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 2017 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	For the six months ended		
	30 June 2017	30 June 2016	Change
	RMB'000	*RMB'000*	
	(unaudited)	*(unaudited)*	(%)
Revenue	**3,232,037**	3,131,632	3%
Net profit attributable to shareholders of the Company	**223,192**	175,370	27%
Diluted earnings per share	**RMB0.28**	RMB0.22	27%
Basic earnings per share	**RMB0.28**	RMB0.24	17%

- The revenue of the Group for the six months ended 30 June 2017 was approximately RMB3,232.037 million), representing an increase of approximately RMB100.405 million or 3% as compared to the same period in 2016.

- Net profit attributable to shareholders of the Company for the six months ended 30 June 2017 was approximately RMB223.192 million, representing an increase of approximately RMB47.822 million or 27% as compared to the same period in 2016.

- For the six months ended 30 June 2017, diluted earnings per share was RMB0.28 and basic earnings per share was RMB0.28.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017.
- A final dividend of RMB0.13 (inclusive of tax) per ordinary share for year 2016 was approved by shareholders of the Company at the annual general meeting held on 13 June 2017.

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 2017. The unaudited consolidated interim results of the Group 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 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 2017 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Note	**As at 30 June 2017**	As at 31 December 2016
Assets			
Current Assets			
Cash at bank and on hand		**1,333,268,569.18**	1,604,382,476.44
Bills receivable		**4,248,499.44**	5,637,453.96
Accounts receivable	4	**836,020,813.18**	623,510,509.82
Prepayments		**338,767,313.68**	233,863,232.64
Interest receivable		**19,134.15**	293,588.08
Dividends receivable		**1,086,686.23**	3,519,926.87
Other receivables		**372,809,989.22**	377,144,929.57
Inventories		**289,565,444.78**	135,781,363.72
Non-current assets due within one year		**5,015,703.43**	6,873,783.84
Other current assets		**13,682,668.63**	38,589,634.34
Total current assets		**3,194,484,821.92**	3,029,596,899.28
Non-current assets			
Long-term receivables		**36,693,018.11**	37,198,798.73
Long-term equity investments		**290,479,186.18**	237,607,363.86
Available-for-sale financial assets		**563,228.22**	563,228.22
Investment properties		**156,673,407.29**	158,523,723.48
Fixed assets	5	**2,248,831,410.01**	2,297,194,626.59
Construction in progress		**203,101,695.31**	206,174,372.72
Intangible assets	6	**1,047,062,933.47**	969,462,406.61
Goodwill		**96,608,224.33**	96,608,224.33
Long-term deferred expenses		**35,635,524.48**	25,188,719.65
Deferred tax assets		**191,910,525.32**	194,373,308.26
Other non-current assets		**421,183,308.01**	410,400,535.92
Total non-current assets		**4,728,742,460.73**	4,633,295,308.37
Total assets		**7,923,227,282.65**	7,662,892,207.65

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2017 (UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

	Note	**As at 30 June 2017**	As at 31 December 2016
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	7	**135,671,296.18**	45,000,000.00
Bills payable		**434,280,704.38**	462,401,913.99
Accounts payable	8	**649,878,571.03**	669,433,886.07
Advances from customers		**197,911,103.16**	234,093,563.11
Employee benefits payable		**173,086,972.72**	164,711,518.41
Taxes payable		**105,162,402.05**	133,486,660.35
Interest payable		**20,248,522.20**	5,095,378.31
Dividends payable		**129,972,814.73**	29,684,164.21
Other payables		**562,757,666.56**	579,127,704.52
Non-current liabilities due within one year	9	**126,910,908.23**	124,352,447.02
Total current liabilities		**2,535,880,961.24**	2,447,387,235.99
Non-current liabilities			
Long-term loans	10	**346,462,111.58**	232,425,730.93
Bonds payable	11	**774,733,173.45**	774,170,794.08
Long-term payables		**110,921,140.23**	127,549,528.79
Long-term employee benefits payable		**155,790,163.14**	162,139,949.06
Provisions		**—**	1,100,000.00
Deferred tax liabilities		**32,608,176.96**	32,736,936.59
Deferred income		**498,822,957.63**	530,817,920.44
Total non-current liabilities		**1,919,337,722.99**	1,860,940,859.89
Total liabilities		**4,455,218,684.23**	4,308,328,095.88

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2017 (UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

	Note	**As at 30 June 2017**	As at 31 December 2016
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		**799,847,800.00**	799,847,800.00
Capital reserve		**149,982,831.60**	151,749,647.58
Other comprehensive income		**(25,013,455.87)**	(21,923,638.32)
Special reserve		**30,910,808.23**	31,476,221.97
Surplus reserve		**152,853,595.03**	152,853,595.03
Retained earnings	12	**1,122,344,760.58**	1,003,132,848.80
Equity attributable to shareholders of the Company	13	**2,230,926,339.57**	2,117,136,475.06
Non-controlling interests		**1,237,082,258.85**	1,237,427,636.71
Total shareholders' equity		**3,468,008,598.42**	3,354,564,111.77
Total liabilities and shareholders' equity		**7,923,227,282.65**	7,662,892,207.65

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED)

(Expressed in Renminbi Yuan)

	Note	**For the six months ended 30 June** **2017**	2016
I. Operating income		**3,232,036,937.10**	3,131,631,631.16
II. Less: Operating costs		**2,551,886,749.30**	2,485,705,255.77
Taxes and surcharges		**20,541,881.55**	28,674,906.89
Selling and distribution expenses		**38,940,794.60**	36,203,286.76
General and administrative expenses		**307,265,604.16**	315,378,928.40
Financial expenses	14	**22,396,261.63**	22,486,283.85
Reversal of impairment provision		**(2,033,724.50)**	(2,933,911.00)
Add: Investment income	15	**25,100,231.97**	15,200,874.81
(Including: Income from investments in associates and joint ventures)		**25,329,922.66**	15,361,493.36
Other income	16	**39,074,699.65**	—
III. Operating profit		**357,214,301.98**	261,317,755.30
Add: Non-operating income	17	**8,309,055.59**	50,275,352.64
(Including: Gains from disposal of non-current assets)		**466,017.44**	3,443,866.60
Less: Non-operating expenses		**3,080,489.75**	4,874,614.83
(Including: Losses from disposal of non-current assets)		**1,520,959.55**	740,442.65
IV. Profit before income tax		**362,442,867.82**	306,718,493.11
Less: Income tax expenses	18	**97,118,822.76**	88,479,295.61

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017 (UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

	Note	For the six months ended 30 June 2017	2016
V. Net profit for the period		**265,324,045.06**	218,239,197.50
Attributable to:			
Shareholders of the Company		**223,192,125.78**	175,369,682.50
Non-controlling interests		**42,131,919.28**	42,869,515.00
VI. Other comprehensive income for the period, net of tax			
(I) Items that will not be reclassified to profit or loss		**(73,780.69)**	—
(II) Items that may be reclassified to profit or loss:			
Translation differences arising from translation of foreign currency financial statements		**(4,798,223.85)**	5,215,772.38
VII. Total comprehensive income for the period		**260,452,040.52**	223,454,969.88
Attributable to:			
Shareholders of the Company		**220,102,308.23**	178,660,264.92
Non-controlling interests		**40,349,732.29**	44,794,704.96
VIII. Earnings per share	19		
(I) Basic earnings per share	19(1)	**0.28**	0.24
(II) Diluted earnings per share	19(2)	**0.28**	0.22

Notes

(Expressed in Renminbi Yuan)

1 Basis of preparation

The unaudited interim financial information was extracted from the interim financial report of the Group for the six months ended 30 June 2017.

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 The Stock Exchange of Hong Kong Limited 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

(1) Description of and reasons for the changes

The MOF issued the revised Accounting Standards for Business Enterprises No.16 - Government grants (the "Standard No.16 (2017)") in May 2017. The effective date is 12 June 2017.

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

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

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

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

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income.

A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and offset against related expenses, or included in other income or non-operating income in the periods in which the expenses or losses are recognised. A grant that compensates the Group for expenses or losses incurred is offset against related expenses directly, or included in other income or non-operating income.

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

In accordance with the requirements of the Standard No.16 (2017), the Group has reviewed the government grants existed on 1 January 2017 and applied the relevant requirements using the prospective application method.

Impact of the adoption of the revised accounting standard mentioned above on the Group is as follows:

- For the government grants related to daily operations of the Group, when recognised in income statement, it is changed from being included in non-operating income to being offset against related expenses, or included in other income.

(2) **Effects of changes in accounting policies on interim financial report**

- The effects on each of the line items in the consolidated income statement for the six-month period ended 30 June 2017 are analysed as follows:

	Effect of revised policies increase / (decrease) in the line items for the current period
	RMB
Operating costs	(46,555,771.33)
Other income	39,074,699.65
Non-operating income	(85,630,470.98)
Profit before income tax	—
Less: Income tax expenses	—
Net profit for the period	—

- Changes of the above accounting policies have no effect on the line items on the consolidated balance sheet as at 30 June 2017.

3 **Changes of scope of consolidation**

(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	Yangjiang High-tech Zone Yueyun Langri Enterprise Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Sales of auto spare parts, station service and investment	20,000,000.00	—	65	65
2	Guangzhou City Yueyun Langri transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	10,000,000.00	2,550,000.00	100	100

(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	Huaiji County Yueyun City-Village Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	2,930,700.00	10,000,000.00	100	100

(3) **Business combinations not involving enterprises under common control during the period**

On 12 January 2017, the acquisition date, the Group's subsidiary, Zhaoqing Yueyun Motor Transportation Co., Ltd., acquired 100% equity interests of Huaiji County Yueyun City-Village Public Transportation Co., Ltd. with acquisition costs of RMB 9,300,000.00.

The fair value of the 100% equity interests as at the acquisition date was RMB 9,300,000.00.

Huaiji County Yueyun City-Village Public Transportation Co., Ltd. was established on 29 July 2016 in Zhaoqing, Guangdong. It is mainly engaged in inter-cities passenger transportation and public bus transportation. Before the acquisition, its ultimate holding company was Huaiji County Huaitong Public Transportation Co., Ltd..

Key financial information of Huaiji County Yueyun City-Village Public Transportation Co., Ltd. is as follows:

	From 12 January 2017 (acquisition date) to 30 June 2017
	RMB
Revenue	2,044,310.93
Net loss	(112,424.72)
Net cash inflow	985,271.77

The identifiable assets and liabilities:

	12 January 2017		31 December 2016
	Carrying Amount	Fair value	Carrying Amount
	RMB	*RMB*	*RMB*
Current assets	85,025.71	85,879.58	1,511.27
Non-current assets	2,060,811.09	9,214,120.42	2,075,801.29
Current liabilities	—	—	(1,511.27)
Identifiable net assets	2,145,836.80	9,300,000.00	2,075,801.29

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

Business registration of a subsidiary of the Group, Yue Kong Shipping Company Limited, was deregistered on 17 March 2017. The financial results and cash flow of the subsidiary as of deregistration day were included in the consolidated income statement and consolidated cash flow statement for the current period.

4 **Accounts receivable**

Before accepting new customers, the Group assessed the credit worthiness of potential clients and set corresponding credit limits according to the internal credit assessment policies. Except for the general requirement that new customers usually need to make payments in advance, the Group sets respective credit policies according to their respective market and business needs. Credit period is generally 3 months, while the credit period of major customers can be extended to 6 months. According to the past collection experiences and the debtors' credit capability, the Group considers no provision for impairment of receivables is required for overdue receivables, except for those with provision already made.

The ageing analysis of accounts receivable is as follows:

As at 30 June 2017

Ageing	Amount	Provision for bad and doubtful debts	Carrying amount
	RMB	*RMB*	*RMB*
Within 3 months (inclusive)	**634,538,376.17**	**—**	**634,538,376.17**
Over 3 months and within 6 months (inclusive)	**58,446,999.54**	**—**	**58,446,999.54**
Over 6 months and within 1 year (inclusive)	**39,880,337.16**	**—**	**39,880,337.16**
Over 1 year and within 2 years (inclusive)	**36,064,500.78**	**4,069,623.44**	**31,994,877.34**
Over 2 years and within 3 years (inclusive)	**9,228,422.22**	**1,785,893.50**	**7,442,528.72**
Over 3 years	**124,567,993.92**	**60,850,299.67**	**63,717,694.25**
Total	**902,726,629.79**	**66,705,816.61**	**836,020,813.18**

As at 31 December 2016

Ageing	Amount	Provision for bad and doubtful debts	Carrying amount
	RMB	*RMB*	*RMB*
Within 3 months (inclusive)	469,188,273.08	—	469,188,273.08
Over 3 months and within 6 months (inclusive)	17,780,024.90	—	17,780,024.90
Over 6 months and within 1 year (inclusive)	38,515,148.08	—	38,515,148.08
Over 1 year and within 2 years (inclusive)	34,130,255.46	5,555,140.27	28,575,115.19
Over 2 years and within 3 years (inclusive)	6,549,912.90	634,554.48	5,915,358.42
Over 3 years	126,087,552.27	62,550,962.12	63,536,590.15
Total	692,251,166.69	68,740,656.87	623,510,509.82

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

5 Fixed assets

	Buildings *RMB*	Building improvements *RMB*	Machinery and equipment *RMB*	Electronic equipment, office equipment and others *RMB*	Transportation vehicles *RMB*	Pier *RMB*	Total *RMB*
Cost							
Balance as at 31 December 2016	905,054,612.24	119,819,964.54	124,463,213.67	245,370,616.42	2,645,260,076.96	90,628,461.88	4,130,596,945.71
Additions during the period	2,227,158.68	—	3,491,529.12	7,417,128.30	50,742,342.92	—	63,878,159.02
Transferred from construction in progress	68,941,623.14	9,398,853.62	1,613,589.92	4,518,298.22	34,311,912.18	—	118,784,277.08
Transferred from investment properties	4,132,774.41	—	—	—	—	—	4,132,774.41
Additions arising from business combinations not under common control	—	—	—	—	2,006,972.14	—	2,006,972.14
Foreign currency financial statement translation differences	(3,130,431.72)	—	(17,712.94)	(139,466.64)	(1,141,082.98)	—	(4,428,694.28)
Transferred to investment properties	(4,162,316.42)	—	—	—	—	—	(4,162,316.42)
Disposals during the period	(1,861,949.08)	—	(3,259,888.98)	(2,671,481.36)	(46,801,178.45)	—	(54,594,497.87)
Balance as at 30 June 2017	971,201,471.25	129,218,818.16	126,290,730.79	254,495,094.94	2,684,379,042.77	90,628,461.88	4,256,213,619.79
Accumulated depreciation							
Balance as at 31 December 2016	(215,321,679.12)	(99,505,267.23)	(60,356,060.95)	(163,730,603.81)	(1,283,276,021.05)	(10,336,834.96)	(1,832,526,467.12)
Charges during the period	(23,028,815.22)	(3,309,924.65)	(4,261,835.73)	(14,045,984.03)	(175,740,570.07)	(1,264,021.72)	(221,651,151.42)
Transferred from investment properties	(1,531,527.33)	—	—	—	—	—	(1,531,527.33)
Foreign currency financial statement translation differences	2,875,634.10	—	17,712.94	93,708.45	193,776.39	—	3,180,831.88

	Buildings *RMB*	Building improvements *RMB*	Machinery and equipment *RMB*	Electronic equipment, office equipment and others *RMB*	Transportation vehicles *RMB*	Pier *RMB*	Total *RMB*
Transferred to investment properties	988,980.97	—	—	—	—	—	988,980.97
Written off on disposal	64,899.94	—	2,346,685.21	2,444,461.43	39,301,076.66	—	44,157,123.24
Balance as at 30 June 2017	(235,952,506.66)	(102,815,191.88)	(62,253,498.53)	(175,238,417.96)	(1,419,521,738.07)	(11,600,856.68)	(2,007,382,209.78)
Provision for impairment							
Balance as at 31 December 2016	—	—	(875,852.00)	—	—	—	(875,852.00)
Written off on disposal	—	—	875,852.00	—	—	—	875,852.00
Balance as at 30 June 2017	—	—	—	—	—	—	—
Carrying amount							
As at 30 June 2017	735,248,964.59	26,403,626.28	64,037,232.26	79,256,676.98	1,264,857,304.70	79,027,605.20	2,248,831,410.01
As at 31 December 2016	689,732,933.12	20,314,697.31	63,231,300.72	81,640,012.61	1,361,984,055.91	80,291,626.92	2,297,194,626.59

As at 30 June 2017, the original cost of fixed assets that were fully depreciated but were still in use was RMB 1,005,243,104.02 (31 December 2016: RMB 948,905,678.04).

As at 30 June 2017, fixed assets with carrying amount of RMB 213,688,198.91 (31 December 2016: RMB 239,508,460.95) were pledged for bank borrowings. As at 30 June 2017, there were no other restricted fixed assets of the Group.

As at 30 June 2017, the carrying amount of buildings without certificate or title of which had not been officially transferred to the Group was RMB 265,666,443.29 (31 December 2016: RMB 207,143,285.52)

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 and route operation rights	Trademark rights and others	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Cost									
Balance as at 31 December 2016	722,491,779.13	42,747,190.60	30,810,937.64	7,110,000.00	18,751,040.64	387,478,456.26	174,963,343.15	4,316,379.48	1,388,669,126.90
Additions during the period	72,226,591.79	—	3,806,336.07	—	18,330,400.00	—	5,699,036.69	—	100,062,364.55
Transferred from investment properties	611,124.39	—	—	—	—	—	—	—	611,124.39
Transferred from construction in progress	641,373.45	—	596,356.14	—	—	—	—	—	1,237,729.59
Additions arising from business combinations not under common control	—	—	—	—	—	—	7,207,148.28	—	7,207,148.28
Foreign currency financial statement translation differences	(626,984.03)	—	—	—	(304,163.84)	—	—	—	(931,147.87)
Disposals during the period	—	—	(14,000.00)	—	—	—	—	—	(14,000.00)
Balance as at 30 June 2017	795,343,884.73	42,747,190.60	35,199,629.85	7,110,000.00	36,777,276.80	387,478,456.26	187,869,528.12	4,316,379.48	1,496,842,345.84
Accumulated amortisation									
Balance as at 31 December 2016	(98,506,440.91)	(7,803,560.34)	(21,393,412.66)	(1,976,137.40)	—	(212,547,269.32)	(76,102,744.65)	(877,155.01)	(419,206,720.29)
Charges during the period	(8,570,149.50)	(2,068,224.13)	(1,352,563.14)	(77,633.10)	—	(8,932,737.42)	(8,957,144.53)	(114,858.30)	(30,073,310.12)
Transferred from investment properties	(709,150.75)	—	—	—	—	—	—	—	(709,150.75)
Foreign currency financial statement translation differences	203,487.22	—	—	—	—	—	—	—	203,487.22

	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 and route operation rights	Trademark rights and others	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Disposals during the period	—	—	6,281.57	—	—	—	—	—	6,281.57
Balance as at 30 June 2017	(107,582,253.94)	(9,871,784.47)	(22,739,694.23)	(2,053,770.50)	—	(221,480,006.74)	(85,059,889.18)	(992,013.31)	(449,779,412.37)
Carrying amount									
As at 30 June 2017	687,761,630.79	32,875,406.13	12,459,935.62	5,056,229.50	36,777,276.80	165,998,449.52	102,809,638.94	3,324,366.17	1,047,062,933.47
As at 31 December 2016	623,985,338.22	34,943,630.26	9,417,524.98	5,133,862.60	18,751,040.64	174,931,186.94	98,860,598.50	3,439,224.47	969,462,406.61

As at 30 June 2017, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB 116,807,644.90 (31 December 2016: RMB 125,263,221.82) 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, intangible assets with carrying amount of RMB 127,001,805.57 (31 December 2016: RMB 126,497,026.67) were pledged for bank loans. As at 30 June 2017, there was no other restricted intangible assets of the Group.

As at 30 June 2017, the carrying amount of the land use rights without certificate or title of which had not been officially transferred to the Group was RMB 11,848,830.26 (31 December 2016: RMB 43,704,142.84).

As at 30 June 2017, land use rights with carrying amount of RMB 52,032,314.97 (31 December 2016: RMB 52,599,878.18) were obtained through allocation. As the certificates of title did not stipulate useful life, these land use rights had not been amortised.

7 Short-term loans

	Note	**As at 30 June 2017** *RMB*	As at 31 December 2016 *RMB*
Unsecured loans		**65,000,000.00**	25,000,000.00
Loans secured by mortgages	(1)	**20,000,000.00**	20,000,000.00
Loans secured by letter of credit	(2)	**50,671,296.18**	—
Total	(3)	**135,671,296.18**	45,000,000.00

Note 1: As at 30 June 2017, the properties with carrying amount of RMB 1,329,519.03 and intangible assets with carrying amount of RMB 5,341,857.66 were pledged for loans secured by mortgages. As at 31 December 2016, the properties with carrying amount of RMB 1,380,967.89 and intangible assets with carrying amount of RMB 5,418,169.92 were pledged for loans secured by mortgages.

Note 2: As at 30 June 2017, the loans from Hong Kong Branch of Agricultural Bank of China were secured by the letter of credit issued by the Company to its subsidiary, Yueyun Transportation (HK) Company Limited.

Note 3: As at 30 June 2017, the Group's short-term loans were bank borrowings within 1 year, which bear interest rates ranging from 1.94% to 4.35% per annum (31 December 2016: 4.13% to 4.35% per annum). The Group had no overdue short-term loans as at 30 June 2017 (31 December 2016: Nil).

8 **Accounts payable**

The ageing analysis of accounts payable based on the transaction date is as follows:

Aging	**As at 30 June 2017** ***RMB***	As at 31 December 2016 *RMB*
Within 3 months (inclusive)	**472,987,059.21**	483,334,584.17
Over 3 months and within 6 months (inclusive)	**52,114,589.29**	27,288,475.41
Over 6 months and within 1 year (inclusive)	**43,809,997.07**	57,812,145.47
Over 1 year and within 2 years (inclusive)	**29,104,450.93**	44,778,732.10
Over 2 years and within 3 years (inclusive)	**17,463,026.06**	35,823,376.21
Over 3 years	**34,399,448.47**	20,396,572.71
Total	**649,878,571.03**	669,433,886.07

9 **Non-current liabilities due within one year**

	Note	**As at 30 June 2017** ***RMB***	As at 31 December 2016 *RMB*
Long-term loans due within one year	10	**51,786,916.50**	45,347,000.63
Long-term payables due within one year		**32,446,673.45**	34,872,176.24
Deferred income due within one year		**42,677,318.28**	44,133,270.15
Total		**126,910,908.23**	124,352,447.02

10 **Long-term loans**

	Note	**As at 30 June 2017** *RMB*	As at 31 December 2016 *RMB*
Unsecured loans		**212,386,446.58**	93,806,859.58
Loans secured by mortgages	(1)	**185,862,581.50**	183,965,871.98
Total	(2)	**398,249,028.08**	277,772,731.56
Less: Long-term loans due within one year			
Including: Unsecured loans		**14,169,458.72**	9,883,432.75
Loans secured by mortgages		**37,617,457.78**	35,463,567.88
Sub-total (Note 9)		**51,786,916.50**	45,347,000.63
Long-term loans due after 1 year		**346,462,111.58**	232,425,730.93
Including: Due after 1 year but within 2 years		**76,358,775.88**	37,353,465.64
Due after 2 years but within 5 years		**270,103,335.70**	195,072,265.29

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

Note 2: As at 30 June 2017, the Group's long-term loans were bank borrowings with interest rates ranging from 4.28% to 4.90% per annum (31 December 2016: 4.37% to 4.90% per annum). The Group did not have any expired but outstanding long-term loans as at 30 June 2017 (31 December 2016: Nil).

11 **Bonds payable**

Item	**Period**	**Issue date**	**Face value** *RMB*	**Discount amount** *RMB*	**Amortisation as at 1 January 2017** *RMB*	**Amortisation for the period** *RMB*	**Carrying amount as at 30 June 2017** *RMB*
2014 corporate bond (first phase)	7 years	28/09/2015	400,000,000.00	(3,620,513.00)	568,520.65	236,190.67	397,184,198.32
2014 corporate bond (second phase)	5 years	17/12/2015	380,000,000.00	(3,439,487.00)	662,273.43	326,188.70	377,548,975.13
Total			780,000,000.00	(7,060,000.00)	1,230,794.08	562,379.37	774,733,173.45

On 28 September 2015, the Company issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB 400 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal will be returned upon maturity. On 17 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB 380 million with a term of 5 years. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum 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 Intercharge franchise operating right.

12 **Retained earnings**

		For the six months ended 30 June	
	Note	**2017**	2016
		RMB	*RMB*
Retained earnings at the beginning of the period		**1,003,132,848.80**	781,113,221.65
Add: Net profit attributable to the shareholders of the Company for the period		**223,192,125.78**	175,369,682.50
Less: Final dividends in respect of the previous financial year, approved and declared during the interim period	(1)	**103,980,214.00**	103,980,214.00
Retained earnings at the end of the period	(2)	**1,122,344,760.58**	852,502,690.15
Including: Interim dividend approved and declared after the balance sheet date of the interim period	(3)	**—**	—

Note 1: A final dividend of RMB 0.13 per share (tax included) for year 2016 were approved for distribution by shareholders at the Annual General Meeting held on 13 June 2017. The total amount of 2016 final dividend was RMB 103,980,214.00, calculated based on the total number of shares of 799,847,800 after taking into account of the conversion of the Perpetual Subordinated Convertible Securities ("PSCS") (corresponding period in 2016: RMB 0.13 per share (tax included), amounting to RMB 103,980,214.00 in total).

Note 2: As at 30 June 2017, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB 385,264,481.78 (31 December 2016: RMB 385,264,481.78).

Note 3: The Board does not recommend distribution of an interim dividend for the period (corresponding period in 2016: Nil).

13 **Equity attributable to the shareholders of the Company**

	For the six months ended 30 June	
	2017	2016
	RMB	*RMB*
(1) Equity attributable to the common share holders of the Company	**2,230,926,339.57**	1,952,672,873.80
(2) Equity attributable to holders of other equity instrument		
Including: Principal	—	—
Accumulated undistributed earnings at the beginning of the period	—	2,818,100.00
Less: Distributable earnings no longer to be distributed (Note 1)	—	(2,818,100.00)
Accumulated undistributed earnings at the end of the period	—	—
Sub-total	—	—
Total equity attributable to the shareholders of the Company	**2,230,926,339.57**	1,952,672,873.80

Note 1: According to the PSCS agreement signed on 5 February 2016, the Company is required to distribute an annual earning to the holder of PSCS, which is calculated at 1% of the principal of RMB 281,810,000.00 and on a time proportion of the actual days of holding PSCS in a year.

On 24 March 2016, the PSCS held by GCGC has been fully converted into domestic shares of the Company, amounting to 173,385,000 shares, and those shares were entitled to the distribution of 2015 final dividends. As such, the Company decided not to distribute the accumulated earnings attributable to the holder of PSCS for the period from 1 January 2015 to 23 March 2016 which was calculated at 1% of the principal. The retained earnings of the Group and the Company as at 30 June 2016 did not contain the earnings attributable to the holder of PSCS.

14 Financial expenses

	Note	For the six months ended 30 June 2017 RMB	2016 RMB
Interest expenses from loans, bonds and payables		**28,286,454.29**	30,269,432.61
Including: Interest expenses from loans	(1)	**25,528,363.44**	28,823,927.63
Less:Borrowing costs capitalised		**2,758,090.85**	1,445,504.98
Net interest expenses		**25,528,363.44**	28,823,927.63
Less: Interest income		**7,266,753.99**	12,571,903.02
Net exchange (gains) / losses		**(661,443.53)**	1,761,081.05
Amortisation of unrecognised financial charges		**979,344.24**	678,718.33
Others		**3,816,751.47**	3,794,459.86
Total		**22,396,261.63**	22,486,283.85

(1) Interest expenses related to bank loans of the Group for current period due within 5 years were RMB 9,801,772.93 (corresponding period in 2016: RMB 13,080,006.55). Interest expenses related to other borrowings were RMB 15,726,590.51 (corresponding period in 2016: RMB 15,743,921.08).

Capitalised interest expenses of the Group for current period were RMB 2,758,090.85 (corresponding period in 2016: RMB 1,445,504.98).

15 **Investment income**

	For the six months ended 30 June	
	2017	2016
	RMB	*RMB*
Income from investments in associates accounting for using equity method	**18,117,343.97**	10,603,818.90
Income from investments in joint ventures accounting for using equity method	**7,212,578.69**	4,757,674.46
Others	**(229,690.69)**	(160,618.55)
Total	**25,100,231.97**	15,200,874.81
Including:		
Income from investment in associates accounting for using equity method attributable to shareholders of the Company	**17,843,023.98**	10,588,364.27
Income from investment in joint ventures accounting for using equity method attributable to shareholders the Company	**7,031,357.81**	4,632,369.76

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

16 **Government grants**

(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** *RMB*	**Additions during the period** *RMB*	**Recognition as other income** *RMB*	**Balance of deferred income at the end of the period** *RMB*
Subsidies for vehicles replacement	10,973,137.53	1,161,855.07	(1,452,620.72)	10,682,371.88
Subsidies for station renovation	67,796,855.94	4,100,000.45	(6,780,043.05)	65,116,813.34
Tax subsidies for vehicle purchase	14,140,175.15	—	(212,765.94)	13,927,409.21
Subsidies of procurement of new energy vehicles	166,784,968.10	—	(17,063,614.44)	149,721,353.66
Software development subsidies	2,500,000.00	—	—	2,500,000.00
Other subsidies related to assets	5,220,469.46	700,000.00	(68,437.43)	5,852,032.03
Total	267,415,606.18	5,961,855.52	(25,577,481.58)	247,799,980.12

(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 2017** *RMB*
Fuel subsidies	46,555,771.33

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

Items	For the six months ended 30 June 2017
	RMB
Subsidies for operation	10,893,112.20
Subsidies of elderly concessionary travel card	2,604,105.87
Total	13,497,218.07

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

Items	For the six months ended 30 June 2017
	RMB
Subsidies for vehicle disposals	2,386,941.92
Other subsidies	1,470,732.72
Total	3,857,674.64

17 Non-operating income

	For the six months ended 30 June	
	2017	2016
	RMB	*RMB*
Gains on disposals of non-current assets	**466,017.44**	3,443,866.60
Including: Gains on disposals of fixed assets	**460,656.59**	3,418,523.36
Government grants	**3,857,674.64**	41,625,205.31
Others	**3,985,363.51**	5,206,280.73
Total	**8,309,055.59**	50,275,352.64

18 **Income tax expenses**

	For the six months ended 30 June	
	2017	2016
	RMB	*RMB*
Current tax expenses for the period based on tax law and regulations	**94,422,679.23**	86,816,265.18
Including: Mainland China	**93,874,916.57**	86,668,354.28
Hong Kong	**547,762.66**	147,910.90
Tax filing differences	**378,663.47**	861,615.66
Changes in deferred tax	**2,317,480.06**	801,414.77
Total	**97,118,822.76**	88,479,295.61

19 **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	
	2017	2016
	RMB	*RMB*
Net profit attributable to shareholders of the Company	**223,192,125.78**	175,369,682.50
Weighted average number of ordinary shares in issue during the period	**799,847,800.00**	720,339,800.00
Basic earnings per share (RMB / share)	**0.28**	0.24

Weighted average number of ordinary shares in issue during the period is calculated as follows:

	For the six months ended 30 June	
	2017	2016
	Shares	*Shares*
Issued ordinary shares at the beginning of the period	**799,847,800.00**	626,462,800.00
Effect of conversion of PSCS	**—**	93,877,000.00
Issued ordinary shares at the end of the period (Note)	**799,847,800.00**	720,339,800.00

Note: The weighted average number of ordinary shares in issue for 2016 has taken into account of the effect of the conversion of PSCS on 24 March 2016.

(2) **Diluted earnings per share**

Diluted 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 (diluted) (as if all PSCS has been converted into ordinary shares at the beginning of the period). The calculation is as follows:

	For the six months ended 30 June	
	2017	2016
	RMB	*RMB*
Net profit attributable to shareholders of the Company	**223,192,125.78**	175,369,682.50
Weighted average number of ordinary shares in issue during the period (diluted)	**799,847,800.00**	799,847,800.00
Diluted earnings per share (RMB / share)	**0.28**	0.22

Weighted average number of ordinary shares in issue during the period (diluted) is calculated as follows:

	For the six months ended 30 June	
	2017	**2016**
	Shares	*Shares*
Issued ordinary shares at the end of the period (Note 1)	799,847,800.00	720,339,800.00
Diluted adjustment:		
Effect of PSCS(Note 2)	—	79,508,000.00
Issued ordinary shares at the end of the period(diluted)	799,847,800.00	799,847,800.00

Note 1: The weighted average number of ordinary shares in issue for corresponding period took into account of the effect of the conversion of PSCS on 24 March 2016.

Note 2: As mentioned in Note 13, on 24 March 2016, the PSCS held by GCGC was converted into ordinary shares of the Company. The weighted average number of ordinary shares in issue for corresponding period (diluted) was calculated as if the PSCS had been converted into ordinary shares since 1 January 2016.

20 Segment reporting

Based on the Group's internal organisation structure, management requirement and internal reporting policy, the operations of the Group were previously classified into four segments, including motor transportation and auxiliary services, material logistics services, expressway services and Taiping Interchange. In the second half of 2016, in order to cope with the implementation of the 13th Five-Year strategic development plan, the Group reorganised the internal management structure and revised the internal reporting policy, and reclassified the operations into three segments, including travel services, modern logistics and resources development. For the convenience of comparison, the comparative information of segment reporting for the six months ended 30 June 2016 has been restated in accordance with the revised classification. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies.

(1) **Segment reporting**

	Travel service *RMB*	Modern logistics *RMB*	Resource development *RMB*	Inter-segment elimination *RMB*	Total *RMB*
For the six months ended 30 June 2017					
Operating income					
External income	2,154,569,343.89	934,179,040.69	143,288,552.52	—	3,232,036,937.10
Inter-segment income	2,080,607.51	—	4,536,348.41	(6,616,955.92)	—
Total segment operating income	2,156,649,951.40	934,179,040.69	147,824,900.93	(6,616,955.92)	3,232,036,937.10
Total segment operating costs	1,677,227,588.02	836,421,996.00	38,484,073.90	(246,908.62)	2,551,886,749.30
Segment operating profit	205,827,556.89	72,900,309.68	79,006,777.78	(520,342.37)	357,214,301.98
For the six months ended 30 June 2016					
Operating income					
External income	1,992,803,807.02	1,008,928,921.17	129,898,902.97	—	3,131,631,631.16
Inter-segment income	1,754,209.97	—	4,386,066.03	(6,140,276.00)	—
Total segment operating income	1,994,558,016.99	1,008,928,921.17	134,284,969.00	(6,140,276.00)	3,131,631,631.16
Total segment operating costs	1,494,590,716.93	956,020,467.29	35,421,509.68	(327,438.13)	2,485,705,255.77
Segment operating profit	182,661,108.75	20,655,061.86	61,571,799.00	(3,570,214.31)	261,317,755.30

	Travel service *RMB*	Modern logistics *RMB*	Resource development *RMB*	Inter-segment elimination *RMB*	Total *RMB*
As at 30 June 2017					
Total segment assets	6,313,847,531.50	1,192,006,700.84	3,551,735,175.05	(3,134,362,124.74)	7,923,227,282.65
Total segment liabilities	3,375,143,190.64	1,723,611,986.19	1,274,078,814.89	(1,917,615,307.49)	4,455,218,684.23
As at 31 December 2016					
Total segment assets	6,265,321,571.90	1,864,499,513.78	3,063,292,940.92	(3,530,221,818.95)	7,662,892,207.65
Total segment liabilities	3,426,941,481.57	1,743,472,357.99	1,451,612,310.65	(2,313,698,054.33)	4,308,328,095.88

(2) **Geographic information**

The Group's operating income comes from mainland China and Hong Kong, among which, the income from Hong Kong amounted to RMB 122,397,338.29 in the current period (corresponding period in 2016: RMB 115,495,067.10). As at 30 June 2017, the Group's non-current assets held by the Hong Kong operations amounted to RMB 155,125,310.83 (31 December 2016: RMB 145,969,314.01).

(3) **Major customers**

No operating income from one single customer of the Group is above 10% of the Group's total operating income for the current period and the corresponding period of 2016.

21 Net current assets

	As at 30 June 2017	As at 31 December 2016
	RMB	*RMB*
Current assets	**3,194,484,821.92**	3,029,596,899.28
Less: Current liabilities	**2,535,880,961.24**	2,447,387,235.99
Net current assets	**658,603,860.68**	582,209,663.29

22 Total assets less current liabilities

	As at 30 June 2017	As at 31 December 2016
	RMB	*RMB*
Total assets	**7,923,227,282.65**	7,662,892,207.65
Less: Current liabilities	**2,535,880,961.24**	2,447,387,235.99
Total assets less current liabilities	**5,387,346,321.41**	5,215,504,971.66

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half of 2017, according to the "13th Five-Year" Development Strategy, the Group continued to focus on advancing its travel services and promoted the business expansion of "Yueyun Energy" gas stations and "Yueyun Loyee" convenience stores to facilitate the deep integration of small parcel express delivery business with passenger transportation services. The transformation and upgrading has been achieved by adhering to customer demand as the core with an emphasis on intelligent transportation. Internet ticketing services also recorded an optimistic growth. The Group has been committed to creating an O2O travel service ecosystem business model, and each business segment has continued to maintain stable growth.

Travel Service Segment

1. Road passenger transportation and auxiliary services

	As of 30 June 2017	As of 30 June 2016	Change (%)
Number of passenger transported (0'000)	**4,062.78**	4,255.61	(4.53)%
Number of passenger transported on a self-operation basis (0'000)	**2,806.01**	2,780.32	0.92%
Passengers average distance carried (km)	**101.25**	98.93	2.34%
Passengers carried (100 million passenger-kilometres)	**41.13**	42.10	(2.29)%
Proportion of self-operated vehicles (%)	**65.40%**	62.80%	2.60%
Number of followers on Yueyun WeChat ticketing platform (0'000)	**128.90**	79.22	62.72%
Tickets sold on Yueyun WeChat ticketing platform	**864,681**	344,200	151.21%
Value of tickets sold on Yueyun WeChat ticketing platform (RMB)	**64,443,330**	23,317,600	176.37%
Licenses for passenger transportation routes	**3,768**	3,650	3.23%
Passenger transportation routes	**1,473**	1,393	5.74%
Operating vehicles	**7,856**	7,794	0.80%

	As of 30 June 2017	As of 30 June 2016	Change (%)
Of which: Routes vehicles	**2,940**	2,926	0.48%
Urban-rural buses integration	**3,846**	3,717	3.47%
Taxis	**837**	908	(7.82)%
Others (charter coach)	**233**	243	(4.12)%
Self-operated vehicles	**5,138**	4,895	4.96%
Of which: Routes vehicles	**1,650**	1,554	6.18%
Urban-rural buses integration	**3,272**	3,141	4.17%
Taxis	**47**	36	30.56%
Others (charter coach)	**169**	164	3.05%
New energy vehicles	**915**	616	48.54%
Passenger terminals	**83**	86	(3.49)%

In the first half of 2017, under the development model of "Acquisition - Consolidation - Growth (併購-整合-增長)", the Group continued to strengthen the acquisition and consolidation of regional road transportation resources and further improved the network of passenger transportation routes and terminals with an aim to increase its market share within Guangdong Province. As at 30 June 2017, the Group owned 3,768 licenses for passenger transportation routes, 1,473 passenger transportation routes, 7,856 passenger vehicles and 83 passenger terminals. In the first half of 2017, Zhaoqing Yueyun Vehicles Transport Co., Ltd. (肇慶市粵運汽車運輸有限公司) completed its acquisition of Huaiji County Yueyun Urban and Rural Public Traffic Co., Ltd. (懷集縣粵運城鄉公共交通有限公司) and Shanwei City Yueyun Vehicles Transportation Company Limited (汕尾市粵運汽車運輸有限公司) completed its contractual operation of all transportation resources of Lufeng City Qiansheng Vehicles Transportation Company Limited (陸豐市乾盛汽車運輸有限公司). The Group is proceeding with the arrangements as scheduled for the acquisition and consolidation of Guangdong Province Zhanjiang Vehicle Transportation Group Co., Ltd. (廣東省湛江汽車運輸集團有限公司).

The Group actively promoted the reclamation and self-operation of contracted vehicles. According to the strategic layout of "exploring the downstream market (車頭向下)", the Group put great efforts on rural passenger market, which further improved its road transportation system. In the first half of 2017, the Group reclaimed a total of 111 self-operated vehicles, including 14 rural passenger vehicles. The passenger traffic volume and the relevant revenue by rural passenger transportation continued to maintain steady growth.

The Group took full advantage of its strength in its own transportation resources network and actively expanded its "transportation + tourism" business by combing local tourism resources. The Group has properly connected scenic spots with its own routes with more convenient personalized travel services. By connecting with our "Yuexing (悅行)" APP and WeChat Public Platform, the Group has enhanced its marketing efforts, and achieved new progress of such "transportation + tourism" routes in the first half of 2017 and in-depth digged tourism resources in business lines by relying on the tourism distribution function of passenger station, and part of "transportation + tourism" has begun to show benefits. In addition, Shaoguan Yueyun Vehicles Transportation Co., Ltd. is currently promoting the construction of the tour dispatch centre for Shaoguan East Passenger Station, which will be helpful to optimize traffic distribution at scenic spots and promote regional traffic integration operations.

With customer demand taken as the core, the Group provided differentiated travel services, and actively tried to adopt a new business model by providing autonomous passenger organization, customized shuttle bus and intermodal passenger transportation services. In addition, the Group finished the construction of "Intermodal Transport (聯程聯運)" terminals, which have been put into official operation in Leliu Service Zone. Thus, the new business model of "cross-border + domestic (跨境+內運)" transportation has been achieved, and generated some benefits. The Group will continue to speed up the replication and promotion of the new model of Intermodal Transport to increase the actual loading rates while assuring convenient travel for passengers.

The Group has started to change passenger terminals from "shopkeepers (坐商)" into "itinerant merchants (行商)" and actively explored the operating model of diversified functions including ticket, convenience store retail, small parcel express delivery services and travel service to vigorously build various passenger terminal business districts to enhance the business value of passenger stations, making them become regional comprehensive service centers. As of 30 June 2017, the Group had 43 multifunctional passenger terminal.

Leveraging on "Internet plus (互聯網+)" thinking innovation and with the transformation and upgrading of "Intelligent Transportation (智慧交通)", WeChat Public Platform of "Yueyun Transport" and "Guangdong-Hong Kong Bus" have gradually become important platforms for the marketing and promotion of online domestic and cross-border transportation services. The Group has displayed ticket information online for 102 terminals within Guangdong Province, making it more convenient for passengers to purchase tickets. In the first half of 2017, the Group had recorded a total of 864,700 tickets sold and RMB64.4433 million of ticket sales generated through Yueyun Transport WeChat Public Platform which was followed by 1,289,000 users. The Group ranked second on the list of "Top 100 Trustworthy Road Transportation Enterprises in China（2017）(中國道路運輸百強誠信企業(2017年))" by the China Road Transport Association in 2017.

2. Service zone operation

	As of 30 June 2017	As of 30 June 2016	Change (%)
Operated service zones (pairs)	**104**	89	16.85%
Operated gas stations	**160 (including 16 self-operated gas stations)**	140	14.29%
Operated convenience stores at service zones	**209**	118	77.12%

In the first half of 2017, the Group continued to expand its scale in service zone operation. The Group completed the construction and operation for Gaogang Service Zone (unilateral side), Bozhi Service Zone, Bincun Parking Lot, Gaoliang Parking Lot and Sunwei Parking lot. As at 30 June 2017, the Group operated 104 pairs of service zones and 209 convenience stores of expressway service zones.

The Group has tapped into innovative development of commercial real estate in expressway service zones and orderly promoted the commercial transformation of five pairs of service zones including Leliu Service Zone. The development of comprehensive commercial transformation projects in Houmen Service Zone and Da Huai Service Zone has been accelerated. The relevent commercial design plans have been completed and, the bidding and tendering for tenancy marketing agencies is currently under way. The Group is actively promoting the acquisition of the project land use indicators, and carries out the preparation of the business planning proposal and conceptual planning and design for Taihe project. Various famous brands such as Meng Zi Yuan (蒙自源) and Kafelaku Coffee (貓屎咖啡) have been introduced, which can drive the increase in business value of service zones. As at 30 June 2017, the area for attracting merchants achieved 74,643 square meters, and the average rent per square meter increased by 13.5% on a year-on-year basis.

3. Energy Business

As at 30 June 2017, the Group operated 160 gas stations. In the first half of 2017, the Group operated 16 self-built and self-operated gas stations in 8 pairs of service zones along Chaozhou-Huilai Expressway, Jiangmen-Luoding Expressway and Guangzhou-Foshan-Zhaoqing Expressway, and owned 6 gas stations under construction. The Group has innovated operation and management tools, implemented the whole staff marketing and established a brand promotion plan to improve brand awareness. The Group also implemented the HSE (Health, Safety, Environment) management system and "Four" standardizations (design standardization, material standardization, equipment standardization and construction standardization). "Yueyun Energy" gas stations mainly sell No. 0 diesel and Nos. 92, 95 and 98 gasoline, and each station also has a "Loyee (樂驛)" convenience store, which provides various payment methods such as cash, refueling cards, UnionPay cards, WeChat and Alipay, so as to comprehensively increase the refueling consumption experience for vehicle owners.

4. Convenience Store Retail Business

	As of 30 June 2017	As of 30 June 2016	Change (%)
Operated convenience stores	**336**	159	111.32%
Of which: Convenience stores at service zones (units)	**209**	118	77.12%
Convenience stores at passenger terminals (units)	**127**	41	209.76%

The Group is preparing for the establishment of a convenience store specialized company, and has actively adhered to a scale expansion mode and accelerated the construction of the "Yueyun Loyee" convenience store network to build "Four-in-One" integrated convenience stores incorporating passenger transportation and ticketing, small parcel express delivery, retail and tour dispatch. In the first half of 2017, 9 new "Four-in-One" convenience stores were opened, resulting in 55 convenience stores in total. The Group has reinforced the promotion of the "Yueyun Loyee" convenience store brand, making it expand to third- and fourth-tier cities and rural markets. With the physical convenience store network, the Group has nurtured the O2O e-commerce model focusing on the sale of local specialties of Guangdong Province. As of 30 June 2017, the Group operated 336 convenience stores, including 209 convenience stores of service zones and 127 convenience stores of terminals. Along with the scale expansion of convenience stores, both revenue and gross profit of convenience stores have maintained stable growth.

5. *Automobile Service Business*

Guangdong Yueyun Traffic Rescue Co., Ltd. (廣東粵運交通拯救有限公司) ("**Yueyun Rescue**"), a subsidiary of the Company, is a professional road rescue enterprise and offers road rescue services for the expressways of Guangdong Provincial Communication Group Company Limited (廣東省交通集團有限公司) ("**GCGC**", a controlling shareholder of the Company). It has promoted the introduction of unified expressway fee standards for vehicle rescue in Guangdong Province, and established a set of safe and efficient rescue operation process and standards to improve the industry situation. Currently, Yueyun Rescue has a total service mileage of approximately 3,969 km, accounting for 52% of the expressway traffic mileage in Guangdong Province, and thus it has become a leader in the domestic expressway rescue industry. By optimizing stationary point settings and improving operational plans, the punctuality rate for attendance was increased to 88%, and the punctuality rate for obstacle clearance was increased to 96%. The core enterprise competitiveness is built by the ability to respond efficiently and handle the site quickly. The business cooperation with Ping An Insurance and other large-scale institutions has been initially identified to achieve extensive development of road rescue.

Some subsidiaries have explored the establishment of vehicle maintenance business cooperation model in accordance with their local market environment.

Modern Logistics Segment

1. Material Logistics Business

	As of 30 June 2017	As of 30 June 2016	Change (%)
Projects under construction with materials supply	**22**	24	(8.33)%
Of which: Projects with GCGC	**6**	10	(40.00)%
Projects with parties other than GCGC	**16**	14	14.29%
Newly awarded projects with parties other than GCGC	**9**	9	0.00%
Supply of materials for projects with GCGC (0'000 tons)	**9.63**	109.51	(91.21)%
Of which: Steel	**3.62**	15.38	(76.46)%
Asphalt	**0.04**	2.82	(98.58)%
Cement	**5.97**	91.89	(93.50)%
Supply of materials for projects with parties other than GCGC (0'000 tons)	**41.32**	26.64	55.11%
Of which: Steel	**16.21**	10.86	49.26%
Asphalt	**1.25**	0.13	861.54%
Cement	**23.86**	15.65	52.46%
Asphalt warehousing and pier			
Of which: Asphalt vessels docked	**22**	22	0.00%
Inbound asphalt (0'000 tons)	**10.42**	12.02	(13.31)%
Outbound asphalt (0'000 tons)	**8.34**	11.41	(26.91)%

In the first half of 2017, the Group stepped up tender efforts for key engineering projects in Guangdong Province and realize market expansion for materials such as steel, asphalt and cement; proactively carried out marketing for piers and pushed forward strategic partnership in respect of the asphalt business; explored business transformation and sought opportunities to participate in the logistics park project; commenced to build the e-commerce platform for centralized procurement of bulk material for South Guangdong Logistics and expanded the downstream network. The Group cumulatively supplied 198,300 tons of steel, 12,900 tons of asphalt and 298,300 tons of cement in the first half of 2017. The Group participated actively in the market bidding for steel, asphalt and cement and won 10 bids, of which 5 for steel, 4 for asphalt and 1 for cement, with a total tender volume of 1.387 million tons and a tender amount of over RMB4 billion.

In the first half of 2017, the Group greatly promoted the value of Dongguan Pier resources to ensure sustainable development of pier business. The Group has adopted the remaining shoreline resource leasing mode and recruited cooperators for investment and operation; meanwhile, the Group also proactively facilitated the leasing business of pier storage yard; the Group also established Dongguan Jiafu steel storage and transportation center to provide service for the reserves and logistics of steel.

2. Small Parcel Express Delivery Business

The Group has basically achieved the coverage of all prefecture-level cities in the province by stations of the "FLY-E Bus Express (網上飛巴士速遞)" business and endeavored to expand some passenger terminals outside the province. We optimized the platform management and diversified the platform features based on the unified brand, unified business processes, unified service standards and unified settlement model. The Group was committed to accelerating the deep integration of the small parcel express delivery business with the passenger transportation industry and expanding the network rapidly in the form of brand franchise, to break the barrier and achieve cross-border integration. The Group also promoted the small parcel express delivery business through e-commerce business and attempted to expand business in various forms such as logistics finance and bonus points redemption. Taking advantage of the logistics, the Group attempted actively to cooperate with the third-party platform to conduct precision marketing and implement the e-commerce business of fresh products. In the first half of 2017, small parcel express platforms comprising Guangdong Wangshangfei Logistics Technology Co., Ltd. had a cumulative acceptance of 478,500 pieces of small parcels with an operating income of RMB14.8064 million.

Resources Development Segment

1. Operation of Taiping Interchange Assets

In the first half of 2017, Taiping Interchange's toll collection business achieved a year-on-year increase of 6% mainly due to the organic growth of traffic volume. Taiping Interchange recorded operating income of approximately RMB100.1 million, which continued to contribute stable cash flow to the Group.

2. Advertising Media Business

	As of 30 June 2017	As of 30 June 2016	Change (%)
Expressway media (outdoor columns, cross-line bridges, gantries and etc.)	**448**	410	9.27%
Of which: Rate of direct operation (%)	**13.00%**	3.00%	10.00%
Business from passenger transportation media	**928**	977	(5.02)%
Of which: Passenger terminals	**28**	28	0.00%
Passenger buses	**758**	758	0.00%
Urban buses	**142**	191	(25.65)%
Business from digital media	**305**	0	
Of which: LCD display screens	**304**	0	
LED display screens	**1**	0	
Highway sections covered by expressway media	**54**	50	8.00%
Planned location for outdoor columns	**1189**	1189	0.00%
Developed outdoor media resources	**448**	410	9.27%
Of which: Outdoor columns	**385**	368	4.62%
Gantries ads facilities	**3**	3	0.00%
Cross-line bridge ads facilities	**5**	5	0.00%
Billboards at toll square	**34**	15	126.67%
Billboards on the roof of toll stations	**13**	11	18.18%
Billboards at service zone	**6**	6	0.00%
Billboards on the roof of service zone	**2**	2	0.00%

In the first half of 2017, the Group continued to improved its ability to acquire resources and control the market in respect of its advertising business by enhancing its ability to develop resources, expand marketing channels, customize precise communication plan and operate the platform in order to deeply explore customers' needs and by carrying out digital media projects for five expressways including Guangzhou-Lechang Expressway and establishing resource management platform to include traditional media, digital media, passenger transportation resources and rapid distribution resources for integrated marketing in order to transform from a advertising resource provider to an integrated multimedia service provider. As at 30 June 2017, the Group held the operation rights of 448 outdoor media resources along

54 highway sections; developed 928 passenger transportation media; and constructed a total of 1 LED screen and 304 digital LCD screens with the area of advertising resources in operation of more than 100,000 square meters and 11 newly-developed direct customers.

3. Development of Self-owned Land

The “Three Olds” redevelopment project of Airport Road land parcel has been in compliance with the latest urban renewal policy “Implementation Opinions of Guangzhou Municipal People’s Government on Improving Urban Renewal Level to Promote the Economical and Intensive Use of Land” (《廣州市人民政府關於提升城市更新水平促進節約集約用地的實施意見》) issued by the Guangzhou Municipal Government on 5 June 2017 and met the planning requirements of project land. It has been incorporated into the annual implementation plan of “Three Olds” redevelopment of Guangzhou City in 2017 and has been listed in the annual key promotion projects of the government of Baiyun District of Guangzhou, the Group will actively promote the project declaration and development.

According to the Business Plan of the Development of Land Resource at the Passenger Terminals (《客運站場土地資源開發業務規劃》), the Group actively promoted the development of the old Yangxi Station in the first half of 2017. Up to now, the Group has completed the preparation of detailed construction plan such as the site plan for the project planning, floor plan, effect picture and estimation of approximate quantities of this project and submitted the same to the housing construction bureau for review. The Group also completed the tendering procedures for entrusted development and management services, building demolition works, preparation of an environmental impact assessment report and obtained the construction land planning permit. The old Yangxi Station was located at the prime area in Yangxi County, Yangjiang City in proximity to the National Highway 325, with a site area of 9,350.95 square meters and the type of the land use right has been changed for commercial and residential purposes. Currently, the Group intends to develop this parcel of land at the plot ratio of 2.14, the building density of 29.64% and the green space rate of 30.06%. The project comprises of two nine-floor buildings and two 16-floor buildings with total gross floor area of 24,179.77 square meters, gross floor area for residential purpose of 16,941.69 square meters and gross floor area for podiums and commercial purposes of 2,998.03 square meters. The final indicators are subject to the approval of government authorities.

FINANCIAL REVIEW

The Group's interim results for the six months ended 30 June 2017

For the six months ended 30 June 2017, operating income of the Group amounted to RMB3,232.037 million (the same period in 2016: RMB3,131.632 million), representing a year-on-year increase of RMB100.405 million or 3%. The year-on-year increase in operating income was due to the increase in income from energy business and the retail business of convenience stores. Gross profit amounted to RMB680.150 million (the same period in 2016: RMB645.926 million), representing a year-on-year increase of RMB34.224 million or 5%. The year-on-year increase in gross profit was due to the increase in gross profit resulting from the increase in the settlement price of materials.

For the six months ended 30 June 2017, the Group realized net profit of RMB265.324 million (the same period in 2016: RMB218.239 million), representing a year-on-year increase of RMB47.085 million or 22%; net profit attributable to the shareholders of the Company (the "**Shareholders**") were RMB223.192 million (the same period in 2016: RMB175.370 million), representing a year-on-year increase of RMB47.822 million or 27%; basic earnings per share were RMB0.28 (the same period in 2016: RMB0.24 per share), representing an increase of 17%. The increase in net profit attributable to the Shareholders was mainly due to (i) the year-on-year increase in gross profit resulting from the year-on-year increase in the settlement price of materials due to market impacts; (ii) the increased investment income of the Group resulting from the year-on-year increase of the net profit for the period of Southern United Assets and Equity Exchange Company Limited, an associate of the Company.

As of 30 June 2017, the gearing ratio of the Group was 56.23% (31 December 2016: 56.22%); the current ratio was 1.26 (31 December 2016: 1.24). The Company has been maintaining a good solvency.

Operating income

Operating income of the Group for the first half of 2017 was mainly derived from three business segments, namely travel service, modern logistics and resource development. Operating income of the Group for the first half of 2017 amounted to RMB3,232.037 million (the same period in 2016: RMB3,131.632 million), representing a year-on-year increase of RMB100.405 million or 3%, which was mainly due to the increase in income from energy business and the convenience stores retail business.

Operating income by business segments:

	As at 30 June 2017		As at 30 June 2016	
	RMB'000	**Percentage**	RMB'000	Percentage
Travel service	**2,154,569**	**67%**	1,992,804	64%
Modern logistics	**934,179**	**29%**	1,008,929	32%
Resource development	**143,289**	**4%**	129,899	4%
Total	**3,232,037**	**100%**	3,131,632	100%

1. Travel service segment

Travel service segment is one of the major sources of the Group's operating income. Operating income of such business amounted to RMB2,154.569 million (the same period in 2016: RMB1,992.804 million) for the first half of 2017, representing a year-on-year increase of RMB161.765 million, or approximately 8%, and accounting for approximately 67% (the same period in 2016: 64%) of the Group's total operating income, of which:

(1) Road transportation and auxiliary services recorded operating income of RMB1,496.183 million (the same period in 2016: RMB1,513.490 million) for the first half of 2017, representing a decrease of RMB17.307 million or approximately 1%.

(2) As at 30 June 2017, the number of the Group's operated service zones was 104 pairs (the same period in 2016: 89 pairs). Operating income generated from the operations of service zones for the first half of 2017 amounted to RMB130.878 million (the same period in 2016: RMB123.684 million), representing an increase of RMB7.194 million or 6%, which was due to the increase of the number of service zones over the same period in 2016.

(3) As at 30 June 2017, the number of the operated convenience stores of retail business of convenience stores was 336 (the same period of 2016: 159). The operating income for the first half of 2017 was RMB193.321 million (the same period of 2016: RMB156.251 million), representing an increase of RMB37,070 million or approximately 24%, which was due to the increase of the number of our self-operated "Loyee" convenience stores over the same period in 2016.

(4) Energy business recorded operating income of RMB280.591 million for the first half of 2017 (the same period in 2016: RMB161.875 million), representing a year-on-year increase of RMB118.716 million or approximately 73%, mainly due to the increase in income from 16 new self-operated gas stations over the same period in 2016.

(5) Motor service business mainly represents road rescue business, which recorded operating income of RMB53.596 million (the same period in 2016: RMB37.504 million) for the first half of 2017, representing a year-on-year increase of RMB16.092 million, or approximately 43%, as compared to the same period in 2016, mainly due to the increase of operational quantities and improvement of fee standards.

2. Modern logistics segment

Modern logistics segment is one of the major sources of the Group's operating income. During the first half of 2017, operating income generated from such services amounted to RMB934.179 million (the same period in 2016: RMB1,008.929 million), representing a year-on-year decrease of RMB74.750 million, or approximately 7%, and accounting for approximately 29% (the same period in 2016: 32%) of the Group's total operating income. The decrease in operating income was mainly due to the decrease in the supply of materials as a result of substantial completion of certain projects.

3. Resource development segment

Resource development segment is a stable source of the Group's operating income. The operating income generated from such segment in the first half of 2017 amounted to approximately RMB143.289 million (the same period in 2016: RMB129.899 million), representing a year-on-year increase of RMB13.390 million, or approximately 10%. Such operating income growth was mainly due to the organic growth of traffic volume for the Taiping Interchange asset operation, of which:

(1) The Taiping Interchange asset operation recorded operating income of approximately RMB100.096 million (the same period in 2016: RMB94.109 million) for the first half of 2017, representing a year-on-year increase of RMB5.987 million, or approximately 6%.

(2) Advertising media business recorded operating income of approximately RMB37.382 million (the same period in 2016: RMB30.760 million) for the first half of 2017, representing a year-on-year increase of RMB6.622 million or 22%, mainly due to the increase in income from subsidiaries acquired through a business combination.

Gross profit

Gross profit of the Group for the first half of 2017 amounted to RMB680.150 million (the same period in 2016: RMB645.926 million), representing a year-on-year increase of RMB34.224 million, or approximately 5%. Gross profit margin was 21.04% (the same period in 2016: 20.63%).

Gross profit by business segments:

	As at 30 June 2017		As at 30 June 2016	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Travel service	**477,342**	**70%**	498,213	77%
Modern logistics	**97,757**	**15%**	52,908	8%
Resource development	**105,051**	**15%**	94,805	15%
Total	**680,150**	**100%**	645,926	100%

1. Travel service segment

Gross profit of travel service segment for the first half of 2017 amounted to RMB477.342 million (the same period in 2016: RMB498.213 million), representing a year-on-year decrease of RMB20.871 million, or 4%, and the gross profit margin was 22% (the same period in 2016: 25%). Such decrease of gross profit was mainly attributable to (i) the increase in staff cost and toll charge in road transportation and auxiliary services, (ii) an increase in expenses of property and security business in service zones operations.

(1) Gross profit of road transportation and auxiliary services for the first half of 2017 amounted to RMB326.134 million (the same period in 2016: RMB345.307 million), representing a year-on-year decrease of RMB19.173 million, or 6%, as compared to the same period last year. Gross profit margin was 22% (the same period in 2016: 23%). The decrease in gross profit was mainly due to the increase in staff cost and toll charge.

(2) Gross profit of service zones operations for the first half of 2017 amounted to RMB9.090 million (the same period in 2016: RMB8.196 million), representing a year-on-year increase of RMB0.894 million, or approximately 11%, as compared to the same period last year. Gross profit margin was 7% (the same period in 2016: 7%). The increase in gross profit was mainly due to the increase in the number of service zones.

(3) Gross profit of retail business of convenience stores for the first half of 2017 amounted to RMB39.844 million (the same period in 2016: RMB32.164 million), representing a year-on-year increase of RMB7.680 million, or approximately 24%, as compared to the same period last year. Gross profit margin was 21% (the same period in 2016: 21%). The increase in gross profit was mainly in line with the increase in operating income from self-operated convenience stores.

(4) Gross profit of energy business for the first half of 2017 amounted to RMB82.631 million (the same period in 2016: RMB100.442 million), representing a year-on-year decrease of RMB17.811 million, or approximately 18%, as compared to the same period in 2016. Gross profit margin was 29% (the same period in 2016: 62%). The decrease in gross profit was mainly in line with the decrease in the one-off admission fees at gas stations as compared to the same period last year.

(5) Motor service business mainly represents road rescue service, which recorded gross profit of RMB19.643 million (the same period in 2016: RMB12.104 million) for the first half of 2017, representing a year-on-year increase of RMB7.539 million, or approximately 62%, as compared to the same period in 2016. Gross profit margin was 37% (the same period in 2016: 32%). The increase in gross profit was mainly due to the increase in income resulting from increase of operational quantities and improvement of fee standards.

2. Modern logistics segment

Gross profit of modern logistics segment for the first half of 2017 amounted to RMB97.757 million (the same period in 2016: RMB52.908 million), representing a year-on-year increase of RMB44.849 million, or 85%. Gross profit margin was 10% (the same period in 2016: 5%). The increase in gross profit and gross profit margin was mainly due to the year-on-year increase in gross profit resulting from the year-on-year increase in the settlement price of materials due to market impacts.

3. Resource development segment

Gross profit of resource development segment for the first half of 2017 amounted to RMB105.051 million (the same period in 2016: RMB94.805 million), representing an increase of RMB10.246 million, or 11%, as compared to the same period last year. Such increase in gross profit was mainly due to the increase in operating income as compared to the same period last year. Gross profit margin was 73% (the same period in 2016: 73%).

(1) Gross profit of the Taiping Interchange asset operation for the first half of 2017 amounted to RMB87.382 million (the same period in 2016: RMB79.356 million), representing an increase of RMB8.026 million, or 10%. Gross profit margin was 87% (the same period in 2016: 84%) for the first half of 2017.

(2) Gross profit of advertising media business for the first half of 2017 amounted to RMB17.135 million (the same period in 2016: RMB13.639 million), representing an increase of RMB3.496 million or approximately 26%. Gross profit margin was 46% (the same period in 2016: 44%) for the first half of 2017.

Taxes and other surcharges

In the first half of 2017, taxes and other surcharges amounted to RMB20.542 million (the same period in 2016: RMB28.675 million), representing a decrease of RMB 8.133 million or 28% over the same period in 2016. Such decrease was mainly attributable to the impact of service zones, Taiping Interchange and leasing services and other business included in the range of implementation of the policy on levying value-added tax in place of business tax.

Selling and administrative expenses

In the first half of 2017, selling and administrative expenses of the Group amounted to RMB346.206 million (the same period in 2016: RMB351.582 million), representing a year-on-year decrease of RMB5.376 million or 2%. Such decrease was attributable to the efforts of control over maintenance expenses.

Finance costs

In the first half of 2017, finance costs amounted to RMB22.396 million (the same period in 2016: RMB22.486 million), representing a decrease of RMB90,000.

Reversal of asset impairment

In the first half of 2017, the reversal of asset impairment losses provision amounted to RMB2.034 million, representing a decrease of RMB0.9 million or 31% as compared to the same period in 2016. Such decrease was mainly due to the reversal of a large amount of impairment provision provided in the previous year by the Group in the same period last year.

Investment income

In the first half of 2017, investment income amounted to RMB25.100 million (the same period in 2016: RMB15.201 million), representing an increase of RMB9.899 million or 65% as compared to the same period in 2016. Such increase was mainly attributable to an increase of investment income of the Group resulting from the year-on year increase of the net profit for the period of Southern United Assets and Equity Exchange Company Limited, an associate of the Company.

Other Income

Other income incurred in the first half of 2017 amounted to RMB 39.075 million, attributable to the reclassification of government grants related to daily operations in accordance with the revised *Accounting Standards for Business Enterprises No.16 - Government grants* for the period.

Non-operating income and expenses

In the first half of 2017, non-operating income and expenses amounted to RMB5.229 million (the same period in 2016: RMB45.401 million), representing a decrease of RMB40.172 million or 88% as compared to the same period in 2016, mainly attributable to the government grants related to daily operations reclassified into other income or offsetting against costs in accordance with the revised *Accounting Standards for Business Enterprises No.16 - Government grants.*

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 2017, 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 RMB4,018.901 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 2017** *RMB'000*	**As at 31 December 2016** *RMB'000*
Borrowings (from banks and other financial institutions)	**1,405,012**	1,155,248
Less: Cash and cash equivalents	**1,333,269**	1,594,659
Net debt	**71,743**	(439,411)
Total liabilities	**4,455,219**	4,308,328
Total shareholder's equity	**3,468,009**	3,354,564
Total equity	**3,539,752**	2,915,153
Total assets	**7,923,227**	7,662,892
Gearing ratio	**2.03%**	(15.07)%
Asset to liability ratio	**56.23%**	56.22%

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 2017, the Group satisfied its requirement for payment of its obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and long-term liabilities with low interest rates. Cash and cash equivalents in the first half of 2017 (after excluding the effect of exchange rate movement) were as follows:

	As at 30 June		
	2017	**2016**	**Change**
Cash generated from/(used in)	***RMB'000***	*RMB'000*	*RMB'000*
Operating activities	**(129,315)**	105,862	(235,177)
Investing activities	**(294,466)**	(258,307)	(36,159)
Financing activities	**154,138**	(250,307)	404,445

Operating activities

In the first half of 2017, the Group's net outflow from operating activities amounted to RMB129.315 million (the same period in 2016: net inflow of RMB105.862 million), representing an increase of net outflow of RMB235.177 million, which was mainly attributable to an increase in prepayment for operation.

Investing activities

In the first half of 2017, the net cash outflow from investing activities was RMB294.466 million (the same period in 2016: net cash outflow of RMB258.307 million), representing an increase of net outflow of RMB36.159 million, which was mainly attributable to a year-on-year increase of RMB44.827 million in the cash payment for investment.

Financing activities

In the first half of 2017, the net cash inflow from financing activities was RMB154.138 million (the same period in 2016: net outflow of RMB250.307 million), representing an increase in net inflow of RMB404.445 million, which was mainly attributable to a year-on-year increase of RMB104.275 million in the cash from borrowings inflow and a year-on-year decrease of RMB326.597 million in cash for debt repayment.

Borrowings position

As at 30 June 2017, outstanding borrowings of the Group was RMB1,405.012 million, comprising (i) unsecured short-term loans of RMB65 million (30 June 2016: RMB25 million); (ii) secured short-term loans of RMB20 million (30 June 2016: RMB20 million); (iii) secured long-term loans of RMB185.863 million (30 June 2016: RMB183.966 million); (iv) unsecured long-term loans of RMB212.387 million (30 June 2016: RMB93.807 million); (v) finance lease payables: RMB96.358 million (30 June 2016: 0.722 million); (vi) pledged loans：RMB50.671 million (30 June 2016: Nil); and (vii) bonds payable of RMB774.733 million (30 June 2016: RMB773.611 million). As at 30 June 2017, the majority of the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates.

Post balance sheet date events

None

Major acquisitions and establishment of new companies

For the period ended 30 June 2017, the Group invested in the establishment of 2 new companies, including Yangjiang High-tech Zone Yueyun Langri Industrial Company Limited (陽江高新區粵運朗日實業有限公司) and Guangzhou City Yueyun Langri Transportation Co., Ltd. (廣州市粵運朗日交通運輸有限公司) and acquired Huaiji County Yueyun Urban and Rural Public Traffic Co., Ltd. (懷集縣粵運城鄉公共交通有限公司), a subsidiary. The Group had total investment costs of approximately RMB12.550 million in respect of these new companies.

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)

Name of property	Address	Usage	Types of lease
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)
Floor 1 to 4, East Block, New Station Office Building	Northwest of Guangfu Road, Haifeng County	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)
Suifeng Building	East of People North Road, Donghai Town, Lufeng City	Operating lease	Short-term (within 10 years)
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)

Name of property	Address	Usage	Types of lease
Commercial Center Property	Next to Xintang Vehicle Passenger Terminal, No.1 Xiangshan Boulevard South, Xintang, Guangzhou	Operating lease	Short-term (within 10 years)

Pledge of assets

As at 30 June 2017, fixed assets at the net value of approximately RMB213.688 million (31 December 2016: RMB239.508 million), land use rights at the net value of RMB127.002 million (31 December 2016: RMB126.497 million) and investment properties at the net value of RMB1.783 million (31 December 2016: Nil) of the Group were pledged as security for bank 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 2017, 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 2017, the Group had no material contingent liabilities.

The Main Business Objectives and Arrangement of Investment Funds of the Second Half of 2017

Travel Service Segment

1. To continuously increase the reclamation and self-operation of quality transportation routes, strengthen our expansion in the rural passenger transportation market and further improve the layout of rural passenger terminal network. To accelerate the implementation of the Zhanjiang transport resources merger and acquisition project, in order to increase our market share in Guangdong Province.

2. To provide differentiated travel services with customer demand taken as the core, and actively try to adopt new business model by providing autonomous passenger organization, customized shuttle bus and intermodal passenger transportation services; to expedite the building of "transportation + tourism" new business model to establish the synergy-sharing mechanism of traditional transportation business and emerging tourism business.

3. To continue pushing forward the "Four-in-One" business mode to integrate ticketing, retail, small parcel express delivery and traveling into our passenger stations, appropriately control the investment and construction scale of terminals, adopt various methods such as autonomous commercial redevelopment, joint development and exchange to revitalize resources of old terminals and fully exploit the commercial value of terminals.

4. To innovate the commercial development mode of expressway service zones and orderly promote the commercial reconstruction of five pairs of service zones such as Leliu Service Zone. To expedite the development of integrated commercial reconstruction projects such as Houmen Service Zone and Dahuai Service Zone and fix the tenancy marketing agencies to push forward the marketing in the early stage. To introduce more premium brands, and increase business value of service zones.

5. To strengthen the strategic cooperation between self-built and self-operated "Yueyun Energy" gas stations and the four energy enterprises including PetroChina to further reduce refined oil procurement cost. To intervene in oil storage and wholesale business when appropriate, and gradually carry out oil supply business in GCGC to reduce oil materials costs. To diversify marketing methods to enhance brand awareness, and actively cooperate with third-party companies such as China Express (中經匯通) to promote refueling prepaid cards business. To actively push forward charging piles, refueling stations and solar photovoltaic power new energy projects.

6. To establish a convenience store specialized company, and actively adhere to scale expansion mode and accelerate the construction of the "Yueyun Loyee" convenience store network to build integrated convenience stores incorporating passenger transportation and ticketing, small parcel express delivery, retail, car rental, logistics distribution and tour dispatch. To reinforce the promotion of the "Yueyun Loyee" convenience store brand, making it expand to third- and fourth-tier cities and rural markets. With the physical convenience store network, to nurture the O2O e-commerce model focusing on the sale of local specialties of Guangdong Province.

7. To achieve new breakthroughs in automobile service industry and actively explore the emerging industry of automobile service with road rescue services as the core. The business cooperation with Ping An Insurance and other large-scale institutions has been initially identified to achieve extensive development of road rescue.

Modern Logistics Segment

1. To step up tender efforts for key engineering projects in Guangdong Province, expend logistics market for materials such as steel, asphalt and cement; complete marketing for piers, push forward strategic partnership in respect of the asphalt business; actively seek opportunities to intervene in the logistics park projects. To try to build e-commerce platforms for centralized procurement of bulk material for South Guangdong Logistics to expand the downstream network.

2. To achieve the coverage of substantially all prefecture-level cities in the province by stations of the "FLY-E Bus Express (網上飛巴士速遞)" business and endeavor to expand some passenger terminals outside the province; to optimize the platform management and diversify the platform features based on the unified brand, unified business processes, unified service standards and unified settlement model. To accelerate the deep integration with the passenger transportation industry and expand the network rapidly in the form of brand franchise, to break the barrier and achieve cross-border integration. To strengthen the e-commerce drive, extend logistics finance, bonus points redemption and other services.

Resources Development Segment

1. The Group will continue to focus on acquiring resources and enhancing the market control ability in respect of its advertising business by enhancing its ability to develop resources, expand marketing channels, customize precise communication plan and operate the platform in order to deeply explore customers' needs and by carrying out digital media reform of five expressways including Guangzhou-Lechang Expressway and establishing resource management platform to include traditional media, digital media, passenger transportation resources and rapid distribution resources for integrated marketing in order to transform from a advertising resource provider to an integrated multimedia service provider.

2. The Group will actively promote the "Three Olds" redevelopment project declaration and development and will implement the Business Plan for the Development of Land Resources at Passenger Terminals (《客運站場土地資源開發業務規劃》) to accelerate the commercial development of the old Yangxi Station.

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 2017.

Compliance with Corporate Governance Code

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

The Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the period from 1 January 2017 to 30 June 2017. The Company considers that sufficient measures have been taken to ensure that corporate governance practices of the Company were in line with the Corporate Governance Code during the six months ended 30 June 2017.

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 a 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 2017.

Board of Directors

As at 30 June 2017, the Board consisted of 11 members, including 5 executive Directors, namely Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Fei Dachuan and Mr. Guo Junfa; 2 non-executive Directors, namely Mr. Li Bin and Mr. Chen Min; and 4 independent non-executive Directors, namely Mr. Gui Shouping, Mr. Peng Xiaolei, Mr. Jin Wenzhou and Ms. Lu Zhenghua.

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 2017, the Audit & Corporate Governance Committee consisted of 3 members, namely Mr. Peng Xiaolei (Chairman) and Ms. Lu Zhenghua, 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 2017 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 2017, the supervisory committee consisted of 7 members, 2 of whom were independent Supervisors (namely Mr. Dong Yihua and Mr. Lin Hai), 2 of whom were shareholder Supervisors (namely Mr. Hu Xianhua and Mr. Wang Qingwei) and 3 of whom were Supervisors representing the employees of the Company (namely Mr. Zhen Jianhui, Ms. Li Xiangrong and Mr. Zhang Deyou).

For details about the resignation of Ms. Du Wanyan as Supervisor, please refer to the announcement dated 25 January 2017; for details about the appointment of Mr. Zhang Deyou as Supervisor and his resignation as Supervisor, please refer to the announcements published by the Company on 17 April 2017 and 21 July 2017, respectively; for details about the appointment of Ms. Lian Yuebin as Supervisor, please refer to the announcement dated 15 August 2017.

Employees and Remuneration Policies

The Group had 21,046 employees as at 30 June 2017 (31 December 2016: 21,172). Total staff cost for the six months ended 30 June 2017, including the Directors' remuneration, amounted to approximately RMB824 million (the same period in 2016: approximately RMB769 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 2017, the Group has conducted a total of 472 training courses (excluding network training courses) with 20,800 person participated in and total curriculum period of approximately 9,400 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 900 hours as at 30 June 2017.

Dividend

The Board has not declared the payment of an interim dividend for the six months ended 30 June 2017.

On 13 March 2017, the Board recommended the payment of a final dividend of RMB0.13 per ordinary share (inclusive of tax) for the year 2016. Such proposal was approved by the Shareholders at the annual general meeting ("**AGM**") held on 13 June 2017. The final dividend is expected to be paid on or around 16 August 2017 to Shareholders whose names appear on the Company's share register of members at 4:30 p.m. on Monday, 26 June 2017. For details, please refer to the announcements dated 13 March 2017 and 7 August 2017 and the annual report published on 28 April 2017 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 2017 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
17 August 2017

As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Fei Dachuan 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. Gui Shouping, Mr. Peng Xiaolei, Mr. Jin Wenzhou and Ms. Lu Zhenghua as independent non-executive directors of the Company.

* *for identification purposes only.*