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 2018 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	For the six months ended		
	30 June 2018	30 June 2017	Change
	RMB'000	*RMB'000*	*%*
	(unaudited)	*(unaudited)*	
		(restated)	
Revenue	**3,183,477**	3,390,555	(6%)
Net profit attributable to shareholders of the Company	**208,657**	227,311	(8%)
Basic earnings per share	**RMB0.26**	RMB0.28	(7%)
Diluted earnings per share	**RMB0.26**	RMB0.28	(7%)

- The revenue of the Group for the six months ended 30 June 2018 was approximately RMB3,183.477 million, representing a decrease of approximately RMB207.078 million or 6% as compared to the corresponding period in 2017.

- Net profit attributable to shareholders of the Company for the six months ended 30 June 2018 was approximately RMB208.657 million, representing a decrease of approximately RMB18.654 million or 8% as compared to the corresponding period in 2017.

- For the six months ended 30 June 2018, basic earnings per share was RMB0.26 and diluted earnings per share was RMB0.26.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018.

- A final dividend of RMB0.16 (inclusive of tax) per ordinary share for year 2017 was approved by shareholders of the Company at the annual general meeting held on 19 June 2018.

The board (the "**Board**") of directors (the "**Directors**") of Guangdong Yueyun Transportation Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2018. The unaudited consolidated interim results of the Group for the six months ended 30 June 2018 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 interim results for the six months ended 30 June 2018 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.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Note	**As at 30 June 2018**	As at 31 December 2017 (Restated)	As at 1 January 2017 (Restated)
Assets				
Current Assets				
Cash at bank and on hand		**1,269,032,320.85**	1,876,354,128.50	1,670,733,199.35
Bills and accounts receivable	4	**512,519,950.00**	874,486,077.25	611,129,995.39
Prepayments		**222,599,358.27**	330,959,378.33	240,583,697.21
Other receivables		**514,863,851.14**	411,818,958.72	367,100,965.14
Inventories		**128,462,929.79**	190,235,150.79	137,958,614.51
Non-current assets due within one year		**32,782,341.01**	31,874,195.35	7,402,505.23
Other current assets		**27,425,230.14**	35,531,593.57	39,517,821.40
Total current assets		**2,707,685,981.20**	3,751,259,482.51	3,074,426,798.23
Non-current assets				
Investments in other equity instruments		**1,060,744.03**	563,228.22	563,228.22
Long-term receivables		**7,240,509.43**	7,030,155.67	40,874,522.56
Long-term equity investments		**335,642,428.09**	332,013,785.00	237,545,373.76
Investment properties		**124,610,438.86**	180,291,731.04	164,354,635.96
Fixed assets	5	**2,682,947,185.76**	2,683,689,257.33	2,473,064,867.84
Construction in progress		**274,195,582.29**	316,762,995.42	211,588,508.86
Intangible assets	6	**1,049,057,132.78**	1,128,291,589.11	1,081,117,377.21
Goodwill		**104,166,326.02**	104,166,326.02	104,166,326.02
Long-term deferred expenses		**59,182,422.61**	52,170,691.55	32,664,888.69
Deferred tax assets		**198,610,377.89**	215,501,150.20	222,759,376.51
Other non-current assets		**432,935,864.25**	411,886,142.50	410,447,716.92
Total non-current assets		**5,269,649,012.01**	5,432,367,052.06	4,979,146,822.55
Total assets		**7,977,334,993.21**	9,183,626,534.57	8,053,573,620.78

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018 (UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

	Note	**As at 30 June 2018**	As at 31 December 2017 (Restated)	As at 1 January 2017 (Restated)
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans	7	**55,000,000.00**	217,806,642.67	60,000,000.00
Bills and accounts payable	8	**546,581,100.71**	1,642,202,552.16	1,175,908,713.53
Advances from customers		**148,297,943.11**	196,501,125.04	240,071,906.56
Contract liabilities		**28,219,426.46**	—	—
Employee benefits payable		**169,054,544.74**	188,163,521.91	177,620,764.40
Taxes payable		**79,727,793.83**	174,924,497.04	139,433,129.65
Other payables		**798,078,106.16**	696,811,970.82	684,568,922.53
Non-current liabilities due within one year	9	**258,233,429.73**	158,346,422.54	125,849,539.54
Total current liabilities		**2,083,192,344.74**	3,274,756,732.18	2,603,452,976.21
Non-current liabilities				
Long-term loans	10	**644,444,829.63**	558,075,133.02	261,325,730.93
Bonds payable	11	**775,896,220.02**	775,310,816.19	774,170,794.08
Long-term payables		**273,323,316.12**	165,168,357.56	138,659,791.85
Long-term employee benefits payable		**173,728,516.59**	181,270,744.39	196,515,754.58
Provisions		**423,563.52**	1,646,679.43	1,100,000.00
Deferred income		**482,698,408.49**	520,711,271.94	559,575,943.65
Deferred tax liabilities		**31,614,654.35**	28,447,231.25	32,736,936.59
Total non-current liabilities		**2,382,129,508.72**	2,230,630,233.78	1,964,084,951.68
Total liabilities		**4,465,321,853.46**	5,505,386,965.96	4,567,537,927.89

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018 (UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

	Note	**As at 30 June 2018**	As at 31 December 2017 (Restated)	As at 1 January 2017 (Restated)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital		**799,847,800.00**	799,847,800.00	799,847,800.00
Capital reserve	3(4)	**18,800,491.50**	215,513,875.00	285,966,328.19
Other comprehensive income		**(33,050,429.03)**	(34,414,839.74)	(21,923,638.32)
Special reserve		**33,727,010.95**	34,202,615.37	34,953,712.42
Surplus reserve		**176,838,828.19**	186,668,434.59	160,596,169.46
Retained earnings	12	**1,267,448,535.87**	1,275,233,926.21	994,629,115.47
Equity attributable to shareholders of the Company		**2,263,612,237.48**	2,477,051,811.43	2,254,069,487.22
Non-controlling interests		**1,248,400,902.27**	1,201,187,757.18	1,231,966,205.67
Total shareholders' equity		**3,512,013,139.75**	3,678,239,568.61	3,486,035,692.89
Total liabilities and shareholders' equity		**7,977,334,993.21**	9,183,626,534.57	8,053,573,620.78

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED)

(Expressed in Renminbi Yuan)

		Note	For the six months ended 30 June **2018**	2017 (Restated)
I.	Operating income		**3,183,476,580.93**	3,390,554,589.46
	Less: Operating costs		**2,625,163,950.43**	2,648,760,824.63
	Taxes and surcharges		**22,347,398.47**	21,895,795.68
	Selling and distribution expenses		**30,258,913.92**	38,940,794.60
	General and administrative expenses		**324,341,814.19**	337,599,142.93
	Research and development expenses		**548,365.55**	827,348.44
	Financial expenses	13	**31,861,180.65**	24,840,725.36
	Including: Interest expenses		**31,766,878.18**	26,701,544.25
	Interest income		**(10,756,159.67)**	(8,013,716.42)
	Impairment losses	14	**3,049,432.24**	2,561,614.82
	(Reversal) / accrual of credit losses	15	**(47,965,656.73)**	13,356,031.28
	Add: Other income	16	**105,841,343.47**	39,987,620.34
	Investment income	17	**22,393,778.74**	25,101,088.10
	Including: Income from investments in associates and joint ventures		**22,616,451.30**	25,330,778.79
	Gain from asset disposals	18	**262,810.93**	113,922.56
II.	Operating profit		**322,369,115.35**	366,974,942.72
	Add:Non-operating income	19	**4,298,606.67**	8,369,391.45
	Less:Non-operating expenses		**5,597,529.91**	3,118,219.84
III.	Profit before income tax		**321,070,192.11**	372,226,114.33
	Less:Income tax expenses	20	**85,046,398.56**	100,822,696.01

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018 (UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

	Note	For the six months ended 30 June **2018**	 2017 (Restated)
IV. Net profit for the period		**236,023,793.55**	271,403,418.32
(1) Net profit classified by continuity of operations			
1. Net profit from continuing operations		**236,023,793.55**	271,403,418.32
2. Net profit from discontinued operations		**—**	—
(2) Net profit classified by ownership			
1. Non-controlling interests		**27,367,078.27**	44,092,023.37
2. Shareholders of the Company		**208,656,715.28**	227,311,394.95
V. Other comprehensive income, net of tax			
Other comprehensive income (net of tax) attributable to shareholders of the Company		**1,364,410.71**	(3,089,817.55)
(1) Items that will not be reclassified to profit or loss:			
1. Remeasurement of defined benefit plan		**(308,723.92)**	(45,562.16)
2. Changes in fair value of investments in other equity instruments		**(102,484.19)**	—
(2) Items that may be reclassified to profit or loss:			
1. Translation differences arising from translation of foreign currency financial statements		**1,775,618.82**	(3,044,255.39)
Other comprehensive income (net of tax) attributable to non-controlling interests		**711,727.41**	(1,782,186.99)
VI. Total comprehensive income for the period		**238,099,931.67**	266,531,413.78
Attributable to:			
Shareholders of the Company		**210,021,125.99**	224,221,577.40
Non-controlling interests		**28,078,805.68**	42,309,836.38
VII. Earnings per share			
(I) Basic earnings per share	21	**0.26**	0.28
(II) Diluted earnings per share	21	**0.26**	0.28

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 2018.

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 **Changes in significant accounting policies and accounting estimates**

(1) **Description and reasons of the changes**

The MOF issued the following revised accounting standards and interpretations in 2017 and 2018 :

— CAS No.14 - Revenue (Revised) (the "new revenue standard")

— CAS No.22 - Financial Instruments: Recognition and Measurement (Revised), CAS No.23 - Transfer of Financial Assets (Revised), CAS No.24 - Hedge Accounting (Revised) and CAS No.37 - Presentation and Disclosures of Financial Instruments (Revised) (collectively the "new financial instruments standards")

— CAS Bulletin No.9 - Accounting of Net Investment Losses under Equity Method, CAS Bulletin No.10 - Applying Revenue-based Depreciation Method on Fixed Assets, CAS Bulletin No.11 - Applying Revenue-based Amortisation Method on Intangible Assets and CAS Bulletin No.12 - Determination of Whether the Provider and Receiver of Key Management Personnel Services are Related Parties (collectively the "CAS Bulletins No.9-12")

— Notice on Revision of the 2018 Illustrative Financial Statements (Caikuai [2018] No.15)

The Group has applied the above revised accounting standards and interpretations since 1 January 2018 and adjusted the related accounting policies.

The significant accounting policies after adopting the Accounting Standards for Business Enterprises mentioned above are listed as below:

(a) **Revenue**

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

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

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

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

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

— the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

— the customer can control the asset created or enhanced during the Group's performance; or

— the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

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

— the Group has a present right to payment for the goods or services;

— the Group has transferred physical possession of the goods to the customer;

— the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and

— the customer has accepted the goods or services.

Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

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

(i) **Road passenger transportation and auxiliary services**

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

Passenger transportation services includes urban passenger transportation services and public transportation services and those provided in cities in Guangdong Province and cross-border transportation between Guangdong Province and Hong Kong. The Group recognises revenue when transportation services are provided to customers and the passengers are carried to the designated locations.

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

(ii) **Sales of convenience store goods, petroleum and gasoline**

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

(iii) **Taiping interchange asset operation revenue**

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

(iv) **Sales of construction materials**

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

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

(b) **Financial instruments**

Financial instruments include cash at bank and on hand, investments in equity securities other than those classified as long-term equity investments, receivables, payables, loans and borrowings, debentures payable and share capital.

(i) **Recognition and initial measurement of financial assets and financial liabilities**

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component is initially measured at the transaction price according to Note 2(1)(a).

(ii) **Classification and subsequent measurement of financial assets**

(1) **Classification of financial assets**

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

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

— it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

— its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

(2) **Subsequent measurement of financial assets**

— Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

— Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

— Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(iii) **Classification and subsequent measurement of financial liabilities**

Financial liabilities are classified as measured at FVTPL or amortised cost.

— Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

— Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(iv) **Offsetting**

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

— The Group currently has a legally enforceable right to set off the recognised amounts;

— the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

(v) **Derecognition of financial assets and financial liabilities**

Financial asset is derecognised when one of the following conditions is met:

— the Group's contractual rights to the cash flows from the financial asset expire;

— the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or

— the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

— the carrying amount of the financial asset transferred measured at the date of derecognition;

— the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(vi) **Impairment**

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

— financial assets measured at amortised cost; and

— lease receivables.

Financial assets measured at fair value, including debt investments or equity securities at FVTPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

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

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

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

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

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

Except for accounts receivable and lease receivables, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

— If the financial instrument is determined to have low credit risk at the balance sheet date;

— If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

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

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

— the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is more than 90 days past due.

Credit-impaired financial assets

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

— significant financial difficulty of the borrower or issuer;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;

— it is probable that the borrower will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

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

Write-off

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

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

(vii) **Equity instrument**

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

(2) **Major impact of changes in accounting policies**

(i) **New revenue standard**

The new revenue standard replaces CAS No.14 — Revenue and CAS No.15 - Construction Contracts issued by the MOF in 2006 (the "old revenue standard").

Under old revenue standard, the Group recognised revenue when the risks and rewards had passed to the customers. The Group's revenue from sales of goods was recognised when the following conditions were met: the significant risks and rewards of ownership of the goods had been transferred to the customer, the amount of revenue and related costs could be reliably measured, the relevant economic benefits would probably flow to the Group and the Group retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from rendering of services and revenue from construction contracts were recognised by reference to the stage of completion of the transaction at the balance sheet date.

Under new revenue standard, revenue is recognised when the customer obtains control of the promised goods or services in the contract:

— Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. The Group satisfies a performance obligation over time if certain criteria is met; or otherwise, a performance obligation is satisfied at a point in time. Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

— The Group have adjusted the relevant accounting policies in accordance with the specific provisions on specific matters or transactions under new revenue standard, such as principal versus agent considerations, sale with a right of return, advance receipts, etc.

— Under new revenue standard, the Group presents a contract liability in the balance sheet based on the relationship between the Group's performance and the customer's payment. At the same time, the Group provides more disclosures on revenue and related information based on the disclosure requirements under new revenue standard, such as relevant accounting policies, significant judgments (measurement of variable consideration, the method used to allocate the transaction price to each performance obligation, the assumption used for estimating stand-alone selling price of each performance obligation, etc.), information of contracts with customers (revenue recognised in current period, contract balance, performance obligation, etc.), information of assets related to contract costs, etc.

The effect of adopting new revenue standard on the Group's accounting policies are as follows:

— For road passenger transportation and auxiliary services, under old revenue standard, revenue was recognised when the services are rendered. Under new revenue standard, the Group recognises revenue when transportation services are provided to customers and the passengers are carried to the designated locations.

— For sales of convenience store goods, petroleum and gasoline, under old revenue standard, revenue was recognised when the customer accepted the goods and the related risks and rewards of ownership transferred. Under new revenue standard, customers obtain control of convenience store goods, petroleum and gasoline when the goods are delivered to and have been accepted by the customers, customers has a present obligation to payment. Revenue is recognised at that point in time.

— For Taiping interchange asset operation revenue, under old revenue standard, revenue was recognised according to the period and method of charging as stipulated in the relevant contracts or agreements. Under new revenue standard, the Group completes the provision of service when vehicle pay the fee and pass through Taiping interchange and revenue is recognised at the same time.

— For sales of construction materials, under old revenue standard revenue was recognised when the customer accepted the goods and the related risks and rewards of ownership transferred. Under new revenue standard, customers obtain control of construction materials when the goods are delivered to designated locations and accepted. Revenue is recognised at that point in time.

— The effects on each of the line items in the consolidated balance sheet at 30 June 2018 are analysed as follows:

	Adoption of revised accounting policies increase / (decrease) the amount of the current financial statement items
	RMB
Liabilities:	
Advances from customers	(28,219,426.46)
Contract liabilities	28,219,426.46

— Changes of the above accounting policies have no significant effect on the line items on the consolidated income statement for the six months period ended 30 June 2018 and equity as at 31 December 2017.

(ii) **New financial instruments standards**

The new financial instruments standards revise CAS No.22 - Financial instruments: Recognition and measurement, CAS No.23 - Transfer of Financial assets and CAS No.24 - Hedging issued by the MOF in 2006 and CAS No.37 - Presentation and Disclosures of Financial Instruments (collecting the "old financial instruments standards").

The Group adopted the new financial instruments standards from 1 January 2018 and made an election to restate the comparative information.

The new financial instruments standards contain three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under the new financial instruments standards is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The new financial instruments standards cancel the previous categories of held to maturity investments, loans and receivables and available for sale financial assets under the old financial instruments standards. Under the new financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of new financial instruments standards does not have a significant impact on the Group's accounting policies for financial liabilities.

The Group did not have any financial asset or financial liability measured at FVTPL at 1 January 2018. The Group designated the investments in other equity instruments at FVOCI.

The new financial instruments standards replace the "incurred loss" model in the old financial instruments standards with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in the old financial instruments standards.

The Group applies the new ECL model to the following items:

— financial assets measured at amortised cost; and

— lease receivables.

The new ECL model does not apply to investments in equity instruments.

The following table reconciles the closing loss allowance determined in accordance with the old financial instruments standards as at 1 January 2017 and 1 January 2018 with the opening loss allowance determined in accordance with the new financial instruments standards.

	As at 1 January 2018	**As at 1 January 2017**
Loss allowance under the old financial instruments standards	**RMB**	*RMB*
— Accounts receivable	64,138,071.36	69,916,406.03
— Other receivables	69,193,989.70	62,587,098.56
Subtotal	133,332,061.06	132,503,504.59
Adjustment on initial application of the new financial instruments standards	**RMB**	*RMB*
— Accounts receivable	49,430,122.66	29,209,603.32
— Other receivables	11,718,564.72	22,894,695.86
Subtotal	61,148,687.38	52,104,299.18
Loss allowance of accounts receivable and other receivables of Meizhou Yueyun Vehicles Transportation Company Limited and its subsidiaries ("Meizhou Yueyun Group") acquired through business combination under common control that has adopted the Group's accounting policy applied from 1 January 2018	**RMB**	*RMB*
— Accounts receivable	821,754.72	695,037.72
— Other receivables	4,693,921.93	6,561,874.40
Subtotal	5,515,676.65	7,256,912.12
Loss allowance under the new financial instruments standards	**RMB**	*RMB*
— Accounts receivable	114,389,948.74	99,821,047.07
— Other receivables	85,606,476.35	92,043,668.82
Total	199,996,425.09	191,864,715.89

The Group has applied the classification and measurement requirements (including impairment) of the new financial instruments standards retrospectively to the items under certain specific circumstances in accordance with the transition requirements, and comparative information has been restated. The following tables provide the impact on the Group's net profit for the six months ended 30 June 2017 and the Group's shareholders' equity at the beginning and the end of the year 2017 (the impact in relation with adjustments arising from business combinations under common control has been accounted for in the net profit and equity before adjustment):

	For the six months ended 30 June 2017	**2017**	**2017**
	Net profit	**Ending balance of equity**	**Opening balance of equity**
	Increase / (decrease)	*Increase / (decrease)*	*Increase / (decrease)*
	RMB	*RMB*	*RMB*
Net profit and equity before adjustment	278,405,544.49	3,723,905,530.74	3,525,391,390.52
Accounting policy change:			
New financial instruments standards	(7,002,126.17)	(45,665,962.13)	(39,355,697.63)
Net profit and equity after adjustment	271,403,418.32	3,678,239,568.61	3,486,035,692.89

(iii) **CAS Bulletins No.9-12**

The Group has reviewed the relevant accounting policies in accordance with the requirements related to the accounting of net investment losses under equity method, the depreciation and amortisation methods of fixed assets and intangible assets and the related party identification and disclosure of key management personnel services of CAS Bulletins No.9-12.

The adoption of CAS Bulletins No.9-12 does not have material impact on the financial position and financial performance of the Group.

(iv) **Presentation of financial statements**

The Group has prepared financial statements for the period ended 30 June 2018 in accordance with the presentation format of the financial statements specified in Caikuai [2018] No.15. The Group has applied the new presentation requirements retrospectively (see Note 25).

Affected assets and liabilities items in the consolidated balance sheet as at 31 December 2017:

The amount recorded in "Bills receivable" and "Accounts receivable" is now recorded in "Bills and accounts receivable";

The amount recorded in "Interest receivable", "Dividends receivable" and "Other receivables" is now recorded in "Other receivables";

The amount recorded in "Bills payable" and "Accounts payable" is now recorded in "Bills and accounts payable"; and

The amount recorded in "Interest payable", "Dividends payable" and "Other payables" is now recorded in "Other payables".

Affected income and expenses items in the consolidated income statement for the six-month period ended 30 June 2017:

The research and development expense recorded in "General and administrative expenses" is now recorded separately as "Research and development expense".

Considering the change of the accounting policy and the presentation of financial statements, the adjusted consolidated balance sheet as at 31 December 2017 and the consolidated income statement for the six months ended 30 June 2017 are shown in Note 25.

3 Business combinations and consolidated interim financial report

(1) Subsidiaries acquired through establishment or investment during the period

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Period end actual investment	Share holding percentage	Voting rights percentage
						RMB	*RMB*	%	%
1	Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	18,000,000.00	9,180,000.00	51	51

(2) **Subsidiaries acquired through business combination not under common control during the period**

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Period end actual investment	Share holding percentage	Voting rights percentage
						RMB	*RMB*	*%*	*%*
1	Meizhou Yueyun Vehicles Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	38,000,000.00	38,000,000.00	100	100
2	Meizhou Vehicles Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	4,500,000.00	4,500,000.00	100	100
3	Xingning Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	4,000,000.00	4,000,000.00	100	100
4	Dapu Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	3,200,000.00	3,200,000.00	100	100
5	Wuhua Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	4,500,000.00	4,500,000.00	100	100
6	Pingyuan Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	3,200,000.00	3,200,000.00	100	100
7	Jiaoling Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	2,600,000.00	2,600,000.00	100	100
8	Meizhou Jiangnan Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	2,000,000.00	2,000,000.00	100	100
9	Meizhou Vehicle Materials Supply Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Rentals of property and sales of goods	1,000,000.00	1,000,000.00	100	100
10	Dapu Yueyun Motor Inspection Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Vehicle inspection	5,000,000.00	2,550,000.00	51	51

(3) **Business combinations involving enterprises under common control during the period**

According to the asset swap agreement the Group entered into with Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management"), a subsidiary of Guangdong Provincial Communication Group Company Limited ("GCGC"), on 21 December 2017 (the "Asset Swap Agreement"), the Group agreed to sell and Yueyun Investment Management agreed to acquire 100% equity of the Group's subsidiary, Guangdong South China Logistics Enterprise Company Limited and its subsidiaries ("South China Logistics Enterprise Group") at a consideration of RMB 314,467,600.00, which shall be satisfied by Yueyun Investment Management by way of transferring to the Group 100% equity of Meizhou Yueyun Group at a consideration of RMB 286,087,600.00, and payment of RMB 28,380,000.00 in cash representing the difference. The cash consideration was settled in May 2018. On 30 March 2018, the transaction was completed. The above entities involved in the transaction are all ultimately controlled by GCGC, the parent company of the Company, both before and after the business combination, and the control is not transitory.

Meizhou Yueyun Group was established on 27 April 1982 in Meizhou City, Guangdong province, with its head office located in Meizhou City. Meizhou Yueyun Group is mainly engaged in providing road passenger transportation services.

Key financial information of Meizhou Yueyun Group is as follows:

	From 1 January 2018 to 30 March 2018 (combination date)
	RMB
Revenue	76,331,817.68
Net profit	5,282,794.19
Net cash inflow	6,381,022.17

The carrying amounts of the assets and liabilities are as follows:

	30 March 2018	31 December 2017
	RMB	*RMB*
Current assets	113,823,967.83	100,801,245.61
Non-current assets	318,126,267.41	314,440,023.90
Current liabilities	(144,628,541.90)	(144,737,132.98)
Non-current liabilities	(141,155,942.75)	(129,297,604.91)
Net assets	146,165,750.59	141,206,531.62
Less: Non-controlling interests	2,386,717.90	2,450,270.34
Net assets acquired	143,779,032.69	138,756,261.28

(4) **Former subsidiaries that ceased to be consolidated during the period**

As mentioned in Note 3(3), according to the Asset Swap Agreement, the Company completed the assets swap with Yueyun Investment Management on 30 March 2018. Accordingly, the Group has lost the control over South China Logistics Enterprise Group. The impact on the shareholder's equity totalling RMB 295,009,447.52 arising from the assets swap was recorded in the consolidated financial statements by offsetting capital reserve by RMB 196,713,383.50, surplus reserve by RMB 9,829,606.40 and retained earnings by RMB 88,466,457.62, respectively. The decreases of fixed assets, intangible assets and deferred income arising from the assets swap were disclosed in Note 5,6 and 16, respectively.

Chaozhou City Yueyun Motor Transportation Co., Ltd., a subsidiary of the Group, was deregistrated on 12 January 2018. Its operating results and cash flows before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow for the six months ended 30 June 2018.

4 **Bills and accounts receivable**

		As at 30 June 2018 *RMB*	As at 31 December 2017 *RMB* (Restated)
Bills receivable	Note (1)	**550,738.40**	36,505,607.26
Accounts receivable	Note (2)	**511,969,211.60**	837,980,469.99
Total		**512,519,950.00**	874,486,077.25

(1) **Bills receivable**

(a) Classification of bills receivable：

	As at 30 June 2018 *RMB*	As at 31 December 2017 *RMB*
Bank acceptance bills	**550,738.40**	36,505,607.26

(b) The Group had no undue pledged or discounted bank acceptance bills, undue endorsed bank acceptance bills or bills receivable unfulfilled by the drawer that were transferred to accounts receivable at 30 June 2018 and 31 December 2017. The above bills receivable would be due within 12 months.

(2) **Accounts receivable**

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

Ageing	**As at 30 June 2018** *RMB*	As at 31 December 2017 *RMB* (Restated)
Within 3 months (inclusive)	**377,735,662.22**	699,313,041.91
Over 3 months and within 6 months (inclusive)	**60,427,751.71**	46,185,762.43
Over 6 months and within 1 year (inclusive)	**59,660,998.61**	40,365,403.58
Over 1 year and within 2 years (inclusive)	**20,447,484.28**	25,854,291.48
Over 2 years and within 3 years (inclusive)	**8,588,556.04**	14,090,448.43
Over 3 years	**38,534,015.54**	126,561,470.90
Subtotal	**565,394,468.40**	952,370,418.73
Less: Provisions for bad and doubtful debts	**(53,425,256.80)**	(114,389,948.74)
Total	**511,969,211.60**	837,980,469.99

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

(b) 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 aging 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 transportation and other service, service zone operation and constructions materials supply for the purpose of measuring ECLs.

		As at 30 June 2018		As at 31 December 2017	
			Provisions for		Provisions for
	ECL	**Book value**	**bad debts**	Book value	bad debts
		RMB	**RMB**	RMB	RMB
				(Restated)	(Restated)
Road transportation and other service					
Within one year (inclusive)	5%	**263,024,976.36**	**(13,151,248.82)**	189,477,251.04	(9,473,862.54)
Over 1 year and within 2 years (inclusive)	35%	**6,725,770.80**	**(2,354,019.78)**	7,643,163.59	(2,675,107.26)
Over 2 years and within 3 years (inclusive)	50%	**3,650,280.84**	**(1,825,140.42)**	4,632,971.43	(2,316,485.72)
Over 3 years	100%	**4,468,428.59**	**(4,468,428.59)**	4,332,108.06	(4,332,108.06)
Subtotal		**277,869,456.59**	**(21,798,837.61)**	206,085,494.12	(18,797,563.58)
Service zone operation					
Within one year (inclusive)	5%	**60,089,241.00**	**(3,004,462.04)**	60,866,996.95	(3,043,349.85)
Over 1 year and within 2 years (inclusive)	10%	**2,291,111.17**	**(229,111.12)**	897,130.03	(89,713.00)
Over 2 years and within 3 years (inclusive)	30%	**1,236,670.29**	**(371,001.09)**	855,324.90	(256,597.47)
Over 3 years	50%	**21,998.00**	**(10,999.00)**	21,998.00	(10,999.00)
Subtotal		**63,639,020.46**	**(3,615,573.25)**	62,641,449.88	(3,400,659.32)
Constructions materials supply					
Within one year (inclusive)	5%	**174,710,195.18**	**(8,735,509.76)**	535,519,959.93	(26,775,998.00)
Over 1 year and within 2 years (inclusive)	10%	**11,430,602.31**	**(1,143,060.23)**	17,313,997.86	(1,731,399.79)
Over 2 years and within 3 years (inclusive)	30%	**3,701,604.91**	**(1,110,481.47)**	8,602,152.10	(2,580,645.63)
Over 3 years	50%	**34,043,588.95**	**(17,021,794.48)**	122,207,364.84	(61,103,682.42)
Subtotal		**223,885,991.35**	**(28,010,845.94)**	683,643,474.73	(92,191,725.84)
Total		**565,394,468.40**	**(53,425,256.80)**	952,370,418.73	(114,389,948.74)

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.

(c) The analysis of the movements of credit loss for accounts receivable for the six months ended 30 June 2018 and the year ended 31 December 2017 is as follows:

	For the six months ended 30 June 2018 RMB	2017 RMB (Restated)
Adjusted balance at the beginning of the period / year	**(114,389,948.74)**	(99,821,047.07)
Reversal / (addition) during the period/year	**32,318,700.98**	(14,586,741.94)
Written-off during the period / year	**428,407.89**	14,602.80
Decrease resulting from consolidation scope change	**28,217,583.07**	3,237.47
Balance at the end of the period / year	**(53,425,256.80)**	(114,389,948.74)

5 Fixed assets

	Note	Buildings and structures	Building improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Pier	Total
		RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Cost								
Balance as at 31 December 2017 (Restated)		1,129,429,204.07	161,095,431.67	140,099,276.34	297,653,734.81	3,184,110,933.51	90,628,461.88	5,003,017,042.28
Additions during the period								
Purchases		757,394.36	129,928.20	2,225,534.76	12,942,151.94	117,582,586.97	—	133,637,596.23
Transferred from construction in progress		33,787,104.51	489,933.83	5,898,753.54	2,964,688.14	193,259,289.69	—	236,399,769.71
Transferred from investment properties		41,121,629.77	—	—	—	—	—	41,121,629.77
Foreign currency financial statement translation differences		262,858.05	—	8,999.84	52,667.20	1,984,736.13	—	2,309,261.22
Deductions during the period								
Disposals during the period		(1,501,127.64)	(1,349,713.05)	(497,659.85)	(3,009,350.79)	(81,184,541.02)	—	(87,542,392.35)
Deductions resulting from consolidation scope change	3(4)	(15,012,160.91)	—	(78,849,989.91)	(3,117,961.56)	(7,326,759.68)	(90,628,461.88)	(194,935,333.94)
Balance as at 30 June 2018		1,188,844,902.21	160,365,580.65	68,884,914.72	307,485,929.74	3,408,426,245.60	—	5,134,007,572.92
Accumulated depreciation								
Balance as at 31 December 2017 (Restated)		(295,715,741.02)	(106,168,967.38)	(67,153,873.43)	(196,715,702.91)	(1,637,287,164.45)	(12,864,878.41)	(2,315,906,327.60)
Charges during the period		(21,752,722.21)	(6,148,223.88)	(3,873,284.99)	(17,585,130.49)	(215,336,485.19)	(632,010.87)	(265,327,857.63)
Transferred from investment properties		(11,212,481.34)	—	—	—	—	—	(11,212,481.34)
Foreign currency financial statement translation differences		(103,606.54)	—	(8,784.86)	(42,469.50)	(1,561,717.65)	—	(1,716,578.55)
Written off on disposal		425,459.81	—	101,371.46	2,028,064.70	75,188,682.18	—	77,743,578.15
Deductions resulting from consolidation scope change	3(4)	4,932,174.29	—	43,506,179.05	2,010,854.98	5,500,549.05	13,496,889.28	69,446,646.65
Balance as at 30 June 2018		(323,426,917.01)	(112,317,191.26)	(27,428,392.77)	(210,304,383.22)	(1,773,496,136.06)	—	(2,446,973,020.32)

	Note	Buildings and structures	Building improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Pier	Total
		RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Provision for impairment								
Balance as at 31 December 2017 (Restated)		—	—	—	—	(3,421,457.35)	—	(3,421,457.35)
Charges during the period		—	—	—	—	(665,909.49)	—	(665,909.49)
Balance as at 30 June 2018		—	—	—	—	(4,087,366.84)	—	(4,087,366.84)
Carrying amount								
As at 30 June 2018		865,417,985.20	48,048,389.39	41,456,521.95	97,181,546.52	1,630,842,742.70	—	2,682,947,185.76
As at 31 December 2017 (Restated)		833,713,463.05	54,926,464.29	72,945,402.91	100,938,031.90	1,543,402,311.71	77,763,583.47	2,683,689,257.33

As at 30 June 2018, the original cost of fixed assets that were fully depreciated but were still in use was RMB 1,096,267,699.70 (31 December 2017: RMB 952,837,556.35).

As at 30 June 2018, fixed assets with carrying amount of RMB 231,915,656.44 (31 December 2017: RMB234,116,525.15) were pledged for bank borrowings, among which, RMB 213,924,069.83 were pledged for long-term loans (31 December 2017: RMB 229,898,197.63) and RMB 17,991,586.61 were pledged for short-term loans (31 December 2017: RMB 4,218,327.52). As at 30 June 2018, transportation vehicles with carrying amount of RMB201,464,603.69 were pledged for obligations under finance lease, and these transportation vehicles were acquired under finance leases (31 December 2017: RMB133,688,369.79). As at 30 June 2018, there were no other restricted fixed assets of the Group.

On 30 June 2018, the buildings and structures in Guangzhou, Qingyuan, Foshan, Shaoguan, Zhaoqing, Shanwei, Shenzhen, Meizhou and Heyuan etc. have not yet obtained the certificates or titles. As at 30 June 2018, the carrying amount of such buildings was RMB 382,669,619.14 (31 December 2017: RMB 380,163,078.44).

6 Intangible assets

	Land use rights	Joint operation earning rights	Computer software	Coastline use right	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights	Others	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Cost									
Balance as at 31 December 2017 (Restated)	906,032,799.29	42,747,190.60	46,389,899.40	7,110,000.00	25,263,172.95	387,478,456.26	207,336,494.78	4,316,379.48	1,626,674,392.76
Additions during the period	5,998,237.08	—	838,126.80	—	3,861,700.00	—	—	—	10,698,063.88
Transferred from construction in progress	—	—	1,497,398.06	—	—	—	—	—	1,497,398.06
Transferred from investment properties during the period	27,863,138.55	—	—	—	—	—	—	—	27,863,138.55
Foreign currency financial statement translation differences	318,365.22	—	—	—	233,858.77	—	—	—	552,223.99
Disposal during the period	(3,962,918.82)	—	—	—	—	—	—	—	(3,962,918.82)
Deductions resulting from consolidation scope change	(97,676,190.69)	—	(2,196,666.66)	(7,110,000.00)	—	—	—	(70,000.00)	(107,052,857.35)
Balance as at 30 June 2018	838,573,430.63	42,747,190.60	46,528,757.60	—	29,358,731.72	387,478,456.26	207,336,494.78	4,246,379.48	1,556,269,441.07

	Land use rights	Joint operation earning rights	Computer software	Coastline use right	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights	Others	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Accumulated amortisation									
Balance as at 31 December 2017 (Restated)	(132,875,365.28)	(11,705,340.51)	(25,878,967.55)	(1,626,255.33)	—	(230,675,249.71)	(94,514,753.77)	(1,106,871.50)	(498,382,803.65)
Charges during the period	(9,429,731.84)	(975,445.04)	(2,640,938.05)	(38,816.55)	—	(9,063,990.18)	(9,642,402.39)	(104,858.28)	(31,896,182.33)
Transferred from investment properties during the period	(3,345,142.56)	—	—	—	—	—	—	—	(3,345,142.56)
Foreign currency financial statement translation differences	(108,573.88)	—	—	—	—	—	—	—	(108,573.88)
Disposal during the period	786,293.33	—	—	—	—	—	—	—	786,293.33
Deductions resulting from consolidation scope change	22,753,003.28	—	1,246,025.64	1,665,071.88	—	—	—	70,000.00	25,734,100.80
Balance as at 30 June 2018	(122,219,516.95)	(12,680,785.55)	(27,273,879.96)	—	—	(239,739,239.89)	(104,157,156.16)	(1,141,729.78)	(507,212,308.29)
Carrying amount									
As at 30 June 2018	716,353,913.68	30,066,405.05	19,254,877.64	—	29,358,731.72	147,739,216.37	103,179,338.62	3,104,649.70	1,049,057,132.78
As at 31 December 2017 (Restated)	773,157,434.01	31,041,850.09	20,510,931.85	5,483,744.67	25,263,172.95	156,803,206.55	112,821,741.01	3,209,507.98	1,128,291,589.11

As at 30 June 2018, land use rights with carrying amount of RMB 79,110,534.72 (31 December 2017: RMB 79,365,456.38) were obtained through allocation. As the certificates of title did not stipulate useful life, these land use rights had not been amortised.

As at 30 June 2018, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB 99,896,491.06 (31 December 2017: RMB 108,352,067.98) was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Group as mentioned in Note 11. In addition, land use rights with carrying amount of RMB 190,651,887.93 (31 December 2017: RMB 111,271,971.25) were pledged for bank loans, among which, RMB 174,842,182.58 were pledged for long-term loans (31 December 2017: RMB 110,816,421.67), RMB 15,809,705.35 were pledged for short-term loans (31 December 2017: RMB 455,549.58), and RMB 1,025,674.00 were pledged for long-term payable (31 December 2017: RMB 1,025,674.00). As at 30 June 2018, there was no other restricted intangible assets of the Group.

As at 30 June 2018, the carrying amount of the land use rights located in Qingyuan, Meizhou, Shanwei and Shaoguan etc. without certificates or titles was RMB 16,152,271.43 (31 December 2017: RMB 12,880,143.90).

7 Short-term loans

		As at 30 June 2018 RMB	As at 31 December 2017 RMB (Restated)
Unsecured loans		**25,000,000.00**	161,000,000.00
Including: Loans from banks		**10,000,000.00**	98,000,000.00
Loans from GCG Finance		**15,000,000.00**	63,000,000.00
Loans secured by mortgages	Note 1	**30,000,000.00**	5,000,000.00
Loans secured by letter of credit	Note 2	**—**	51,806,642.67
Total	Note 3	**55,000,000.00**	217,806,642.67

Note 1: As at 30 June 2018, fixed assets with carrying amount of RMB 17,991,586.61 and intangible assets with carrying amount of RMB 15,809,705.35 were pledged for loans secured by mortgages. As at 31 December 2017, fixed assets with carrying amount of RMB 4,218,315.52 and intangible assets with carrying amount of RMB 455,549.58 were pledged for loans secured by mortgages.

Note 2: As at 31 December 2017, the loans from HSBC Bank were secured by the letter of credit issued by the Company to its subsidiary, Yueyun Transportation (HK) Company Limited. The principal of the loans was exchanged to RMB 51,806,642.67 and the loan period was 60 days.

Note 3: As at 30 June 2018, the Group's short-term loans were borrowings from banks and other financial institutions within 1 year, which bear interest rates ranging from 4.00% to 4.35% per annum (31 December 2017: 4.00% to 4.35% per annum). The Group had no overdue short-term loans as at 30 June 2018 (31 December 2017: Nil).

8 Bills and accounts payable

		As at 30 June 2018 RMB	As at 31 December 2017 RMB (Restated)
Bills payable	Note(1)	**72,508,360.00**	787,530,251.25
Accounts payable	Note(2)	**474,072,740.71**	854,672,300.91
Total		**546,581,100.71**	1,642,202,552.16

(1) Bills payable

	As at 30 June 2018 RMB	As at 31 December 2017 RMB *(Restated)*
Bank acceptance bills	**72,508,360.00**	787,530,251.25

The above bills payable are due within one year.

(2) **Accounts payable**

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

Ageing	**As at 30 June 2018 RMB**	As at 31 December 2017 RMB (Restated)
Within 3 months (inclusive)	**225,621,826.87**	500,071,668.52
Over 3 months and within 6 months (inclusive)	**64,141,796.97**	99,620,146.95
Over 6 months and within 1 year (inclusive)	**76,399,859.79**	164,014,436.38
Over 1 year and within 2 years (inclusive)	**59,260,692.03**	27,584,359.43
Over 2 years and within 3 years (inclusive)	**20,350,417.16**	13,357,963.84
Over 3 years	**28,298,147.89**	50,023,725.79
Total	**474,072,740.71**	854,672,300.91

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

	As at 30 June 2018 RMB	As at 31 December 2017 RMB (Restated)
Materials payable	**68,001,799.23**	244,100,282.11
Purchase and construction of long-term assets payable	**146,204,196.25**	362,693,151.75
Transportation fee payable	**141,090,949.34**	138,554,180.52
Contract payment for expressway service zone	**72,268,880.75**	49,261,897.33
Fuel expenses payable	**13,159,643.38**	10,211,115.00
Service fees	**15,036,631.07**	21,911,681.74
Others	**18,310,640.69**	27,939,992.46
Total	**474,072,740.71**	854,672,300.91

9 Non-current liabilities due within one year

	Note	**As at 30 June 2018 RMB**	As at 31 December 2017 RMB (Restated)
Long-term loans due within one year	10	**129,023,268.63**	71,688,121.58
Long-term payables due within one year		**85,025,920.47**	46,030,588.71
Deferred income due within one year		**44,184,240.63**	40,627,712.25
Total		**258,233,429.73**	158,346,422.54

10 Long-term loans

		As at 30 June 2018 RMB	As at 31 December 2017 RMB (Restated)
Unsecured loans		**538,274,039.52**	461,462,236.71
Including: Loans from banks		**32,274,039.52**	12,962,236.71
Loans from GCG Finance		**506,000,000.00**	448,500,000.00
Loans secured by mortgages	Note 1	**203,372,883.74**	168,301,017.89
Guaranteed loans	Note 2	**31,821,175.00**	—
Total	Note 3	**773,468,098.26**	629,763,254.60
Less: Long-term loans due within one year			
Including: Unsecured loans		**36,912,477.23**	18,088,760.55
Loans secured by mortgages		**78,650,091.40**	53,599,361.03
Guaranteed loans		**13,460,700.00**	—
Sub-total (Note 9)		**129,023,268.63**	71,688,121.58
Long-term loans due after 1 year		**644,444,829.63**	558,075,133.02
Including: Due after 1 year but within 2 years		**263,344,443.81**	211,716,083.87
Due after 2 years but within 5 years		**381,100,385.82**	346,359,049.15

Note 1: For the details of assets pledged for secured loans, please refer to Note 5 and 6.

Note 2: As at 30 June 2018, the Group's guaranteed loans were from the subsidiary Foshan City Yueyun Public Transportation Co., Ltd., which are guaranteed by Zhengzhou Anchi Bonding Co. Ltd.

Note 3: As at 30 June 2018, the Group's long-term loans were borrowings from banks and other financial institutions with interest rates ranging from 4.28% to 5.23% per annum (31 December 2017: 4.28% to 4.90% per annum). The Group did not have any expired but outstanding long-term loans as at 30 June 2018 (31 December 2017: Nil).

11 Bonds payable

Item	Face value	Issue date	Period	Issuing amount	Carrying amount as at 1 January 2018	Amortisation for the period	Carrying amount as at 30 June 2018
	RMB	*RMB*	*RMB*	*RMB*	*RMB*		
2014 corporate bond (first phase)	400,000,000.00	28/09/2015	7 years	400,000,000.00	397,425,573.18	246,672.84	397,672,246.02
2014 corporate bond (second phase)	380,000,000.00	17/12/2015	5 years	380,000,000.00	377,885,243.01	338,730.99	378,223,974.00
Total	780,000,000.00			780,000,000.00	775,310,816.19	585,403.83	775,896,220.02

The bonds are long-term bonds issued by the Company with the Morgan Stanley Huaxin Securities Company Limited as a lead underwriter. Relevant interest is calculated and paid annually at a coupon rate of 4.20% and 3.58% per annum respectively and the principal will be returned upon maturity. 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.

12 **Retained earnings**

	Note	For the six months ended 30 June 2018 RMB	2017 RMB (Restated)
Retained earnings at the beginning of the period		**1,275,233,926.21**	994,629,115.47
Add: Net profit attributable to the shareholders of the Company for the period		**208,656,715.28**	227,311,394.95
Less: Final dividends in respect of the previous financial year, approved and declared during the interim period	Note 1	**(127,975,648.00)**	(103,980,214.00)
Business combinations involving enterprises under common control	3(3)	**(88,466,457.62)**	—
Retained earnings at the end of the period	Note 2	**1,267,448,535.87**	1,117,960,296.42
Including: Interim dividend approved and declared after the balance sheet date of the interim period	Note 3	**—**	—

Note 1: A final dividend of RMB 0.16 per share (tax included) for year 2017 was approved for distribution by shareholders at the Annual General Meeting held on 19 June 2018. The total amount of 2017 final dividend was RMB 127,975,648.00, calculated based on the total number of shares of 799,847,800 (corresponding period in 2017: RMB 0.13 per share (tax included), amounting to RMB 103,980,214.00 in total).

Note 2: As at 30 June 2018, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB 350,093,167.00 (31 December 2017: RMB 384,074,771.46).

Note 3: The Board does not recommend distribution of an interim dividend for the period (corresponding period in 2017: Nil).

13 Financial expenses

		For the six months ended 30 June	
		2018	2017
		RMB	*RMB*
			(Restated)
Interest expenses from loans and bonds		**34,671,095.53**	29,459,635.10
Including: Interest expenses from loans	Note 1	**31,766,878.18**	26,701,544.25
Less: Borrowing costs capitalised	Note 2	**2,904,217.35**	2,758,090.85
Net interest expenses		**31,766,878.18**	26,701,544.25
Less: Interest income		**10,756,159.67**	8,013,716.42
Net exchange gains		**(1,698,980.86)**	(661,443.53)
Amortisation of unrecognised financial charges		**8,129,547.23**	2,911,909.82
Others		**4,419,895.77**	3,902,431.24
Total		**31,861,180.65**	24,840,725.36

Note 1: Interest expenses related to bank loans of the Group for current period due within 5 years were RMB 16,017,263.21 (corresponding period in 2017: RMB 10,974,953.74). Interest expenses related to other borrowings were RMB 15,749,614.97 (corresponding period in 2017: RMB 15,726,590.51).

Note 2: Capitalised interest expenses of the Group for current period were RMB 2,904,217.35 (corresponding period in 2017: RMB 2,758,090.85).

14 Impairment losses

	Note	For the six months ended 30 June	
		2018	2017
		RMB	*RMB*
			(Restated)
Fixed assets	5	**665,909.49**	2,561,614.82
Other non-current assets		**2,383,522.75**	—
Total		**3,049,432.24**	2,561,614.82

15 (Reversal) / accrual of credit losses

	For the six months ended 30 June	
	2018	2017
	RMB	*RMB*
		(Restated)
Accounts receivable	**(32,318,700.98)**	10,226,226.55
Other receivables	**(15,646,955.75)**	3,129,804.73
Total	**(47,965,656.73)**	13,356,031.28

16 **Government grants**

Other income

		For the six months ended 30 June	
		2018	2017
		RMB	*RMB*
			(Restated)
Government grants related to assets	Note (1)	**21,566,599.85**	25,950,402.27
Government grants related to income	Note (2)	**84,274,743.62**	14,037,218.07
Total		**105,841,343.47**	39,987,620.34

Non-operating income

	For the six months ended 30 June	
	2018	2017
	RMB	*RMB*
		(Restated)
Government grants related to income	**1,394,597.83**	3,925,374.53

(1) **Government grants related to assets**

Government grants of the Group that are related to assets during this period are summarised as follows:

Items	Balance of deferred income at the beginning of the period	Additions during the period	Recognition as other income	Deductions resulting from consolidation scope change	
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(Restated)			*Note 3(4)*	
Subsidies for vehicles replacement	9,114,304.74	1,451,173.98	1,107,515.66	—	9,457,963.06
Subsidies for station renovation	85,799,099.98	1,700,000.00	3,568,551.13	1,883,333.45	82,047,215.40
Tax subsidies for vehicle purchase	13,714,643.27	—	239,671.77	—	13,474,971.50
Subsidies of procurement of new energy vehicles	142,418,510.41	—	16,519,112.99	—	125,899,397.42
Other subsidies related to assets	5,034,073.48	376,750.00	131,748.30	705,555.75	4,573,519.43
Total	256,080,631.88	3,527,923.98	21,566,599.85	2,588,889.20	235,453,066.81

(2) **Government grants related to income**

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

Impact on income statement items

(a) **Offsetting against operation costs:**

Items	For the six months ended 30 June **2018**	2017
	RMB	*RMB*
Fuel subsidies	**46,909,583.69**	46,555,771.33

(b) **Recognising as other income:**

Items	For the six months ended 30 June 2018	2017
	RMB	*RMB*
		(Restated)
Subsidies for operation of bus lines	**22,197,416.29**	11,433,112.20
Subsidies for operation of new energy vehicles	**57,779,488.72**	—
Subsidies of elderly concessionary travel card	**3,296,638.59**	2,604,105.87
Other subsidies	**1,001,200.02**	—
Total	**84,274,743.62**	14,037,218.07

(c) **Recognising as non-operating income:**

Items	For the six months ended 30 June 2018	2017
	RMB	*RMB*
		(Restated)
Subsidies for vehicle disposals	**1,102,283.20**	2,386,941.92
Other subsidies	**292,314.63**	1,538,432.61
Total	**1,394,597.83**	3,925,374.53

17 Investment income

	For the six months ended 30 June	
	2018	2017
	RMB	*RMB*
		(Restated)
Income from investments using equity method	**22,616,451.30**	25,330,778.79
Others	**(222,672.56)**	(229,690.69)
Total	**22,393,778.74**	25,101,088.10

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

18 Gains from asset disposals

	For the six months ended 30 June	
	2018	2017
	RMB	*RMB*
		(Restated)
Gains on disposals of fixed assets	**262,810.93**	115,962.56
Losses on disposals of other non-current assets	**—**	(2,040.00)
Total	**262,810.93**	113,922.56

19 Non-operating income

	For the six months ended 30 June	
	2018	2017
	RMB	*RMB*
		(Restated)
Gains on disposal of non-current assets	**384,519.47**	358,271.69
Government grants	**1,394,597.83**	3,925,374.53
Others	**2,519,489.37**	4,085,745.23
Total	**4,298,606.67**	8,369,391.45

20 Income tax expenses

	For the six months ended 30 June	
	2018	2017
	RMB	*RMB*
		(Restated)
Current tax expenses for the period based on tax law and regulations	**73,369,346.71**	102,684,684.57
Changes in deferred tax	**12,281,249.05**	(1,260,837.54)
Adjustment of tax filing differences	**(604,197.20)**	(601,151.02)
Total	**85,046,398.56**	100,822,696.01

21 **Earnings per share**

(1) **Basic earnings per share**

Basic earnings per share is calculated by dividing the net 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	
	2018	2017
	RMB	*RMB*
		(Restated)
Net profit attributable to shareholders of the Company	**208,656,715.28**	227,311,394.95
Weighted average number of ordinary shares in issue during the period	**799,847,800.00**	799,847,800.00
Basic earnings per share (RMB / share)	**0.26**	0.28

(2) **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 2018 and 2017.

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. In corresponding period of 2017, the operations of the Group were classified into three segments, including travel services, material logistics and resources development. For the convenience of comparison, the comparative information of segment reporting has been restated in accordance with the classification of current period.

(1) Segment reporting

	Travel services	Material logistics	Other business	Inter-segment elimination	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
For the six months ended 30 June 2018					
Operating income					
External income	2,600,572,498.29	579,920,313.39	2,983,769.25	—	3,183,476,580.93
Inter-segment income	—	—	3,940,106.01	(3,940,106.01)	—
Total segment operating income	2,600,572,498.29	579,920,313.39	6,923,875.26	(3,940,106.01)	3,183,476,580.93
Total segment operating costs	2,087,455,109.56	534,533,399.22	3,217,736.93	(42,295.28)	2,625,163,950.43
Segment operating profit	247,778,349.83	74,380,267.97	521,063.36	(310,565.81)	322,369,115.35
For the six months ended 30 June 2017 (restated)					
Operating income					
External income	2,454,180,170.89	934,179,040.69	2,195,377.88	—	3,390,554,589.46
Inter-segment income	53,298.11	—	7,228,866.31	(7,282,164.42)	—
Total segment operating income	2,454,233,469.00	934,179,040.69	9,424,244.19	(7,282,164.42)	3,390,554,589.46
Total segment operating costs	1,809,754,607.98	836,421,996.00	5,276,738.55	(2,692,517.90)	2,648,760,824.63
Segment operating profit	300,336,505.84	66,301,129.39	743,727.30	(406,419.81)	366,974,942.72
As at 30 June 2018					
Total segment assets	10,580,383,243.99	52,294,046.53	40,966,930.98	(2,696,309,228.29)	7,977,334,993.21
Total segment liabilities	5,904,354,244.12	39,125,625.36	54,502,023.40	(1,532,660,039.42)	4,465,321,853.46
As at 31 December 2017 (restated)					
Total segment assets	9,938,794,750.34	2,308,397,745.71	39,435,337.21	(3,103,001,298.69)	9,183,626,534.57
Total segment liabilities	5,166,254,743.40	2,172,758,025.26	53,517,598.35	(1,887,143,401.05)	5,505,386,965.96

(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 RMB 128,741,583.16 in the current period (corresponding period in 2017: RMB 122,397,338.29). As at 30 June 2018, the Group's non-current assets held by the Hong Kong operations amounted to RMB 196,373,743.12 (31 December 2017: RMB 186,827,766.71).

(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 2017.

23 Net current assets

	As at 30 June 2018 RMB	As at 31 December 2017 RMB (Restated)
Current assets	**2,707,685,981.20**	3,751,259,482.51
Less: Current liabilities	**2,083,192,344.74**	3,274,756,732.18
Net current assets	**624,493,636.46**	476,502,750.33

24 Total assets less current liabilities

	As at 30 June 2018 RMB	As at 31 December 2017 RMB (Restated)
Total assets	**7,977,334,993.21**	9,183,626,534.57
Less: Current liabilities	**2,083,192,344.74**	3,274,756,732.18
Total assets less current liabilities	**5,894,142,648.47**	5,908,869,802.39

25 Comparative figures

As described in Note 2, the Group has changed certain accounting policies and made retrospective adjustments to comparative figures where required. Also, the Group adjusted the presentation of the financial statements according to Caikuai[2018] No.15. In addition, as described in Note 3, the Group incurred business combination under common control during the period and made retrospective adjustments to the comparative figures as required. The impact of the above adjustments on the comparative figures is shown as below:

	As at 31 December 2017	Effect of business combination under common control	Effect of new financial instruments standards	Change of presentation of financial statements	As at 31 December 2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(before adjustments)				*(after adjustments)*
Assets					
Current Assets					
Cash at bank and on hand	1,813,515,419.32	62,838,709.18	—	—	1,876,354,128.50
Bills receivable	36,505,607.26	—	—	(36,505,607.26)	—
Accounts receivable**	875,843,821.09	11,566,771.56	(49,430,122.66)	(837,980,469.99)	—
Bills and accounts receivable	—	—	—	874,486,077.25	874,486,077.25
Prepayments	321,485,159.10	9,474,219.23	—	—	330,959,378.33
Interest receivable	21,570.80	—	—	(21,570.80)	—
Dividends receivable	1,086,686.22	—	—	(1,086,686.22)	—
Other receivables**	410,259,407.94	12,169,858.48	(11,718,564.72)	1,108,257.02	411,818,958.72
Inventories	187,571,174.06	2,663,976.73	—	—	190,235,150.79
Non-current assets due within one year	31,206,054.27	668,141.08	—	—	31,874,195.35
Other current assets	34,134,646.72	1,396,946.85	—	—	35,531,593.57
Total current assets	3,711,629,546.78	100,778,623.11	(61,148,687.38)	—	3,751,259,482.51

	As at 31 December 2017	Effect of business combination under common control	Effect of new financial instruments standards	Change of presentation of financial statements	As at 31 December 2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(before adjustments)				*(after adjustments)*
Non-current assets					
Available-for-sale financial assets*	563,228.22	—	(563,228.22)	—	—
Investments in other equity instruments*	—	—	563,228.22	—	563,228.22
Long-term receivables	4,269,811.62	2,760,344.05	—	—	7,030,155.67
Long-term equity investments	332,013,785.00	—	—	—	332,013,785.00
Investment properties	180,291,731.04	—	—	—	180,291,731.04
Fixed assets	2,519,529,158.69	164,160,098.64	—	—	2,683,689,257.33
Construction in progress	285,606,258.89	31,156,736.53	—	—	316,762,995.42
Intangible assets	1,040,801,632.40	87,489,956.71	—	—	1,128,291,589.11
Goodwill	104,166,326.02	—	—	—	104,166,326.02
Long-term deferred expenses	43,696,395.00	8,474,296.55	—	—	52,170,691.55
Deferred tax assets**	183,989,679.59	16,028,745.36	15,482,725.25	—	215,501,150.20
Other non-current assets	407,516,296.41	4,369,846.09	—	—	411,886,142.50
Total non-current assets	5,102,444,302.88	314,440,023.93	15,482,725.25	—	5,432,367,052.06
Total assets	8,814,073,849.66	415,218,647.04	(45,665,962.13)	—	9,183,626,534.57

	As at 31 December 2017	Effect of business combination under common control	Effect of new financial instruments standards	Change of presentation of financial statements	As at 31 December 2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(before adjustments)				*(after adjustments)*
Liabilities					
Current liabilities					
Short-term loans	212,806,642.67	5,000,000.00	—	—	217,806,642.67
Bills payable	780,735,011.25	6,795,240.00	—	(787,530,251.25)	—
Accounts payable	798,474,945.77	45,480,477.84	—	(843,955,423.61)	—
Bills and accounts payable	—	—	—	1,631,485,674.86	1,631,485,674.86
Advances from customers	193,104,445.83	3,396,679.21	—	—	196,501,125.04
Employee benefits payable	178,455,363.29	9,708,158.62	—	—	188,163,521.91
Taxes payable	170,184,925.85	4,739,571.19	—	—	174,924,497.04
Interest payable	5,381,992.32	98,588.73	—	(5,480,581.05)	—
Dividends payable	38,053,466.15	—	—	(38,053,466.15)	—
Other payables	590,839,790.22	62,438,133.40	—	43,534,047.20	696,811,970.82
Non-current liabilities due within one year	151,288,761.02	7,057,661.52	—	—	158,346,422.54
Total current liabilities	3,119,325,344.37	144,714,510.51	—	—	3,264,039,854.88
Non-current liabilities					
Long-term loans	500,075,133.02	58,000,000.00	—	—	558,075,133.02
Bonds payable	775,310,816.19	—	—	—	775,310,816.19
Long-term payables	154,168,357.56	11,000,000.00	—	—	165,168,357.56
Long-term employee benefits payable	150,336,775.00	30,933,969.39	—	—	181,270,744.39
Provisions	1,646,679.43	—	—	—	1,646,679.43
Deferred income	491,347,636.42	29,363,635.52	—	—	520,711,271.94
Deferred tax liabilities	28,447,231.25	—	—	—	28,447,231.25
Total non-current liabilities	2,101,332,628.87	129,297,604.91	—	—	2,230,630,233.78
Total liabilities	5,220,657,973.24	274,012,115.42	—	—	5,494,670,088.66

	As at 31 December 2017	Effect of business combination under common control	Effect of new financial instruments standards	Change of presentation of financial statements	As at 31 December 2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(before adjustments)				*(after adjustments)*
Shareholders' equity					
Share capital	799,847,800.00	—	—	—	799,847,800.00
Capital reserve	125,022,074.47	90,491,800.53	—	—	215,513,875.00
Other comprehensive income	(34,414,839.74)	—	—	—	(34,414,839.74)
Special reserve	33,262,879.58	939,735.79	—	—	34,202,615.37
Surplus reserve	177,615,970.29	9,052,464.30	—	—	186,668,434.59
Retained earnings**	1,290,311,300.48	38,272,260.69	(42,632,757.66)	—	1,285,950,803.51
Equity attributable to shareholders of the Company	2,391,645,185.08	138,756,261.31	(42,632,757.66)	—	2,487,768,688.73
Non-controlling interests	1,201,770,691.34	2,450,270.31	(3,033,204.47)	—	1,201,187,757.18
Total shareholders' equity	3,593,415,876.42	141,206,531.62	(45,665,962.13)	—	3,688,956,445.91
Total liabilities and shareholders' equity	8,814,073,849.66	415,218,647.04	(45,665,962.13)	—	9,183,626,534.57

* The effect of reclassification under new financial instrument standards, which representing to reclassify "Available-for-sale financial assets" to "Investment in other equity instruments".

** The effect of remeasurement under new financial instrument standards.

Note: Except for the above adjustments, according to the Material Supply Management Agreement between the Group and Guangdong Provincial Changda Highway Engineering Company Limited ("Guangdong Changda") on 29 May 2018, the Group shall pay Guangdong Changda the management fees for the provision of management services for supply of major materials in respect of Project Yunwu. The Group adjusted the balance for "Accounts payable"and "Retained earnings" as at 31 December 2017. The restated amount of "Bills and accounts payable" and "Retained earnings" as at 31 December 2017 was RMB1,642,202,552.16 and RMB1,275,233,926.21 respectively.

	For the six months ended 30 June 2017	Effect of business combination under common control	Effect of new financial instruments standards	Change of presentation of financial statements	For the six months ended 30 June 2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(before adjustments)				*(after adjustments)*
I. Operating income	3,232,036,937.10	158,517,652.36	—	—	3,390,554,589.46
Less: Operating costs	2,551,886,749.30	96,874,075.33	—	—	2,648,760,824.63
Taxes and surcharges	20,541,881.55	1,353,914.13	—	—	21,895,795.68
Selling and distribution expenses	38,940,794.60	—	—	—	38,940,794.60
General and administrative expenses	307,265,604.16	31,160,887.21	—	(827,348.44)	337,599,142.93
Research and development expenses	—	—	—	827,348.44	827,348.44
Financial expenses	22,396,261.63	2,444,463.73	—	—	24,840,725.36
Impairment (reversal) / losses	(2,033,724.50)	2,524,948.45	2,070,390.87	—	2,561,614.82
Accrual of credit losses	—	6,205,181.99	7,150,849.29	—	13,356,031.28
Add: Other income	39,074,699.65	912,920.69	—	—	39,987,620.34
Investment income	25,100,231.97	856.13	—	—	25,101,088.10
Gain from asset disposals	—	—	113,922.56	—	113,922.56
II. Operating profit	357,214,301.98	18,867,958.34	(9,107,317.60)	—	366,974,942.72
Add: Non-operating income	8,309,055.59	261,295.86	(200,960.00)	—	8,369,391.45
Less: Non-operating expenses	3,080,489.75	124,767.53	(87,037.44)	—	3,118,219.84
III. Profit before income tax	362,442,867.82	19,004,486.67	(9,221,240.16)	—	372,226,114.33
Less: Income tax expenses	97,118,822.76	5,922,987.24	(2,219,113.99)	—	100,822,696.01
IV. Net profit for the period	265,324,045.06	13,081,499.43	(7,002,126.17)	—	271,403,418.32
(1) Net profit classified by continuity					
1. Net profit from continuing operations	265,324,045.06	13,081,499.43	(7,002,126.17)	—	271,403,418.32
2. Net profit from discontinued operations	—	—	—	—	—
(2) Net profit classified by ownership					
1. Non-controlling interests	42,131,919.28	129,244.00	1,830,860.09	—	44,092,023.37
2. Shareholders of the Company	223,192,125.78	12,952,255.43	(8,832,986.26)	—	227,311,394.95

	For the six months ended 30 June 2017	Effect of business combination under common control	Effect of new financial instruments standards	Change of presentation of financial statements	For the six months ended 30 June 2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(before adjustments)				*(after adjustments)*
V. Other comprehensive income, net of tax					
Other comprehensive income, (net of tax) attributable to shareholders of the Company	(3,089,817.55)	—	—	—	(3,089,817.55)
(1) Items that will not be reclassified to profit or loss:					
1. Remeasurement of defined benefit plan	(45,562.16)	—	—	—	(45,562.16)
(2) Items that may be reclassified to profit or loss					
1. Translation differences arising from translation of foreign currency financial statements	(3,044,255.39)	—	—	—	(3,044,255.39)
Other comprehensive income (net of tax) attributable to non-controlling interests	(1,782,186.99)	—	—	—	(1,782,186.99)
VI. Total comprehensive income of the period	260,452,040.52	13,081,499.43	(7,002,126.17)	—	266,531,413.78
Attributable to:					
Shareholders of the Company	220,102,308.23	12,952,255.43	(8,832,986.26)	—	224,221,577.40
Non-controlling interests	40,349,732.29	129,244.00	1,830,860.09	—	42,309,836.38
VII. Earnings per share					
(I) Basic earnings per share	0.28	0.01	(0.01)	—	0.28
(II) Diluted earnings per share	0.28	0.01	(0.01)	—	0.28

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2018, changes in the domestic passenger road transportation market intensified the impact on the traditional passenger transportation industry. By following the "13th Five-Year" Strategic Development Plan as an action guideline, and adhering to the five key objectives of "adjusting the structure, changing the approaches, facilitating the reforms, emphasizing on management, and strengthening the Party", the Group practically adjusted the structure of passenger services available by focusing on satisfying the users' demand for travel services, accelerated the intensive growth of passenger business by focusing on further exploiting network resources and value, actively facilitated the transformation and upgrading of the integrated platform for comprehensive travel services by focusing on deepening the synergies among various businesses, and solidly improved the operational management efficiency by focusing on reinforcing the "Internet+" information technology construction.

The Group always focused on the core business of travel services, actively encouraged upgrading in consumption, highly emphasized on enhancing the development quality of the travel service industry, provided new driving forces continuously for the operational development of the Company by further developing the service zones and expanding the networks of "Yueyun Energy gas stations and "Yueyun Loyee" convenience stores, and promoted the transformation and upgrading of the travel service industry by adopting intelligent transportation means. The Group highly emphasized on capital operations, actively promoted the Company's return to the A share market and explored the new development mode driven by the "twin wheels" of "industry + capital".

The Group reinforced research on industry policies, proactively sought for support from government at all levels to transform and upgrade the travel service industry, actively promoted orderly competition and healthy development of the transport industry with a strong sense of social responsibility, and strived to provide more comfortable, convenient and fast travel services for the public. Meanwhile, control on the costs of operation and management was strengthened, budgetary management controls were fully imposed and cost structure was optimized to manage and improve the internal control system with a refined mechanism to prevent and eliminate risks. The Group made continuous efforts to achieve higher quality, more efficient, more equitable and more sustainable development.

Travel Services Segment

1. Road passenger transportation and auxiliary services

In response to changes in the travelling needs and forms, integrated operation of the passenger business was enhanced by fully utilizing the advantages of the network resources, exerting prominent efforts to adjust the business structure, optimizing and consolidating resources of traditional routes, adjusting and optimizing the structure of transportation capacities, as well as expanding charter coach business and customized routes in a multi-dimensional approach. By adhering to the development mode of "exploring the downstream market", continuous progress was made to reclaim contracted vehicles for self-operation, integrated development between urban and rural public transportation services was accelerated, urban and rural passenger transportation markets with higher potential were developed, micro-circular routes of road transportation were actively built for merging with the high-speed railway and air transportation segments. The policy of "One County One Target" for consolidation of transportation resources was actively promoted, and the new mode of operation through organic combination of franchised routes and areas was explored to enhance the comfort and convenience of travelling.

Through active participation in the construction of the integrated traffic and transportation network system in the Guangdong, Hong Kong and Macau Bay Area, and by capturing the opportunity of operation of the Hong Kong-Zhuhai-Macau Bridge, the auxiliary services and coordination of the Hong Kong-Zhuhai-Macau Bridge shuttle bus franchise project were prepared well, enabling early arrangement for building the cross-border platform to accelerate the development of cross-border travel service business and accelerated the replication of the "cross-border + domestic transportation" travel mode.

The structure of the terminal business was adjusted, full efforts were dedicated to build the "four-in-one" integrated service station at passenger terminals by exploring the innovative operation model of retail business, focusing on the standard construction of franchise, operation, management and control segments, and active efforts were made to explore transformation in community and cities. Upgrading of passenger terminals into tourist gathering and distribution centres was promoted, cooperation with travel agencies of local region and other provinces was enhanced and specific tourist routes were developed, overall planning was made to accelerate entry into the tourism market, the O2O business model of "transportation + tourism" was actively explored.

The Group initiated the construction of a platform for online booking of vehicles and for application of qualifications during the first half of the year, the organization method for travel service was optimized, and an application for certification of online service capability for nationwide services was submitted to the Transport Department of Guangdong Province. To implement the innovative model of "Internet + Transportation" actively, the Group strategically cooperated with Tencent Cloud to explore the use of mobile payment, big data, cloud computing and mobile internet to improve the intelligent travel solutions for realizing transformation and upgrading of "smart transportation", to the operating capability of internet platform and to provide differentiated travel services and products to meet market competition and challenges actively. The WeChat public platform of Yueyun Transport and the Yuexing (悦行) App were major platforms for marketing and promotion of the online transportation business. Online ticketing amount recorded significant growth. By focusing on user demand and diversifying marketing measures, the standard of user service was enhanced and consumption experience of users were optimized.

Guangdong Yueyun Traffic Rescue Co., Ltd., a subsidiary of the Group, is a leading vehicle rescue service unit in China. Through optimizing the establishment of the stations, improving online and offline expressway vehicle rescue service systems, creating high-standard, real-case simulated and multi-functional training sessions and trainng bases for rescue skills, reinforcing service and technological output, the branding effect was further enhanced, and it became a technical consulting partner unit designated by the Hong Kong-Zhuhai-Macau Bridge Authority. Endeavours were made by the Group to nurture the business of automobile after-sales service. By focusing the demand for travel vehicles, leveraging on the brand advantages of Yueyun and on the basis of the road rescue business, upstream and downstream extension was gradually expanding along the industrial chain to, among other things, driver training, automobile rental, vehicle repair and maintenance service and insurance, thus the travel service integrated platform was more comprehensive.

We continued to nurture the "FLY-E Bus Express" (網上飛巴士速遞) business. "FLY-E Bus Express" business of the Group achieved full coverage among cities within the Guangdong Province. We have connected an online network over a fully utilized platform system, established a network-wide mechanism for uniform pricing, uniform settlement, uniform regulated service standards and management system. We strived to create a leading enterprise of "Internet + commerce and trade circulation" in the market sub-segment of same day delivery for cross-cities transactions. During the first half of 2018, the number of orders on the small parcel express delivery platform reached 0.628 million with an operation income of RMB22.072 million.

2. Service Zones Operation

(1) Energy Business

The Group highly valued the brand building of "Yueyun Energy", expanded the sales network of Yueyun gas stations step-by-step according to the strategic plans of the Company, enhanced refined management of gas stations and internal control mechanisms, management and control on quality of petroleum products strengthened, and effectively controlled wastage of petroleum products. The "One Station One Strategy" concept was adopted in marketing strategies. An all-staff marketing concept was established, an incentive and appraisal system linking petroleum tonnage to staff was formulated, the Yueyun Energy store value card was actively promoted, the customer service was optimized, and customer loyalty was enhanced. By reinforcing business synergies, "Yueyun Energy" gradually realized supplying petroleum to passenger transportation companies of the Group and fuel costs were effectively reduced. Benchmark management was implemented, efforts were dedicated to build the Shachong (沙涌) gas station into a standard "Yueyun Energy" benchmark gas station to achieve the overall objective of realizing "Unified Standard" for the gas stations of Yueyun Energy.

According to the business plans of charging piles of the Company, priority construction for inter-city power charging facilities was initiated on national expressways within Guangdong Province according to the requirements of "One Vertical, One Horizontal and Two Radial" and as an auxiliary service in the service zones of expressways in the Pearl River Delta Region, and construction of charging facilities at expressways was increasing steadily. Currently, the Company has built 37 operating charging stations and 114 charging piles in service zones within Guangdong Province.

(2) Convenience Stores Retail Business

The Group's "Yueyun Loyee" convenience stores continued to expand mainly in the service zones of expressways and a sizable network was shaping up. Branding promotions of the Loyee convenience stores were highly emphasized to create a Loyee flagship store as an opportunity to realize the fusion of multiple businesses, including retail business, travel service, sales of travelling and transportation products, coach courier delivery and sales of agricultural and special products, to enhance the brand value.

(3) Merchant Solicitation Business

The innovative service zone adopted the operation model of self-planning, self-investment and construction, and commercial development to actively promote the thematic expansion project of "Qiaoxiang Township" (僑鄉小鎮) in Dahuai. Meanwhile commercial upgrading and transformation projects were also actively proceeded in the service zones of Baisha, Dianbai, Dahuai and Lixi in 2018. Consumption upgrading was actively encouraged, consumption scenarios in service zones were continuously optimized, the public service functions were greatly improved, "toilet revolution" was firmly enforced, plantation of greenery was increased to enhance environmental landscaping, and free Wi-Fi service was provided in 25 pairs of service zones. The business of automobile after-sales service was provided in all service zones, cooperation with professional automobile maintenance service providers was contemplated to commence branded auto-owner VIP service and automobile overhaul service. We strived to turn service zones into basic public service platforms, gathering and distribution platforms for passenger traffic and logistic flows, platforms for consumption, leisure, entertainment and merchandise display, as well as internet information data collection platforms.

(4) Advertising Media Business

The Group actively facilitated Guangdong Highway Media Co., Ltd. (廣東省高速傳媒有限公司), a subsidiary of the Company, to transform and upgrade from a traditional outdoor self-owned advertising media agency to an operator of integrated platform of media resources in transportation system. The number of direct marketing customers in advertising increased in the first half of 2018, the vacancy rate of advertising resources decreased, efforts were dedicated to enhance the development capabilities of resources and marketing channels, formulation capabilities of precise communication plans and capabilities to operate platforms.

3. Operation of Taiping Interchange Assets

During the first half of 2018, the total traffic volume at the Taiping Interchange reached 21.84 million vehicles, the daily average traffic volume was 0.12 million vehicles, representing a year-on-year increase of 4.9%, reaching a record high of traffic volume.

Material Logistics Segment

In the first half of 2018, the Group has completed the disposal of the equity interest of South China Logistics Enterprise Group, which is principally engaged in the provision of material logistics services, and will continue to perform the relevant work of material supply inventory business during the second half of the year.

FINANCIAL REVIEW

(information for 2017 has been restated)

The Group's interim results for the six months ended 30 June 2018

For the six months ended 30 June 2018, operating income of the Group amounted to RMB3,183.477 million (the corresponding period in 2017: RMB3,390.555 million), representing a year-on-year decrease of RMB207.078 million or 6%. The year-on-year decrease in operating income was due to the disposal of South China Logistics Enterprise Group in the period. Gross profit amounted to RMB558.313 million (the corresponding period in 2017: RMB741.794 million), representing a year-on-year decrease of RMB183.481 million or 25%. The year-on-year decrease in gross profit was due to (i) the disposal of South China Logistics Enterprise Group in the period; and (ii) the impact of travel methods such as online taxi booking on road passenger transportation and auxiliary services, resulting in a year-on-year decrease in income; (iii) the overall upgrading of the "Toilet Revolution" in service zones and passenger terminals, resulting in a year-on-year increase in construction and labor cost.

For the six months ended 30 June 2018, the Group realized net profit of RMB236.024 million (the corresponding period in 2017: RMB271.403 million), representing a year-on-year decrease of RMB35.379 million or 13%; net profit attributable to the shareholders of the Company (the "**Shareholders**") was RMB208.657 million (the corresponding period in 2017: 227.311 million), representing a year-on-year decrease of RMB18.654 million or 8%; basic earnings per share was RMB0.26 (the corresponding period in 2017: RMB0.28 per share), representing a decrease of 7%. The decrease in net profit attributable to the Shareholders was mainly due to the disposal of South China Logistics Enterprise Group and a year-on-year decrease in gross profit from road passenger transportation and auxiliary services.

As at 30 June 2018, the asset to liability ratio of the Group was 55.97% (31 December 2017: 59.95%), which signified a further strengthening of capital structure; the current ratio was 1.30 (31 December 2017: 1.15), representing a year-on-year increase of 13%. The Group's solvency was further bolstered.

In accordance with the requirements under the CAS No.22 - Financial instruments: Recognition and measurement (revised), the CAS No.23 - Transfer of Financial assets (revised), the CAS No.24 — Hedging (revised) and the CAS No.37 - Presentation and Disclosures of Financial Instruments (revised) (collecting the "new financial instruments standards"), the Group have applied the new financial instruments standards since 1 January 2018 and replaced the "incurred loss" model in the old financial instruments standards with the ECL model. The Group has applied the classification and measurement requirements (including impairment) of the new financial instruments standards retrospectively to the items under certain specific circumstances in accordance with the transition requirements, and comparative information has been restated. In light of the adjustment made according to the new financial instruments standards, the Group's net profit for the six months ended 30 June 2017 decreased by RMB7.002 million, the shareholder's equity of the Group as at the end of 2017 decreased by 45.666 million, and the total asset of the Group as at the end of 2017 decreased by 45.666 million. Despite the effects of restatements on the net profit, the shareholder's equity and the total asset of the Group, its overall impact on the financial position during the reporting period is immaterial. Particulars of changes on relevant standards are disclosed in page 21-24 of this announcement.

Operating income

Operating income of the Group for the first half of 2018 was mainly derived from travel services business segment. Operating income of the Group for the first half of 2018 amounted to RMB3,183.477 million (the corresponding period in 2017: RMB3,390.555 million), representing a year-on-year decrease of RMB207.078 million or 6%, which was mainly due to the disposal of South China Logistics Enterprise Group in the period.

Operating income by business segments:

	As at 30 June 2018		As at 30 June 2017	
	RMB'000	**Percentage**	RMB'000	Percentage
Travel services	**2,600,573**	**82%**	2,454,180	72%
Material logistics	**579,920**	**18%**	934,179	28%
Other business	**2,984**	**0%**	2,196	0%
Total	**3,183,477**	**100%**	3,390,555	100%

1. **Travel services segment**

Travel services segment is the major source of the Group's operating income. Operating income of such business amounted to RMB2,600.573 million (the corresponding period in 2017: RMB2,454.180 million) for the first half of 2018, representing a year-on-year increase of RMB146.393 million, or approximately 6%, and accounting for approximately 82% (the corresponding period in 2017: 72%) of the Group's total operating income, of which:

(1) Road passenger transportation and auxiliary services recorded operating income of RMB1,715.103 million (the corresponding period in 2017: RMB1,751.617 million) for the first half of 2018, representing a year-on-year decrease of RMB36.514 million or approximately 2%, which was due to the impact of alternative travel methods such as online taxi booking, self-driving tour and rail transportation.

(2) Service zones operation recorded operation income of RMB778.210 million (the corresponding period in 2017: RMB602.467 million) for the first half of 2018 representing a year-on-year increase of RMB175.743 million or 29%, which was due to a substantial increase in income from the business of energy and convenience stores. Among which:

a) For energy business, the operating income amounted to RMB403.647 million (the corresponding period in 2017: RMB271.644 million) for the first half of 2018, representing a year-on-year increase of RMB132.003 million or 49%, mainly from a year-on-year increase of self-operated gas stations income.

b) For convenience stores retail business, the operating income amounted to RMB230.292 million (the corresponding period in 2017: RMB186.575 million) for the first half of 2018, representing a year-on-year increase of RMB43.717 million or 23%.

c) For merchant solicitation business, the operating income amounted to RMB105.262 million (the corresponding period in 2017: RMB106.866 million) for the first half of 2018, representing a year-on-year decrease of RMB1.604 million or 2%.

d) For advertising media business, the operating income amounted to approximately RMB39.009 million (the corresponding period in 2017: RMB37.382 million) for the first half of 2018, representing a year-on-year increase of RMB1.627 million or 4%.

(3) For operation of Taiping Interchange Assets, the operating income amounted to approximately RMB107.260 million (the corresponding period in 2017: RMB100.096 million) for the first half of 2018, representing a year-on-year increase of RMB7.164 million or 7%. The increase was mainly due to growth of the traffic flow.

2. **Material logistics segment**

Material logistics segment recorded operating income of RMB579.920 million (the corresponding period in 2017: RMB934.179 million) for the first half of 2018, representing a year-on-year decrease of RMB354.259 million, or 38%, and accounting for approximately 18% (the corresponding period in 2017: 28%) of the Group's total operating income. The decrease in operating income was mainly due to the disposal of South China Logistics Enterprise Group in the period.

Gross profit

Gross profit of the Group for the first half of 2018 amounted to RMB558.313 million (the corresponding period in 2017: RMB741.794 million), representing a year-on-year decrease of RMB183.481 million or 25%. Gross profit margin was 17.54% (the corresponding period in 2017: 21.88%).

Gross profit by business segments:

	As at 30 June 2018		As at 30 June 2017	
	RMB'000	**Percentage**	RMB'000	Percentage
Travel services	**513,160**	**92%**	647,118	87%
Material logistics	**45,387**	**8%**	97,757	13%
Other business	**(234)**	**(0%)**	(3,081)	(0%)
Total	**558,313**	**100%**	741,794	100%

1. **Travel Services Segment**

The travel services segment recorded gross profit of RMB513.160 million in the first half of 2018 (the corresponding period in 2017: RMB647.118 million), representing a decrease of RMB133.958 million or 21% as compared to the corresponding period in 2017, the gross profit margin was 20% (the corresponding period in 2017: 26%). The decrease in gross profit was mainly due to a decrease in operating income from road passenger transportation and auxiliary services and a decrease in gross profit caused by an increase in depreciation costs as compared to the corresponding period in 2017.

(1) Road passenger transportation and auxiliary services generated gross profit of RMB291.543 million in the first half of 2018 (the corresponding period in 2017: RMB419.254 million), representing a year-on-year decrease of RMB127.711 million, or 30%. Gross profit margin was 17% (the corresponding period in 2017: 24%). The decrease in gross profit was mainly due to a decrease in operating income and an increase in depreciated costs.

(2) The business of service zones operation recorded a gross profit of RMB129.160 million in the first half of 2018 (the corresponding period in 2017: RMB140.482 million), representing a year-on-year decrease of RMB11.322 million or approximately 8%, and the gross profit margin was 17% (the corresponding period in 2017: 23%). The decrease in gross profit and gross profit margin was mainly attributable to the impacts of the year-on-year decrease in the purchase and sale price differential of the energy business and the year-on-year decrease in one-time entrance fee income from gas stations; and the year-on-year increase in project and labor costs as a result of promoting the "toilet revolution". Including:

a) The energy business generated a gross profit of RMB39.428 million in the first half of 2018 (the corresponding period in 2017: RMB57.490 million), representing a year-on-year decrease of RMB18.062 million or 31%, which was mainly attributable to the impacts of the year-on-year decrease in one-time entrance fee income from gas stations and the year-on-year decrease in the purchase and sale price differential. The gross profit margin was 10% (the corresponding period in 2017: 21%).

b) The convenience stores retail business generated a gross profit of RMB29.631 million in the first half of 2018 (the corresponding period in 2017: RMB22.998 million), representing a year-on-year increase of RMB6.633 million or approximately 29%. The gross profit margin was 13% (the corresponding period in 2017: 12%), which was mainly due to the increase in operating income from self-operated convenience stores.

c) The merchant solicitation business generated a gross profit of RMB43.023 million in the first half of 2018 (the corresponding period in 2017: RMB42.859 million), representing a year-on-year increase of RMB164 thousand, and the gross profit margin was 41% (the corresponding period in 2017: 40%).

d) The advertising media business generated a gross profit of approximately RMB17.078 million in the first half of 2018 (the corresponding period in 2017: RMB17.135 million), representing a year-on-year decrease of RMB57 thousand. The gross profit margin was 44% (the corresponding period in 2017: 46%).

(3) The operation business of Taiping Interchange Assets generated a gross profit of RMB92.457 million in the first half of 2018 (the corresponding period in 2017: RMB87.382 million), representing a year-on-year increase of RMB5.075 million or 6%. The gross profit margin was 86% (the corresponding period in 2017: 87%).

2. **Material logistics segment**

The material logistics segment generated a gross profit amount of RMB45.387 million in the first half of 2018 (the corresponding period in 2017: RMB97.757 million), representing a year-on-year decrease of RMB52.370 million or 54%. The gross profit margin in the first half of 2018 was 8% (the corresponding period in 2017: 10%). The decrease in gross profit amount was mainly due to the disposal of South China Logistics Enterprise Group in the period and a year-on-year decrease in gross profit as a result of a decrease in supply.

Taxes and surcharges

In the first half of 2018, taxes and surcharges amounted to RMB22.347 million (the corresponding period in 2017: RMB21.896 million), representing an increase of RMB0.451 million or 2% as compared to the corresponding period in 2017.

Selling and distribution expenses

In the first half of 2018, selling and distribution expenses of the Group amounted to RMB30.259 million (the corresponding period in 2017: RMB38.941 million), representing a year-on-year decrease of RMB8.682 million or 22%. Such decrease was attributable to (i) cost control over selling and distribution expenses and (ii) the disposal of South China Logistics Enterprise Group in the period.

General and administrative expenses, and research and development expenses

In the first half of 2018, the Group incurred general and administrative expenses, and research and development expenses of RMB324.890 million (the corresponding period in 2017: RMB338.426 million), representing a year-on-year decrease of RMB13,536 million or 4%, which was mainly attributed to stepping up efforts in cost control over general and administrative expenses and the disposal of South China Logistics Enterprise Group in the period.

Finance expenses

In the first half of 2018, finance expenses amounted to RMB31.861 million (the corresponding period in 2017: RMB24.841 million), representing an increase of RMB7.020 million or 28% over the corresponding period in 2017. The increase was mainly due to the increase in debts bearing interest.

Impairment losses

In the first half of 2018, impairment losses amounted to RMB3.049 million (the corresponding period in 2017: RMB2.562 million), representing a year-on-year increase of RMB0.487 million or 19%, which was mainly due to the fact that the Group increased the provision for impairment of the long-term assets during the period.

(Reversal)/accrual of credit losses

In the first half of 2018, reversal of credit losses amounted to RMB47.966 million (the corresponding period in 2017: credit losses of RMB13.356 million), representing a year-on-year decrease in accrual of credit losses of RMB61.322 million or 459%, which was mainly due to recovery of previously recognized credit impairment loss.

Other income

Other income incurred in the first half of 2018 amounted to RMB105.841 million (the corresponding period in 2017: RMB39.988 million), representing a year-on-year increase of RMB65.853 million or 165%. The increase was mainly due to more government subsidies as compared to the corresponding period in 2017.

Investment income

In the first half of 2018, investment income amounted to RMB22.394 million (the corresponding period in 2017: RMB25.101 million), representing a year-on-year decrease of RMB2.707 million or 11%. Such decrease was mainly attributable to the combined effect of a year-on year decrease of the net profit for the period of Southern United Assets and Equity Exchange Company Limited and a year-on-year increase of the net profit of Guangzhou Tianhe Coach Terminal Co., Ltd. and CNPC Yueyun Natural Gas Co., Ltd..

Non-operating income and expenses

In the first half of 2018, non-operating income and expenses amounted to net expenses of RMB1.299 million (the corresponding period in 2017: net income of RMB5.251 million), representing a year-on-year decrease in net income of RMB6.550 million or 125%, mainly attributable to lower non-recurrent government subsidies as compared with the corresponding period last year.

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 beneficial rate environment of bond market to optimize financial structure and lower overall financial cost through comparatively low cost financial channels such as issuance of corporate bond. 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 capital utilization. In the first half of 2018, 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 RMB4,633.310 million, which provided sufficient protection for the Group's operating loans and ensured repayment of principal and interest without risk.

Items	**As at 30 June 2018 RMB'000**	As at 31 December 2017 RMB'000
Borrowings (from banks and other financial institutions)	**1,847,157**	1,783,593
Less: Cash and cash equivalents	**1,240,337**	1,857,779
Net debt	**606,820**	(74,186)
Total liabilities	**4,465,322**	5,505,387
Total shareholder's equity	**3,512,013**	3,678,240
Total equity	**4,118,833**	3,650,318
Total assets	**7,977,335**	9,183,627
Gearing ratio	**14.73%**	(2.06%)
Asset to liability ratio	**55.97%**	59.95%

Gearing ratio = Net debt/Total equity
Total equity = Net debt + Total Shareholder's equity
Asset to liability ratio = Total liabilities/Total assets

Cash flows

In the first half of 2018, 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. In the first half of 2018, 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:

	As at 30 June		
Cash generated from/(used in)	**2018** ***RMB'000***	2017 *RMB'000*	Change *RMB'000*
Operating activities	**(89,284)**	(111,234)	21,950
Investing activities	**(619,222)**	(292,086)	(327,136)
Financing activities	**89,364**	145,655	(56,291)

Operating activities

In the first half of 2018, the Group's net outflow from operating activities amounted to RMB89.284 million (the corresponding period in 2017: net outflow of RMB111.234 million), representing a decrease of net outflow of RMB21.950 million, which was mainly attributable to less prepayments for materials business as a result of the disposal of South China Logistics Enterprise Group in the period.

Investing activities

In the first half of 2018, the net cash outflow from investing activities was RMB619.222 million (the corresponding period in 2017: net cash outflow of RMB292.086 million), representing an increase of net outflow of RMB327.136 million, which was mainly attributable to a year-on-year increase of RMB248.292 million in the cash payments for acquisition of fixed assets, intangible assets and other long-term assets.

Financing activities

In the first half of 2018, the net cash inflow from financing activities was RMB89.364 million (the corresponding period in 2017: net inflow of RMB145.655 million), representing a decrease in net inflow of RMB56.291 million.

Borrowings position

As at 30 June 2018, outstanding borrowings of the Group was RMB1,847.157 million (31 December 2017: RMB1,783,593 million), comprising (i) unsecured short-term loans of RMB25 million (31 December 2017: RMB161 million); (ii) secured short-term loans of RMB30 million (31 December 2017: RMB5 million); (iii) letter of credit pledge short-term loans: Nil (31 December 2017: RMB51.807 million); (iv) secured long-term loans of RMB203.373 million (31 December 2017: RMB168.301 million); (v) unsecured long-term loans of RMB570.095 million (31 December 2017: RMB461.462 million); (vi) finance lease payables: RMB242.793 million (31 December 2017: 160.172 million); and (vii) bonds payable of RMB775.896 million (31 December 2017: RMB775.311 million). As at 30 June 2018, 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 55%.

Major post balance sheet date events

None.

Major acquisitions and establishment of new companies

For the period ended 30 June 2018, through implementation of asset swap with Yueyun Investment Management, the Group completed the disposal of South China Logistics Enterprise Group and acquisition of Meizhou Yueyun Group. The Group also invested in the establishment of a new company, Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd. (茂名市電白區粵運汽車運輸有限公司). The Group had total investments of RMB9.18 million in the new company.

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	Operating lease	Short-term (within 10 years)
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, A He An Building, No. 159, North of Sai Yeung Choi Street, Mong Kok, Kowloon	Underground Shop, A He An Building, North of Sai Yeung Choi Street, Mong Kok, 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)

Name of property	Address	Usage	Types of lease
Passenger Traffic Center Building in Lianzhou	No. 136, Beihu Road, Lianzhou	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 2018, fixed assets at the net value of approximately RMB231.916 million (31 December 2017: RMB234.117 million), land use rights at the net value of RMB190.652 million (31 December 2017: RMB111.272 million) and investment properties at the net value of RMB22 million (31 December 2017: 22.393 million) of the Group were pledged as security for borrowings of the Group.

Foreign exchange risk and hedging

Most of the revenue and expenditure of the Group are settled or denominated in Renminbi, except for the revenue and expenditure that relate to cross-border transportation services. In the first half of 2018, the working capital and liquidity of the Group were slightly affected by the fluctuations in foreign exchange rate. 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 Renminbi, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

Contingent liabilities

As at 30 June 2018, the Group had no material contingent liabilities.

Key business developments of the Group in the second half of 2018 are as follows:

1. **Road passenger transportation and supports**

    (1) The Group will adjust the structure of transportation business, reduce operating costs and increase effective supply to meet market demand, with focus on increasing the shares of short-distance transportation in the overall passenger transportation structure, and increase the market shares of urban and rural passenger transportation, urban public transportation and rural passenger transportation.

    (2) Efforts will be put on active promotion of construction of the online taxi booking platform and qualification application to build an integrated comprehensive travel service platform; and on enhancing the operation capabilities of the Internet platform by adjusting the models, grades and service standards of vehicles for quick response to market demands.

    (3) The Group will actively promote its companies in various regions to develop bus business, strive to adopt the TC (Transport Community) model to expand the bus business, and use pure electric vehicles to carry out public transportation transformation for eligible rural passenger transport lines.

    (4) The Group will vigorously develop chartered car business, and develop diversified and differentiated travel services such as business travel, car charter service, customized shuttle bus, campus bus, commuting-to-and-from-work services, real estate shuttle buses and airport shuttle buses.

    (5) Overall planning will be made to accelerate entry into the tourism market. In response to market conditions, the Group will promote upgrade and transformation of part of existing passenger stations into tourism distribution centers, strengthen development of local tourism lines, and cooperate with local travel agencies to develop intra-provincial travel.

    (6) By active participation in constructing the comprehensive transportation network system of the Guangdong, Hong Kong and Macao Bay Area, the Group will endeavor to provide support and coordination for the shuttle bus franchise project of the Hong Kong-Zhuhai-Macao Bridge.

(7) According to the implementation plan of the Company's resources integration, the Company will organize the construction of the distribution network, and gradually develop warehousing and distribution services such as convenience stores, auto parts and oil products.

(8) The Group will continue to cultivate the "FLY-E Bus Express (網上飛巴士速遞)" business for creation of a leading enterprise in the "Internet + commerce circulation (商貿流通)" in the cross-city same-day arrival market segment; accelerate introduction of major passenger station networks in Shenzhen, Dongguan, Zhuhai, Zhongshan, Huizhou, Chaozhou, Zhanjiang, Yunfu, Shantou and Jieyang, etc., to realise the layout of a small parcel express delivery in the province.

2. **Service zones operation**

(1) Accelerate the construction, investment and operation of gas stations, and build new gas stations in service zones including Jinzao, Duozhu, Xuwen and Nibei, with the total number of self-operated gas stations to reach 31.

(2) Actively develop the sales networks of gas stations, explore the layout of gas stations in the entrances and exits of expressway sections, and explore expanding the layout of small and medium-sized gas depots.

(3) Strengthen internal control, promote standardized construction of gas stations, and create "four standardization" with "Yueyun Energy Demonstration Station (創粵運能源示範站)" as a starting point to establish and improve the internal management and control procedures and risk control system for the energy business.

(4) Explore marketing to enhance brand awareness on an on-going basis, and continue to implement various forms of "one station, one strategy" marketing strategies such as gas card recharge promotion activities, listing price reduction interaction (掛牌降價), and fuel and non-fuel business interaction (油非互動). Strengthen business synergy and continue to develop the "Guangdong Express" fixed-point refueling business.

(5) Plan for layout construction of charging piles, cooperate with other enterprises, and plan to build 36 charging piles in service zones. Utilize existing bus charging pile network to lay out the urban charging pile network in advance.

(6) Starting from network expansion, supply chain management, category-enrichment, marketing promotion, etc., to enhance the brand awareness and economic benefits of the "Yueyun Loyee" business, and further expand the scale of stores in the community, schools and urban airport expressways.

(7) Promote the Dahuai project in full swing and strive to reach the standard for commencement of operation by the end of 2018 to build a domestic model benchmark service area. The upgrading and reconstruction projects in the service zones of Lixi, Dianbai and Baisha will be actively proceeded for creation of a special service zone according to local conditions.

(8) The advertising media business will target customers in the transportation and travel types of online businesses to vigorously develop direct sales customers and large-scale strategic cooperation customers, further increasing the market operation capability of the advertising business.

The Main Business Objectives and Arrangement of Investment Funds of the Second Half of 2018

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

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Shares of the Company

The Company did not redeem any of its listed shares nor did the Company or any of its subsidiaries purchase or sell any of such shares during the six months ended 30 June 2018.

Compliance with Corporate Governance Code

The Company is committed to maintaining high standards of corporate governance in the Group and the board of directors of the Company (the "**Board**") considers that effective corporate governance is crucial to the success of a company and to enhance shareholder's value.

On 1 November 2017, Mr. Peng Xiaolei resigned as the independent non-executive Director and the chairman and a member of the Audit and Corporate Governance Committee of the Company (the "**Audit and Corporate Governance Committee**"). During the period from 1 November 2017 to 20 March 2018, the number of the Audit and Corporate Governance Committee was reduced to two and the members of Audit and Corporate Governance Committee did not have a chairman. Therefore, during the period from 1 November 2017 to 20 March 2018, the Audit and Corporate Governance Committee had a total of two members, including Ms. Lu Zhenghua, an independent non-executive Director and Mr. Li Bin, a non-executive Director, which is not in compliance with the requirements under Rule 3.21 of the Listing Rules.

On 21 March 2018, the Company has appointed Mr. Jin Wenzhou as a member of the Audit and Corporate Governance Committee, and Ms. Lu Zhenghua was elected as the chairman of the Audit and Corporate Governance Committee. Currently, the Audit and Corporate Governance Committee of the Company comprises three members, including two independent non-executive Directors, namely Ms. Lu Zhenghua and Mr. Jin Wenzhou, and one non-executive Director, namely Mr. Li Bin. Among which, Ms. Lu Zhenghua has the relevant professional qualifications and accounting and financial management expertise to understand financial statements. The Company has complied with the requirements under the Listing Rules in relation to the audit committee and all the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules since then.

Except for the non-compliance with the requirements under Rule 3.21 of the Listing Rules in respect of the number of members and vacancy of the chairman during the period from 1 January 2018 to 20 March 2018, the Company had complied with other code provisions of the CG Code contained in Appendix 14 to the Listing Rules for the six months ended 30 June 2018.

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 2018.

Board of Directors

As at 30 June 2018, the Board consisted of nine members, including four executive Directors, namely Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong and Mr. Guo Junfa; two non-executive Directors, namely Mr. Li Bin and Mr. Chen Min; and three independent non-executive Directors, namely Mr. Gui Shouping, Mr. Jin Wenzhou and Ms. Lu Zhenghua.

On 15 August 2018, Mr. Gui Shouping resigned as the independent non-executive Director, and the Shareholders has appointed Ms. Wen Huiying and Mr. Zhan Xiaotong as independent non-executive Directors and Mr. Wen Wu as an executive Director at the extraordinary general meeting. For details about the resignation of Mr. Gui Shouping as independent non-executive Director, the appointment of Ms. Wen Huiying and Mr. Zhan Xiaotong as independent non-executive Directors and Mr. Wen Wu as an executive Director please refer to the announcements of the Company dated 25 June 2018 and 15 August 2018 and the circular dated 29 June 2018, respectively.

Therefore, as at 15 August 2018 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. Guo Junfa; two non-executive Directors, namely Mr. Li Bin and Mr. Chen Min; 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 Committee

The Company has established the Audit & Corporate Governance Committee in compliance with the Listing Rules.

The primary duties of the Audit & Corporate Governance Committee are, among other things, to appoint external auditors, review and supervise the financial reporting process, review interim and annual results, review and supervise the internal control system and risk management of the Group, and provide advice and comments to the Board and monitor the corporate governance of the Company. As at 30 June 2018, the Audit & Corporate Governance Committee consisted of 3 members, namely Ms. Lu Zhenghua (Chairman) and Mr. Jin Wenzhou, two independent non-executive Directors, and Mr. Li Bin, a non-executive Director. The Audit & Corporate Governance Committee has reviewed the unaudited interim financial report of the Company for the six months ended 30 June 2018 and recommended its adoption by the Board. The independent auditor of the Company, KPMG Huazhen LLP, has also reviewed the unaudited interim financial report for the period 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 2018, 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 shareholder Supervisors (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 22,750 employees as at 30 June 2018 (31 December 2017: 22,951). Total staff cost for the six months ended 30 June 2018, including the Directors' remuneration, amounted to approximately RMB887 million (the corresponding period in 2017: approximately RMB873 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 reference to the Company's business scope and scale and the remuneration standards in the capital market for independent non-executive directors and independent supervisors. The non-executive Directors have agreed not to receive any remuneration for such positions.

Training of Employees

The Group has always attached great importance to the training and development of human resources, 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 at 30 June 2018, the Group has conducted a total of 495 training courses (excluding network training courses) with 15,100 persons participated in and total curriculum period of approximately 8,516 hours. Meanwhile, The Group continues to use network education as another main training approach. The total curriculum period of network education and training for the employees of the Group were approximately 596 hours as at 30 June 2018.

Dividend

The Board has not declared the payment of an interim dividend for the six months ended 30 June 2018.

On 21 March 2018, the Board recommended the payment of a final dividend of RMB0.16 per ordinary share (inclusive of tax) for the year 2017. Such proposal was approved by the Shareholders at the annual general meeting ("**AGM**") held on 19 June 2018. The final dividend was paid on 21 August 2018 to Shareholders whose names appear on the Company's share register of members at 4:30 p.m. on Monday, 28 June 2018. For details, please refer to the announcements of the Company dated 21 March 2018 and 19 June 2018, respectively and the 2017 annual report published on 27 April 2018 by the Company.

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 AGM 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 2018 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

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

Guangzhou, the People's Republic of China
21 August 2018

As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Wen Wu and Mr. Guo Junfa as executive directors of the Company, Mr. Li Bin and Mr. Chen Min 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 purposes only.*