

Stock Code: 000429, 200429 Stock Abbreviation : Guangdong Expressway A, Guangdong Expressway B
Announcement No.:2019-031

Summary of 2019 Semi-Annual Report of Guangdong Provincial Expressway Development Co., Ltd.

1 Important notes

The summary is abstract from full-text of semi-annual report, for more details information , investors should found in the full-text of annual report that published on website of Shenzhen Stock Exchange and other website appointed by CSRC.

Director, Supervisor, Senior Manager Objection Statement: None.

All the directors have attended the meeting of the board meeting at which this report was examined

Non-standard audit advice

☐ Applicable ☒ Not applicable

The Board of Directors considered the plan for the distribution of ordinary shares in the reporting period or the plan for the transfer of capital reserve.

☐ Applicable ☒ Not applicable

The company plans not to send cash dividends, do not send bonus shares, not to increase the share capital.

The Board of Directors decided to adopt the Preplan Preference Share Profit Distribution Plan for the reporting period

☐ Applicable ☒ Not applicable

II Company basic information

1. Company Profile

Stock abbreviation:	Expressway A, Expressway B	Stock code:	000429、200429
Stock exchange for listing	Shenzhen Stock Exchange		

	Board secretary	Securities affairs Representative
Name	Yang Hanming	Liang Jirong
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2. Summary of Accounting data and shareholder change

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data

☒ Yes ☐ No

Retroactive adjustment or restatement of reasons

Accounting policy change

In RMB

	Reporting period	Same period of last year		YoY+/- (%)
		Before adjustment	After adjustment	After adjustment
Operating income (yuan)	1,483,673,245.21	1,535,864,145.14	1,535,864,145.14	-3.40%
Net profit attributable to the shareholders of the listed company (yuan)	736,486,112.30	779,002,246.98	779,002,246.98	-5.46%
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company (yuan)	725,039,035.06	752,917,711.53	752,917,711.53	-3.70%
Cash flow generated by business operation, net (yuan)	1,050,811,097.23	817,279,588.10	819,779,588.10	28.18%
Basic earning per share(yuan/Share)	0.35	0.37	0.37	-5.41%
Diluted gains per share(yuan/Share)	0.35	0.37	0.37	-5.41%
Weighted average income/asset ratio (%)	7.53%	8.60%	8.60%	-1.07%
	As at the end of the reporting period	As at the end of last year		YoY+/- (%)
		Before adjustment	After adjustment	After adjustment
Gross assets (yuan)	16,404,770,149.44	16,295,910,774.45	16,295,910,774.45	0.67%
Shareholders' equity attributable to shareholders of the listed company (yuan)	9,192,599,494.10	9,586,701,904.06	9,586,701,904.06	-4.11%

The reasons for the change of Accounting Policy and the Correction of Accounting errors

On April 30, 2019, the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (No. 6 Finance and Accounting [2019]) issued by the Ministry of Finance indicated that the actual government subsidies received should be listed in the item "cash received from other business activities". In response to such change of accounting policy, the Company adopted the retroactive adjustment method to retroactively adjust the items reported in the financial statements from January to June 2018, affecting the item "net cash flow generated from operating activities" in the above table.

3.Particulars about top ten shareholders

In share

Total number of common shareholders at the end of the reporting period	56,739			Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)			0	
Particulars about shares held above 5% by shareholders or top ten shareholders								
Shareholders	Nature of shareholder	Proportion of shares held (%)	Number of shares held at period -end	Changes in reporting period	Amount of restricted shares held	Amount of un-restricted shares held	Number of share pledged/frozen	
							State of share	Amount
Guangdong Communication Group Co.,Ltd	State-owned legal person	24.56%	513,412,507		410,032,765	10,337,972		
Guangdong Highway Construction Co., Ltd,	State-owned legal person	22.30%	466,325,020		466,325,020			
Yadong Fuxing Yalian Investment Co., Ltd.	Domestic non State-ow	9.68%	202,429,149		202,429,149		Pledge	156,652,500

	ned Legal person							
Tibet Yingyue Investment Management Co., Ltd.	State-owned legal person	4.84%	101,214,574		101,214,574			
Guangdong Expressway Co., Ltd.	State-owned legal person	2.53%	52,937,491		52,937,491			
Guangfa Securities Co., Ltd.	State-owned legal person	1.45%	30,364,372		30,364,372			
Agricultural Bank of China—Jingshun Great Wall Energy Infrastructure Mixed Securities Investment Fund	Other	1.27%	26,617,103					
China Life Insurance Co., Ltd.—Dividend—Personal dividend-005L-FH002 Shen	Other	1.15%	23,965,291					
China Life Insurance Co., Ltd.—Traditional—Common insurance products-005L-CT001 Shen	Other	1.08%	22,495,445					
Feng Wuchu	Domestic natural person shares	0.97%	20,222,807					
Strategic investor or general legal person becoming top-10 ordinary shareholder due to rights issue (if any)	None							
Related or acting-in-concert parties among shareholders above	Guangdong Communication Group Co., Ltd. is the parent company of Guangdong Highway Construction Co., Ltd. and Guangdong Expressway Co., Ltd., It is unknown whether there is relationship between other shareholders and whether they are persons taking concerted action specified in the Regulations on Disclosure of Information about Change in Shareholding of Shareholders of Listed Companies.							

4. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

☐ Applicable ☒ Not Applicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

☐ Applicable ☒ Not applicable

There was no any change of the actual controller of the Company in the reporting period.

5. The total number of shareholders of the Company's preferred shares and the shareholdings of the top 10 preferred shareholders

☐ Applicable ☒ Not Applicable

The Company did not have any shareholding in the report period.

6. The corporate bonds

Whether the company has a public offering and listed on the stock exchange, and in the semi-annual report approved the date of the report did not expire or due to full payment of corporate bonds.

III. Discussion and analysis by the management

1.General

The Company is an infrastructure industry, with main business in developing and operating expressway and big bridges. It is one of the main institutions of developing expressway and big bridge in Guangdong Expressway System. The expressway industry is the industry helped by government.

In the first half of 2019, the company, according to the annual business plan established by the board of directors, soundly did a good job of each work. In the first half of 2019, the main business income was 1.484 billion yuan, meaning 46.06% of the annual plan was completed; and the operating costs was 550 million yuan, Flat year-on-year, representing completed 38.68% of the annual plan.

In the report period, the vehicle traffic and toll income of the controlled subsidiaries and joint ventures of the Company are as follows:

	Volume of vehicle traffic in the first half year of 2019 (Ten thousand vehicles)	Increase /Decrease(%)	Toll income in the first half year of 2019 (Ten thousand)	Increase /Decrease(%)
Guangfo Expressway	3,537.04	19.74%	23,017.10	2.19%
Fokai Expressway	3,421.36	4.26%	61,731.41	-3.33%
Jingzhu Expressway Guangzhu East Section	3,483.62	-4.35%	60,184.56	-5.27%
Huiyan Expressway	2,008.31	-1.86%	11,728.74	-3.66%
Guanghui Expressway	3,082.54	10.73%	90,639.13	4.44%
Yuezhao Expressway	1,575.32	8.31%	27,114.74	3.18%
Jiangzhong Expressway	2,736.67	6.30%	22,530.61	-1.90%
Guangle Expressway	1,247.19	8.28%	155,056.82	1.45%
Kangda Expressway	131.96	3.90%	12,001.61	6.16%
Gangkang Expressway	216.06	15.40%	8,659.92	12.80%

Overall situation: During the reporting period, the increase of Guangfo Expressway traffic volume was higher than that of toll revenue, which was mainly influenced by time-limited goods and distribution of trucks in the surrounding sections; the toll revenue of Fokai Expressway and Guangzhu Section of Jingzhu Expressway showed negative growth year on year, which was mainly influenced by the distributions of the surrounding road network.

Guangfo Expressway: From July 1, 2018, a traffic restriction on trucks with more than 15 tons (7:00-22:00) has been imposed in the direction of Guangzhou (Yayao-Hengsha Section) that trucks are guided and the time period of Guangzhou-Foshan Section is adjusted. At the same time, the prohibition on goods was virtually cancelled early in this year in the Foshan First Ring and drivers can drive on the road for free. Thus, the proportion of trucks in Guangfo Section has been declined. However, Guangfo Area featured a intensive transportation of personnel and materials, complete supporting of surrounding buildings, and continuous growth of cars and vehicles. As a consequence, the increase of traffic volume was higher than that of toll revenue.

Fokai Expressway: The toll revenue declined by 3.33% year on year compared with the first quarter, which was mainly affected by the following factors: on the one hand, the diversion effect of the second phase of Yunzhan Highway was apparent after the opening of the whole line; on the other hand, the tolls of Foshan First Ring Road that was originally planned to open in February were repeatedly postponed, but the entry of vehicles was unrestricted, and the strict control of over-limited and over-load transportation of trucks was not implemented.

Guangzhu Section of Jingzhu Expressway: Due to the combination of multiple factors, such as limited cargo in some periods of Humen Bridge, the completion and opening of Nansha Bridge and Panguan Expressway, the traffic volume and toll revenue showed negative growth year-on-year.

Gangkang Expressway: traffic volume and toll revenue increased by 15.40% and 12.80% respectively year-on-year, and continued to grow on the basis of the first quarter. It is mainly affected by many factors, such as the construction of the surrounding national highway, the overhaul of sand and stone vehicles, and the restriction

of the passage of some trucks.

Kangda Expressway: In the first half of the year, toll revenue increased by 6.16% year-on-year in the first half of this year, which was mainly influenced by the combined influence such as the gradual stabilization of the negative impact of the Dayu Section of the 323 National Highway in 2017 and the stabilization of traffic volume.

2. Matters relating to financial report

(1) Explain change of the accounting policy, accounting estimate and measurement methods as compared with the financial reporting of last year.

☒ Applicable ☐ Not applicable

① Changes in accounting policies resulting from the implementation of the new financial instrument guidelines

The Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments (Revised in 2017), the Accounting Standards for Enterprises No. 23 - Transfer of Financial Assets (Revised in 2017), and the Accounting Standards for Enterprises No. 24 - Hedge Accounting Standards for Enterprises (Revised in 2017) (Accounting [2017] No. 9) promulgated by the Ministry of Finance on March 31, 2017, as well as the Accounting Standards for Enterprises No. 37 - Financial Instruments Presentation (Revised in 2017) (Accounting [2017] No. 14) (collectively referred to as "New Financial Instruments Standards") issued on May 2, 2017 requires domestic listed enterprises to implement the new standards from January 1, 2019. Guidelines for financial instruments.

Through the resolution of the 25th (provisional) meeting of the eighth board of directors of the Company on April 26, 2019, the Company began to implement the aforementioned new financial instrument guidelines on January 1, 2019.

All recognized financial assets under the new financial instrument standards are subsequently measured at the amortized cost or fair value. On the date of implementation of the new financial instrument standards, the business model of managing financial assets is evaluated on the basis of the existing facts and circumstances of the Company on that day, and the characteristics of contractual cash flow on the financial assets are evaluated on the basis of facts and circumstances at the time of initial recognition of financial assets. The financial assets are divided into three categories: measured according to the amortized cost and measured according to the public value. Value is measured and its changes are included in other comprehensive income and fair value, and its changes are included in current profits and losses. Among them, when the financial asset terminates recognition, the accumulated gains or losses previously included in other comprehensive gains will be transferred from other comprehensive gains to retained gains, not into current profits and losses.

Under the new financial instrument standards, based on the expected credit loss, the Company makes provision for impairment of financial assets measured by amortized cost, investment in debt instruments measured by fair value and its changes included in other comprehensive gains, lease receivables, contractual assets and financial guarantee contracts, and confirms the loss of credit impairment.

The Company retrospectively applies the new financial instrument standards, but for classification and measurement (including impairment) involving the inconsistency between the previous comparative financial statement data and the new financial instrument standards, the Company chooses not to repeat. Therefore, for the cumulative impact of the first implementation of this standard, the Company adjusted the retained earnings or other comprehensive earnings at the beginning of 2019 and the amount of other related items in the financial statements, which were not restated in the financial statements of 2018.

The main changes and impacts of the implementation of the new financial instrument guidelines on our Company are as follows:

- On January 1, 2019 and beyond, the Company designated some non-tradable equity investments held as financial assets measured at fair value and included their changes in other comprehensive income, and reported them as investments in other equity instruments.

- For the long-term equity investment of associates, the Company re-classified and measured the financial instruments according to the new financial instrument standards, and the Company adjusted accordingly according to the equity method.

- The Company holds part of the debt instruments, whose cash flow generated on a specific date is only the payment of principal and interest based on the amount of unpaid principal, and the business model of the Company's management of the financial assets is to collect the cash flow of the contract. The Company will take it from other sources on January 1, 2019 and beyond. Non-current assets are reclassified to creditor's rights investment.

A. Comparison of financial assets classification and measurement before and after the first implementation

date

a. Impact on the consolidated financial statements

December 31, 2018 (before change)			January 1, 2019 (after the change)		
Items	Measurement category	Book value	Items	Measurement category	Book value
Available-for-sales financial assets	Measured at fair value and included in other comprehensive benefits (equity instruments)	1,668,791,594.53	Investment in other equity instruments	Measured at fair value and included in other comprehensive earnings	1,668,791,594.53
long-term equity investments	Cost method/equity method	3,145,644,970.07	long-term equity investments	Cost method/equity method	3,145,355,906.88

b. Impact on the financial statement

December 31, 2018 (before change)			January 1, 2019 (after the change)		
Items	Measurement category	Book value	Items	Measurement category	Book value
Available-for-sales financial assets	Measured at fair value and included in other comprehensive benefits (equity instruments)	1,668,791,594.53	Investment in other equity instruments	Measured at fair value and included in other comprehensive earnings	1,668,791,594.53
long-term equity investments	Cost method/equity method	4,679,309,978.88	long-term equity investments	Cost method/equity method	4,679,020,915.69
Other non-current assets	amortized cost	692,903,684.98	Creditor's right investment	amortized cost	692,903,684.98

B. On the first execution date, the book value of the original financial assets shall be adjusted to a new adjustment table for the book value of the financial assets classified and measured in accordance with the provisions of the new financial instrument standards.

a. Impact on consolidated statements

Items	December 31, 2018 (before change)	Re-Class	Re-measurement	January 1, 2019 (after change)
Measured at fair value and included in other comprehensive earnings:				
Available-for-sale financial assets (original guidelines)	1,668,791,594.53			
Less transfer to other creditor's rights investment				
Less: transfer to other non-current financial assets				
Less: transfer to other equity instruments		1,668,791,594.53		
Balances shown in accordance with the new financial instrument guidelines				
Investment in other equity instruments				
Add: transfer from available-for-sale financial assets (original criteria)		1,668,791,594.53		
Re-measurement: re-measurement at fair value				
Balances shown in accordance with the new financial instrument guidelines				1,668,791,594.53

b. Impact on the Company's financial statements

Items	December 31, 2018 (before change)	Re-Class	Re-measurement	January 1, 2019 (after change)
Amortized cost				
Other non-current assets (original criteria)	692,903,684.98			
Less: transfer to creditor's rights investment		692,903,684.98		
Balances shown in accordance with the new financial instrument guidelines				
Creditor's rights investment				
Add: transfer from other non-current assets (original criteria)		692,903,684.98		
Re-measurement: expected credit loss preparation				
Balances shown in accordance with the new financial instrument guidelines				692,903,684.98
Measured at fair value and included in other comprehensive earnings:				
Available-for-sale financial assets (original)	1,668,791,594.53			

guidelines)				
Less: transfer to other creditor's rights investment				
Less: transfer to other non-current financial assets				
Less: transfer to other equity instruments		1,668,791,594.53		
Balances shown in accordance with the new financial instrument guidelines				
Investment in other equity instruments				
Add : transfer from available-for-sale financial assets (original criteria)		1,668,791,594.53		
Re-measurement: re-measurement at fair value				
Balances shown in accordance with the new financial instrument guidelines				1,668,791,594.53

C. Financial assets impairment provision adjustment table on the first implementation date

a. Impact on consolidated statements

Measurement category	December 31, 2018 (before change)	Re-Class	Re-measurement	January 1, 2019 (after change)
Measured at fair value and included in other comprehensive benefits (debt instruments)				
Provision for impairment of available-for-sale financial assets	37,020,000.00	37,020,000.00		
Investment in other equity instruments		37,020,000.00		37,020,000.00

b. Impact on the Company's financial statements

Measurement category	December 31, 2018 (before change)	Re-Class	Re-measu rement	January 1, 2019 (after change)
Measured at fair value and included in other comprehensive benefits (debt instruments)				
Provision for impairment of available-for-sale financial assets	7,020,000.00	7,020,000.00		
Investment in other equity instruments		7,020,000.00		7,020,000.00

D. Impact on retained earnings and other comprehensive earnings as of January 1, 2019

December 31, 2018	Consolidated retained earnings	Consolidated surplus reserve	Consolidation of other comprehensive benefits
December 31, 2018	3,938,609,136.59		245,109,114.81
1. Re-measurement of long-term equity investment	-11,353,413.48		11,064,350.29
January 1, 2019	3,927,255,723.11		256,173,465.10

②Other accounting policy changes

E. On April 30, 2019, the Notice of the Ministry of Finance on Revising and Issuing the Format of Financial Statements of General Enterprises (No. 6 Finance and Accounting [2019]) issued by the Ministry of Finance adjusts the format of financial statements of enterprises accordingly, and regulates that the detailed items of "management expenses" and "R&D expenses" should be separated from the items of "management expenses" in the profit statement; it also indicates that the actual government subsidies received should be listed in the item "cash received from other business activities". In response to such change of accounting policy, the Company adopts the retroactive adjustment method to retroactively adjust the items reported in the financial statements from January to June in 2018, as follows:

a. Impact on consolidated statements

January - June 2018	Before adjustment	After Adjustment	Change
Administrative Fees	75,594,633.97	73,109,460.94	-2,485,173.03
R&D expense		2,485,173.03	2,485,173.03
Other cash receipts relating to operating activities	39,446,329.98	41,946,329.98	2,500,000.00
Receipt of other cash related to fund-raising activities	2,500,000.00		-2,500,000.00

b. Impact on the Company's financial statements

January - June 2018	Before adjustment	After Adjustment	Change
Other cash receipts relating to operating activities	46,329,459.08	48,829,459.08	2,500,000.00
Receipt of other cash related to fund-raising	293,500,000.00	291,000,000.00	-2,500,000.00

activities			
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(2) Explain retrospective restatement due to correction of significant accounting errors in the reporting period

☐ Applicable ☒ Not applicable

N/A

(3) Explain change of the consolidation scope as compared with the financial reporting of last year.

☐ Applicable ☒ Not applicable

There was no change in the scope of the consolidated financial statements during the reporting period.