funds generated from its operation to meet the funding requirements of its main business investments.

OTHER INFORMATION

Purchase, Sale or Redemption of Shares of the Company

During the six months ended 30 June 2020, the Company did not redeem any of its shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company for the six months ended 30 June 2020.

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 enhance shareholders' value.

For the six months ended 30 June 2020, the Company had complied with all the code provisions of the Corporate Governance Code contained in Appendix 14 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Compliance with Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the supervisors of the Company (“**Supervisors**”). Having made specific enquiry 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 2020.

Board

As at 30 June 2020 and the date of this announcement, the Board consisted of 11 members, including five executive Directors, namely Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Wen Wu and Mr. Zhang Xian; two non-executive Directors, namely Mr. Chen Min and Mr. Chen Chuxuan; and four independent non-executive Directors, namely Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying and Mr. Zhan Xiaotong.

Review by Audit & Corporate Governance Committees

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 2020, the Audit & Corporate Governance Committee comprised three members, namely Ms. Lu Zhenghua (Chairman) and Mr. Jin Wenzhou, two independent non-executive Directors, and Mr. Chen Chuxuan, a non-executive Director. The Audit & Corporate Governance Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2020 and recommended its adoption by the Board. The independent auditor of the Company, KPMG Huazhen LLP, has also reviewed the unaudited interim results for the six months ended 30 June 2020 in accordance with Chinese Standards on Review No. 2101-Engagements to Review Financial Statements issued by the Chinese Institute of Certified Public Accountants.

Supervisory Committee

As at 30 June 2020 and the date of this announcement, the supervisory committee consisted of seven members, two of whom were independent Supervisors (namely Mr. Dong Yihua and Mr. Lin Hai), two of whom were Supervisors representing the Shareholders (namely Mr. Hu Xianhua and Mr. Wang Qingwei) and three of whom were Supervisors representing the employees of the Company (namely Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin).

Employees and Remuneration Policies

The Group had 24,629 employees as at 30 June 2020 (31 December 2019: 24,703). Total staff costs for the six months ended 30 June 2020, including the Directors' remuneration, amounted to approximately RMB874 million (the corresponding period in 2019: approximately RMB968 million).

The remuneration of the employees of the Group (including the executive Directors) comprises basic salary, performance bonus, allowance and subsidies. The basic salary is determined according to the position, work 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 the Company's business scope and scale and the remuneration standards in the capital market for independent non-executive directors and independent supervisors. The non-executive Directors have agreed not to receive any remuneration for such positions.

Training of Employees

The Group has always attached great importance to the training and development of human resources, and made endeavor to provide training and education to employees at all levels. The Group has faithfully implemented budgeted standard for training expenses and its implementation plan. As of 30 June 2020, the Group has conducted a total of 285 training courses (excluding online training courses) with 19,440 participants and total curriculum duration of approximately 34,962 hours. Among them, 49 management skills training courses (accounting for 17% of the total number of the training courses), 76 general skills training courses (accounting for 27% of the total number of the training courses), 135 professional skills training courses (accounting for 47% of the total number of the training courses) and 25 other skills training courses (accounting for 9% of the total number of the training courses) were held. In addition, the Company has conducted a total of 65 online pre-job training specific courses with 17,973 participants and total curriculum duration of approximately 316,943 hours. Self-evaluation on the internal and external trainings by the participants showed that overall satisfaction rate was above 93% or a level of satisfactory was attained.

Dividend

The Board has not declared the payment of an interim dividend for the six months ended 30 June 2020.

AUDITOR OF THE COMPANY

The Shareholders considered and approved the ordinary resolution in respect of the proposed appointment of KPMG Huazhen LLP as the auditor of the Company at the annual general meeting of the Company held on 17 June 2020 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>). An interim report for the year ended 30 June 2020 containing all the information required under the Listing Rules will be dispatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Guangdong Yueyun Transportation Company Limited
Xuan Zongmin
Chairman of the Board

Guangzhou, the PRC
14 August 2020

As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Wen Wu and Mr. Zhang Xian as executive directors of the Company; Mr. Chen Min and Mr. Chen Chuxuan as non-executive directors of the Company; and Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying and Mr. Zhan Xiaotong as independent non-executive directors of the Company.

* *For identification purpose only*