



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



2020

ANNUAL REPORT

Build Strong Foothold Move Forward

* For identification purposes only

COMPANY PROFILE

Guangdong Yueyun Transportation Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are integrated transportation and logistics service providers. The Company was established in 1999 and became listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock code: 03399) in 2005. Currently, the total share capital of the Company is 799,847,800 shares, with approximately 74.12% being held by its controlling shareholder, Guangdong Provincial Communication Group Company Limited (“GCGC”), and approximately 25.88% being held by H shareholders.

The Group is principally engaged in the travel services business which is categorized into:

- Road Passenger Transportation and Auxiliary
- Expressway Service Zones Operation
- › Energy Business
- › Retail Business
- › Merchant Solicitation Business
- › Advertising Business
- Operation of Taiping Interchange

The strategic positioning employed by the Company’s “14th Five-Year” Development Plan for the Group: utilise its advantages in transportation resources and focus on satisfying people’s travel needs, further develop the transportation resources, build an integrated service operation platform for the whole province and endeavor to become an integrated transportation service group at international level.



CONTENTS

COMPANY OVERVIEW

Company Profile	
Company Information	2
Company Structure	4
Financial Highlights	5
Major Events	7
Investment Value of the Company	11

CHAIRMAN'S STATEMENT

14

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review	22
Financial Review	29
Potential Risks Exposure	39
Five-Year Financial Summary	41

CORPORATE GOVERNANCE

Directors, Supervisors and Senior Management	42
Corporate Governance Report	49
Directors' Report	66
Supervisors' Report	93

FINANCIAL STATEMENTS

Auditor's Report	96
Consolidated Balance Sheet	105
Company Balance Sheet	108
Consolidated Income Statement	110
Company Income Statement	112
Consolidated Cash Flow Statement	113
Company Cash Flow Statement	115
Consolidated Statement of Changes in Shareholders' Equity	117
Company Statement of Changes in Shareholders' Equity	119
Notes to the Financial Statements	120



COMPANY INFORMATION

LEGAL NAME OF THE COMPANY

Guangdong Yueyun Transportation Company Limited

STOCK CODE

03399

REGISTERED OFFICE

8th Floor
No.1731-1735 Airport Road
Baiyun District
Guangzhou
Guangdong Province
People's Republic of China

PLACE OF BUSINESS IN HONG KONG

Rooms 3108 – 3112,
31/F,
Hong Kong Plaza,
188 Connaught Road West,
Hong Kong

BOARD OF DIRECTORS

Executive Directors

Tang Yinghai
Yao Hanxiong
Zhang Xian
Huang Wenban

Non-Executive Directors

Chen Min
Chen Chuxuan

Independent Non-Executive Directors

Jin Wenzhou
Lu Zhenghua
Wen Huiying
Zhan Xiaotong

COMPANY SECRETARY

Zhang Li



AUTHORISED REPRESENTATIVES

Tang Yinghai

AUDITOR

KPMG Huazhen LLP
(Public Interest Entity Auditor recognised in accordance
with the Financial Reporting Council Ordinance)
8th Floor, KPMG Tower
Oriental Plaza
1 East Chang An Avenue
Beijing
PRC

PRINCIPAL BANKS

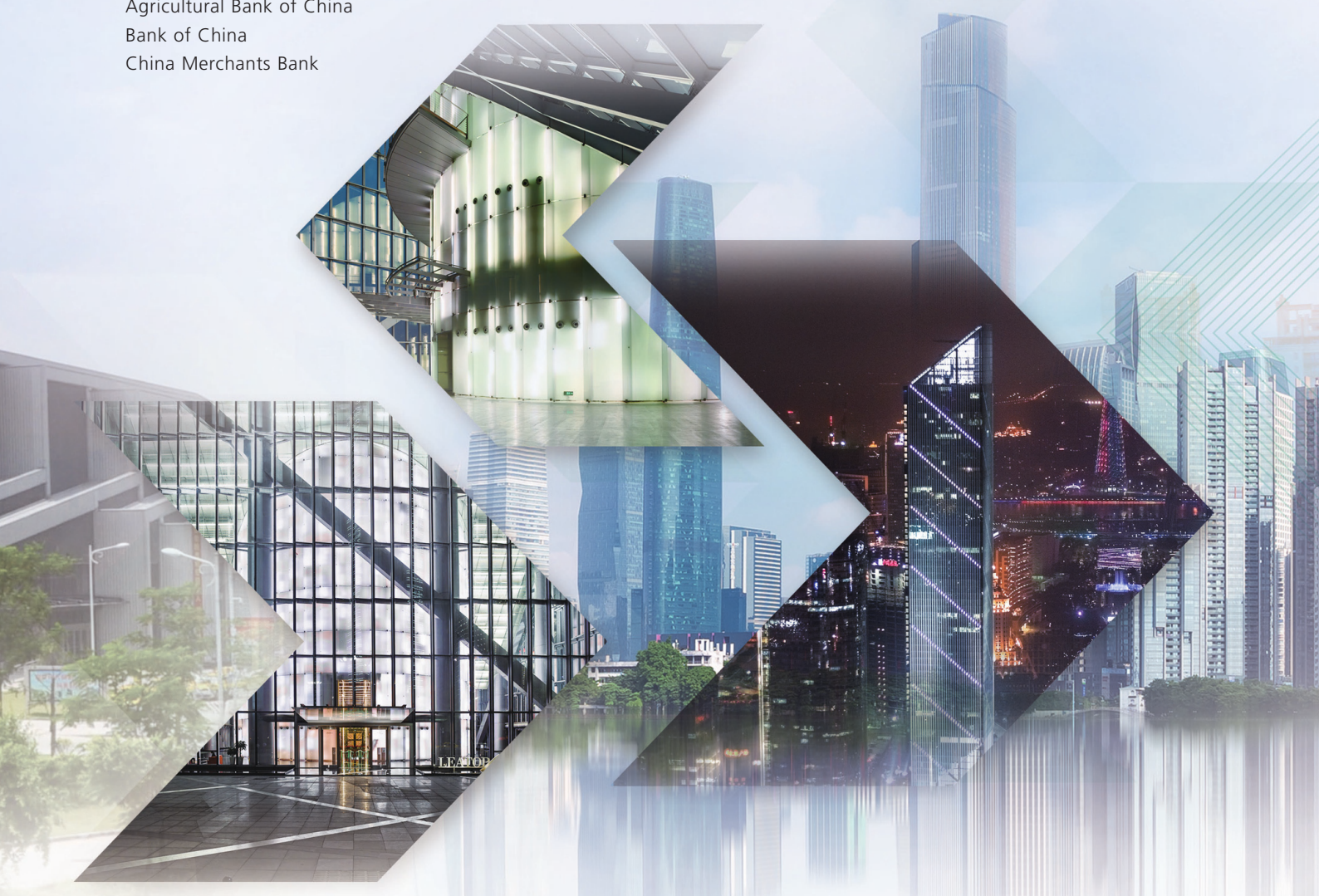
China Guangfa Bank
China CITIC Bank
Agricultural Bank of China
Bank of China
China Merchants Bank

LEGAL ADVISER

Herbert Smith Freehills
23/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

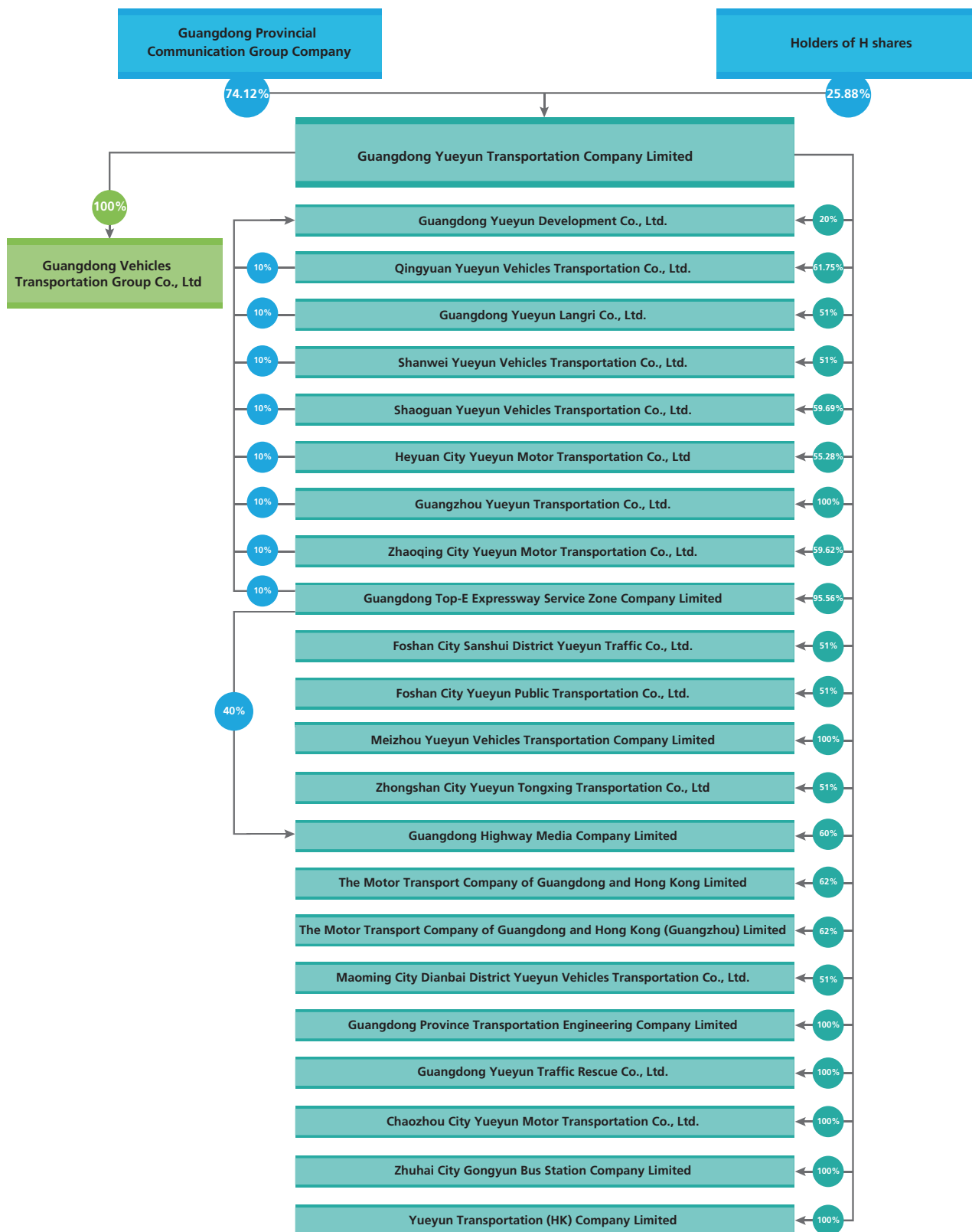
HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong



COMPANY STRUCTURE

THE COMPANY STRUCTURE AS AT 31 DECEMBER 2020:



FINANCIAL HIGHLIGHTS

	31 December 2020 RMB' 000	31 December 2019 RMB' 000	Change
Results highlights			
Operating income			
Travel service	5,367,174	6,177,880	(13%)
Material logistics	210,418	472,365	(55%)
Others	7,949	6,968	14%
Total operating income	5,585,541	6,657,213	(16%)
Gross profit			
Travel service	262,875	1,038,117	(75%)
Material logistics	1,739	14,340	(88%)
Others	933	760	23%
Total gross profit	265,547	1,053,217	(75%)
Taxes and surcharges	(43,091)	(42,499)	1%
Selling and distribution expenses	(65,896)	(71,771)	(8%)
General and administrative expenses, and research and development expenses	(694,595)	(685,918)	1%
Finance expenses	(229,974)	(186,943)	23%
Other income	534,256	340,581	57%
Investment income	29,317	58,774	(50%)
Accrual of credit losses	(27,978)	(12,931)	116%
Impairment losses	(24,602)	(4,598)	435%
Gains from asset disposals	23,765	40,510	(41%)
Operating (loss)/profit	(233,251)	488,421	(148%)
Non-operating income and expenses	(5,346)	8,888	(160%)
(loss) / profit before income tax	(238,597)	497,308	(148%)
Income tax expenses	(76,577)	(132,225)	(42%)
Net (loss)/profit for the year	(315,174)	365,084	(186%)
Profit and loss attributable to minority interests	85,981	(60,114)	(243%)
Net (loss)/profit attributable to shareholders of the Company	(229,193)	304,970	(175%)
Basic (loss)/earnings per share (RMB)	(0.29)	0.38	(175%)

FINANCIAL HIGHLIGHTS

	31 December 2020 RMB' 000	31 December 2019 RMB' 000	Change
Results highlights			
Total assets	11,052,730	11,095,005	0%
Total net assets	3,150,113	3,486,922	(10%)
Equity attributable to shareholders of the parent company	2,071,291	2,319,316	(11%)
Net assets per share attributable to owners of the Company (RMB)	2.59	2.90	(11%)
Ratio			
Gross profit margin (%)	4.75%	15.82%	(70%)
Interest coverage ratio (times)	(0.08)	3.50	(102%)
Gearing ratio (%)	71.50%	68.57%	4%
Current ratio (times)	0.83	0.75	11%

Gross profit margin = Gross profit/Revenue

Interest coverage ratio = Profit before interest and tax/(Interest expenses + capitalised interest)

Gearing ratio = Total liabilities/Total assets

Current ratio = Total current assets/Total current liabilities

MAJOR EVENTS

On 1 January, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, completed the commercial upgrading and renovation of Doumen Service Zone and put it into operation. The project is positioned as “A Coastal Pearl in the Greater Bay Area” (灣區紐帶上的沿海明珠).

On 10 January, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, completed the commercial upgrading and renovation of Xincheng Service Zone and Wayaogang Service Zone and put them into operation. The projects are positioned as the “Yunfu Imprints with Zen Heritage” (雲浮印記·禪宗演繹).

On 26 January, during the critical COVID-19 prevention period, People.cn reported on the Company's COVID-19 prevention measures with an article captioned “Body Temperature Testing Deployed in Transportation Hubs of Guangdong Province”, while chinanews.com reported on the touching deeds of our employees at the frontline of COVID-19 prevention with an article captioned “You treat patients at the frontline of COVID-19 prevention, and I protect passengers from COVID-19 infections at the frontline of the Spring Festival transportation”.

In February, Guangdong Highway Media Company Limited, a subsidiary of the Company, was awarded the “Guangdong First-class Advertising Enterprise (Outdoor Media Service)” by Guangdong Advertising Association.

On 1 February, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, formed 112 voluntary service teams, and 2,756 party and league volunteers participated in various voluntary services such as joint prevention and control of COVID-19, convenience services, prevention and elimination of COVID-19 and materials transportation.

On 14 February, the “Top-E Red Hat” (通驛小紅帽) volunteer service team was recognized as the “Best Volunteer Service Organization”, an advanced model of the voluntary services learning from Comrade Lei Feng in Guangdong Province.

On 17 February, Chaozhou City Yueyun Motor Transportation Co., Ltd., a subsidiary of the Company, was recognized as the “Class I Standard Unit Qualified as Municipal Civilized Units in 2019”.



MAJOR EVENTS

On 1 March, the “COVID-19-fighting” Commando consisting of the party and league youths from Chaozhou City Yueyun Motor Transportation Co., Ltd., a subsidiary of the Company, smoothly completed the COVID-19 prevention work in picking up migrant workers from the corporate point-to-point cross-provincial special vehicles (a line from Nantong, Jiangsu to Linxi Industrial Park, Chaozhou), which was reported by CCTV, xuexi.cn and other media.

On 18 May, Baisha Service Zone of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was recognized the “Women Civilization Post” (巾幗文明崗) of Guangdong Province in 2019 by Guangdong Women’s Federation.

In June, Jiaoling Branch of Meizhou Yueyun Vehicles Transportation Company Limited, a subsidiary of the Company, was recognized as the provincial “Transport Civilization Demonstration Unit”.

In June, Guangdong Yueyun Rescue Co., Ltd. (廣東粵運拯救有限公司), a subsidiary of the Company, was awarded the “Special Outstanding Case” under the “Science and Technology Innovation Technology Equipment Products” category in the “Innovation Cases” collection activity for the transportation industry’s technology-based safety improvement and safety education organized by Department of Transportation of Guangdong Province.

On 1 June, the Company was recognized as the “Enterprise Observing Contracts and Valuing Credit of Guangdong for 17 Consecutive Years (2003-2019)” by Guangdong Administration for Market Regulation.

In July, Zhaoqing passenger transportation terminal of Zhaoqing City Yueyun Motor Transportation Co., Ltd. and Huaiji Yueyun Urban and Rural Public Transportation Co., Ltd. (懷集粵運城鄉公共交通公司), both being subsidiaries of the Company, were named the “Civilised and Exemplary Transportation Units for Transportation Safety of 2019” jointly by the Department of Public Security of Guangdong Province, Office of Cultural and Ethical Progress Commission of Guangdong Province, Department of Education of Guangdong Province, Department of Justice of Guangdong Province and Transport Department of Guangdong Province.

On 7 July, faced with the new changes, new situation and new requirements of the higher education entrance examination, our “special transportation service for higher education entrance examination” also “adapted to such changes.” Under the premise of putting into operation more than 5,550 urban buses and ride-hailing taxis for the special transportation service, we increased our efforts to do the vehicle disinfection work for COVID-19 prevention, and we also prepared a “COVID-19 prevention stationery bag” for such students.

On 21 July, the Company ranked No. 2 on the list of “Top 100 Trustworthy Road Transportation Enterprise in China (2020)” issued by the China Road Transport Association, while subsidiaries of the Company, Qingyuan City Yueyun Vehicles Transportation Co., Ltd, Shaoguan Yueyun Vehicles Transportation Co., Ltd., Guangdong Yueyun Langri Co., Ltd. and Zhaoqing City Yueyun Motor Transportation Co., Ltd. ranked No. 51, 73, 74 and 86, respectively.



MAJOR EVENTS

On 6 August, Lvdu Bus Branch of Heyuan City Yueyun Motor Transportation Co., Ltd, a subsidiary of the Company, was jointly recognized as the "Civilization Demonstration Unit for Transportation Safety in Guangdong Province" by Guangdong Provincial Public Security Department, Guangdong Provincial Spiritual Commitment Construction Committee, Guangdong Provincial Department of Education, Guangdong Provincial Department of Justice and Guangdong Provincial Department of Transportation.

In September, the station service center of the Passenger Transport Branch of Shanwei Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Company, was honored as the winning team in the 2018-2019 National "Ankang Cup" competition.

On 19 September, Deqing Station (粵運德慶站) under GAC Trumpchi Guangwanli (廣汽傳祺廣萬利) was grandly opened. The star-rated station is a star-rated store which was jointly established by Zhaoqing City Yueyun Motor Transportation Co., Ltd., GAC Trumpchi Automobile Sales Co., Ltd. (廣汽傳祺汽車銷售有限公司) and Guangdong Road Network Digital Media Information Technology Co., Ltd. (廣東路網數媒信息科技有限公司), all being subsidiaries of the Company, to engage in automobile sales, after-sales service, automobile aftermarket services and other businesses. The opening of the star-rated store marks a new direction for transformation and upgrading of business operation of Zhaoqing Yueyun.

On 28 September, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, completed the commercial upgrading and transformation of Luhe Service Zone and put it into operation. The project is featured as "Connecting Chaoshan with Hakka in the hometown of green plums", bringing together the cuisine and culture of Chaoshan and Hakka.

In October, the Company was recognized as the "Excellent Member Unit", the "Responsible Enterprise for Fighting COVID-19" and the "Constituent Units of Decision Advisory Committee" by Guangdong Urban Public Transport Association.

In October, Guangdong Top-E Highway Service Zone Company Limited, a subsidiary of the Company, was awarded the "4th China Expressway Excellent Service Zone Management Companies" issued by China Highway & Transportation Society. Our "Loyee" brand was recognized as a famous convenience store brand, and our "Yueyun Energy" was recognized as a famous energy brand.

In October, No. 16 Service Zone of Yuebei Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was jointly recognized as the winner team in the 2018-2019 Guangdong Province "Ankang Cup" tournament by the Federation of Trade Unions of Guangdong Province, Department of Emergency Management of Guangdong Province and the Health Commission of Guangdong Province.

On 16 October, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was awarded the honorary title of "Top 100 Franchisers in Guangdong" issued by Guangdong Chain Operations Association in 2019.

On 16 October, "Loyee" was awarded the honorary title of "Excellent Leading Franchise Brand in 2019" issued by Guangdong Chain Operations Association.



MAJOR EVENTS

On 21 October, “Yueyun Energy” was firstly recognized as a famous energy brand of the Fourth China Expressways Service Zone by the China Road Society.

On 26 October, the Company entered into a strategic cooperation agreement with Guangdong Union Electronic Service Company Limited under the principles of “mutual benefit, win-win, mutual promotion and development” to conduct strategic cooperation in the linkage and coordination of ETC parking lots, refueling service, payment service, rescue service, welfare collection and online user operation.

From 26 October to November, Zhaoqing City Yueyun Motor Transportation Co., Ltd., a subsidiary of the Company, actively coordinated with the transportation authorities to foster a comprehensive service platform for modern rural logistics and transportation together with postal, e-commerce and other departments, and rebuild part of Gaoyao Xinqiao Zhichao Unloading Yard, Fengkai Nanfeng Transportation Service Station and Fengkai Yulao Transportation Service Station in Zhaoqing City into a “multi-station in one” township transportation service station integrating passenger transportation, logistics, e-commerce and postal service. Gaoyao Xinqiao Station was opened on 26 October, and Fengkai Nanfeng Service Station and Fengkai Yulao Service Station were both completed and put into operation in November.

In November, Zhaoqing City Yueyun Motor Transportation Co., Ltd., Guangdong Yueyun Langri Co., Ltd. and Chaozhou City Yueyun Motor Transportation Co., Ltd., all being subsidiaries of the Company, were all awarded the “Excellent Organization Award for “Senpeng Cup” New Energy Bus Electromechanical Maintenance Professional Skills Competition in the Urban Public Transport Industry of Guangdong Province for 2020” co-sponsored by Guangdong Provincial Federation of Trade Unions, Human Resources and Social Security Department of Guangdong Province, Department of Industry and Information Technology of Guangdong Province and Department of Science and Technology of Guangdong Province.

On 19 November, China Highway & Transportation Society conducted a rating assessment on “Drivers’ Home” that has been completed and accepted in 2018 to 2020. “Driver’s Home” in Xincheng Service Zone and Houmen Service Zone of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was rated as the 5A-level “Driver’s Home”, and its Xuwen Service Zone, Hengshishui Service Zone, Fengkai Service Zone, Xiegang Service Zone and Lianhuashan Service Zone were rated as the 4A-level “Drivers’ Home”.

In December, the Company was recognized as the “Outstanding Unit Fighting COVID-19 in the Road Transport Industry” by China Road Transport Associations.

In December, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, completed the overall outsourced transformation project of Guandu Service Zone and Datang Service Zone and put them into operation. The projects feature the marine elements captioned “A southern town well known for delicious seafood” (天南重鎮·海筴鮮香) and Lingnan architecture captioned “Birthplace of lion dance, a Foshan feature” (佛山特色·醒獅之鄉), respectively.

In December, No. 16 Service Zone of Yuebei Branch, and Yayao Service Zone of Zhushanjiao Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, were recognized as the “2020 Guangdong Safety Culture Construction Demonstration Enterprise” by Guangdong Provincial Association of Work Safety.

On 22 December, the “Loyee” brand was enlisted among the “Top 100 Guangdong Chain Brands for Investment Value in 2020”.

On 31 December, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, completed the overall renovation of Xiegang Service Zone. The project features an indoor characteristic commercial street captioned “Enjoying local delicious foods at the junction of Dongguan and Huizhou” (莞惠臨界美食小棧).



INVESTMENT VALUE OF THE COMPANY

TRANSPORTATION AND AUXILIARY FACILITIES

- We have a complete road transportation business system and rank first in terms of market share in Guangdong Province
- We have been ranked among the Top 100 Trustworthy Road Transportation Enterprises in China (全國道路運輸百強誠信企業) for many years
- Our “Yueyun Express” brand is a well-known road passenger transportation service brand with strong competitiveness in the industry
- Our development model has become mature which shows obvious synergies in the integration of regional transportation enterprises, in which we are leveraging relevant policies to promote the structural adjustment and transformation of business operation
- Initiatives such as “One County One Target (一縣一主體)”, rural passenger transportation and the commercial development of the passenger transportation terminal services have brought incremental businesses
- As the largest road transportation company in the Guangdong-Hong Kong-Macau Greater Bay Area, the Group is engaged in the Guangdong-Zhuhai-Macau Bridge Port shuttle bus services through its subsidiary as the sole operator, and is the single largest shareholder that has maintained a cumulative shareholding of 29.7% in Guangdong Hong Kong-Zhuhai-Macau Bridge Shuttle Bus Co., Ltd. (廣東港珠澳大橋穿梭巴士有限公司)
- We emphasize the “digital transformation and platform-based operation” for our road passenger transportation business, and continuously optimize and enrich the service functions of the “Yuexing” (悅行) platform, so as to realize “Press and Travel (一鍵出行)”
- We have implemented the “transportation + tourism” strategy to offer customized travel and transportation products on an Internet platform, and turn our passenger transportation terminals into the comprehensive service stations integrating travel, tourism and commerce through commercial development
- We have diversified and integrated the passenger transport operation models and gradually achieved results in the transformation and upgrading of passenger transport business with the help of the new national passenger regulation
- We have implemented a series of measures for the reform of state-owned enterprises, which has improved the refinement of management, further controlled the operation costs and improving the operation efficiency
- Our “Yueyun Rescue” road rescue business has established an efficient road rescue service monitoring and command system in the area of services on expressway, with mileages of 6,207 kilometres, which is gradually covering the whole province, with obvious industry advantages



INVESTMENT VALUE OF THE COMPANY

EXPRESSWAY SERVICE ZONE OPERATION

1. ENERGY BUSINESS (Refined Fuel Retail, Charging Piles)

- By mainly developing the self-built and self-operated gas stations under “Yueyun Energy”, we have established a sales network consisting of 50 self-built and self-operated gas stations in the expressway service zones. Such number will breakthrough 100 during the 14th Five-Year Plan period. With continuous increase in operating revenue, it will become the first core supporting business of the Group
- We have continuously enhanced cooperation with large-sized energy companies such as PetroChina and Sinopec in respect of capital and operation. As a result, we have established a number of joint venture companies to carry out the expressway gasoline and gas refueling business. In the future, we will strengthen the cooperation on gasoline supply and develop the warehousing, wholesale and transportation businesses, so as to enhance the influence of “Yueyun Energy” in the province
- We have actively promoted the growth in the number of expressways service zones (carpark zones), and the construction and deployment of additional gas stations at the exit and entrance of expressways and off-route local gas stations
- We have constructed 1,023 bus charging piles in 82 charging stations which, together with the 438 charging piles (including those of the Tianlu project) in 218 expressways service zones, have jointly formed a provincial charging service network

2. RETAIL BUSINESS

- The number of outlets under the well-known convenience store brand of “Loyee” in expressway service zones has increased to 606, gradually realizing online and offline omni-channel network expansion
- We have 354 expressway service zones and 87 passenger transportation terminals across the province, which provide us with network and scale advantages
- The enhancement of business collaboration provides an opportunity of mutual development for logistics distribution, ticketing and other businesses of the Group



INVESTMENT VALUE OF THE COMPANY

3. MERCHANT SOLICITATION BUSINESS

- We own the right to operate the largest number of expressway service zones in Guangdong Province (354 zones) and enjoy network and scale advantages relying on the huge expressway traffic in Guangdong Province
- During the “13th Five-Year Plan” period, we have completed the upgrading and renovation of 20 pairs of service zones, and innovated the investment and business operation model for commercial renovation projects to build differentiated and characteristic service zones. The operating revenue from merchant solicitation for service zones has grown steadily
- We have great experience in the merchant solicitation, operation and management of the service areas and have cultivated and established a management chain for the entire process of commercial property development and operation from land acquisition to property operation and management. We have reserved a large number of high-quality merchant resources and have the output ability of the core business of merchant solicitation
- We have conducted a large-scale integrated commercial development projects in key service zones, with Dahuai Service Zone awarded the title of “National Expressway Tourism Service Zone”(全國高速公路旅遊主題服務區), thereby significantly enhancing the commercial value of the service zones for which the integrated commercial development has been made
- We have conducted an in-depth research on the types of functions to be expanded in the service zones, completed the resources inventory at the service zones across the province, and formulated the “Guangzhou-Zhanjiang Line Service Zone Differentiation Planning Report” and the “Guangdong Expressway Service Zone Comprehensive Utilization Research Report”, thus providing strong support and basis for the development plan of the service zones managed by the Group in the future

4. ADVERTISING BUSINESS

- We have comprehensively integrated the advertising resources of expressways and passenger transportation terminals, covering 61 expressways, 354 expressway service zones and 87 passenger transportation terminals, enabling us to enjoy network and scale advantages
- We are in the course of transformation into a “transportation omni-media supplier (交通出行全媒體供應商)” through innovative models such as “adjusting the structure and changing the approaches (調結構、轉方式)” to push forward the self-operated business, improve the distribution channels and make plans for the improvement in the quality and efficiency of the business



CHAIRMAN'S STATEMENT



Xuan Zongmin
Chairman

In 2020, facing the huge impact of COVID-19 and the complicated and severe environments at home and abroad, the Chinese government scientifically coordinated the normalized COVID-19 prevention and economic and social developments. As a result, China became the first country to put COVID-19 under control, resume work and production and turn into positive economic growth, and was also the only major economy in the world to achieve positive economic growth. In addition, it has made critical achievements in three major missions of “defusing major risks, precise poverty alleviation and pollution prevention”. The central government proposed that China’s economy should “accelerate the formation of a new development pattern in which the domestic economic cycle plays a major role and the domestic and international economic cycles are driving forces for each other”. The construction of the

dual-cycle economic pattern will help China optimize the industrial structure and supply chain structure, and unleash its production capacity through supply-side structural reform and production factor marketization reform.

In 2020, the road transportation industry showed a trend of “declining first, then rising and finally normalizing”. Especially since the third quarter, the transportation industry took a faster pace to gear back to its original development track and played an important “stabilizer” role. It has laid solid foundation and created favourable conditions for Chinese government to complete the “six-stability” work, fully implement the “six-guarantee” tasks and accomplish the goals and tasks of transportation throughout the year. The Ministry of Transport also put forward the goal of realizing the “two links” which aim to make available



cement roads and bus lines connecting any two towns and villages in China, bringing new opportunities for the Group to expand its rural passenger transport business.

2021 ushers in the first year following China's accomplishment of its first centenary goal to fully build a moderately prosperous society, in which it will take advantage of the momentum to embark on a new journey of realizing its second centenary goal to fully build a modern socialist country. In accordance with the spirit of the Central Economic Work Conference and the "14th Five-Year Plan" development outline, the government's macro policies will maintain continuity, stability and sustainability, and it will continuously implement proactive fiscal policies and prudent monetary policies to provide necessary supports

for economic recovery. The government will also coordinate and promote infrastructure construction, construct a complete modern infrastructure system that is efficient, practical, intelligent, green, safe and reliable, systematically deploy the construction of new infrastructures, step up the construction of G5 mobile communications, industrial Internet, big data center, etc. It will also accelerate the construction of transportation infrastructure by improving comprehensive transportation channels, comprehensive transportation hubs and logistics networks, step up the construction of transportation networks of urban agglomerations and metropolitan areas, and improve traffic access in rural and border areas. In addition, it will also promote energy revolution and improve the energy production, supply, storage and marketing system.

CHAIRMAN'S STATEMENT

2021 is also the opening year of the Group's "14th Five-Year Strategic Development Plan". Faced with the huge growth room brought by the national strategies and the release of policy dividends, the Company will implement a series of measures on Building China's Strength in Transportation (交通強國) in the passenger transportation sector. We are committed to improving the quality of the entire chain of the road service in Guangdong Province which was built and comprehensively developed based on the intelligent platforms, cultivating transportation resources, seizing transformation opportunities, and implementing the "one ticket, one network, one center, one platform" information-based plan and facilitating the "Digital Transformation and Platform Operation" of various businesses. Through the iterative upgrade of "Yuexing(悦行)", an integrated travel service platform, we have digitalized resources and implemented an unified multi-level operation management, which has compressed the inefficient line layouts, expanded the high-quality travel service products, stimulated multi-channel passenger capacity and improved our operational efficiency. We also implemented the commercial development of "One Station, One Strategy" in the passenger terminals to improve the asset efficiency. It is believed that during the "14th Five-Year Plan Period", we will see a rebirth in the passenger transportation business of the Group. In the expressway service zone sector, the Group has dug deep into the expressway service zone resources to facilitate "shifting gears and speeding up". With the overall idea of "accelerating development under the leadership of benchmarks", we have given full play to the Group's professional advantages in the field of integrated management of domestic expressway service zones and built an intelligent service zone operation platform for the members with passenger volumes of ten millions in Guangdong, providing all-round online and offline

three-dimensional services to the travelers. We continued to explore the commercial value of the service zone. We will focus on the cultural tourism and integrate the local characteristics in the comprehensive development and upgrading of several service zones, helping to create a national and even world-wide exemplary expressway travel service product which has integrated the transportation and the tourism. We have striven to expand the business of "Yueyun Energy" and attempted to extend to the upstream of the oil supply industry chain, in order to become an oil business brand in Guangdong Province with a large scale and brand effects. Under the guidance of the dual-engine strategy of "Travel service + Resources development", the Group will maintain a good growth momentum in its operations and strive to enter the rank of revenue groups with ten billions by the end of the "14th Five-Year Plan Period".

Major investments and key business developments of the Group in 2021 are as follows:

COVID-19 prevention and control

Since the beginning of this year, there have been intermittent outbreaks in Hebei, Heilongjiang and elsewhere. However, since the government has adopted various measures such as nucleic acid testing and quarantine treatment to strengthen the detection, tracking and management of persons in close contact with COVID-19 cases, and implemented strict control over key communities, the COVID-19 pandemic has been generally put under control. As a result of such outbreaks, the measures for COVID-19 prevention and travel restriction have been successively introduced across the country, and the Company's operating revenue in the "Spring Festival" period and the subsequent period will be affected to a certain extent.

The Board of Directors expects that, as the COVID-19 vaccines are increasingly used and the government's prevention measures are vigorously implemented, the pandemic will be contained to a certain extent. As people's travel needs resume, it is expected that the Group's travel service businesses in Guangdong Province will resume normal operation after the pandemic disappears.

TRAVEL SERVICE SEGMENT

I. Road Passenger Transportation and Auxiliary Facilities

- (1) We aim to operate the shuttle-line passenger transportation terminals in the most efficient way. For this, we will intensify the refined management of shuttle-line passenger transportation, strengthen the relevant research, analysis and planning management, and continuously take various measures such as integration, merging and reduction of shuttle-lines, replacement of large vehicles with small ones and suspension of shuttle-lines to strictly control the operation of inefficient and unnecessary shuttle-line services. For customized chartered vehicles, rural passenger transportation, traditional shuttles and other businesses, we will strive to obtain approval for "one vehicle with multiple licenses" or "one license for multiple uses" to enhance the flexibility of passenger transportation.
- (2) We will effectively improve the vehicle purchase approval methods, strengthen the control of investment processes for vehicle purchases, and continue subsequent adjustments.
- (3) We will focus on promoting the changes from shuttle transportation to customized or chartered passenger transportation, so as to optimize the structure of resources. For overlapping routes, we will conduct field research and analysis, develop intermodal transportation between regions, and implement route integration, so as to realize the optimal deployment of vehicle resources. We will make good use of the passenger transportation management system, sort out and optimize the passenger transportation and terminal service processes, reduce operating costs, consolidate and broaden the scope of management through the information system, and promote the gradual development of the organizational structure in a flattened way.
- (4) We will systematically adjust business structure. We will especially focus on the development of public transportation business. With the accelerated development of urbanization, prioritizing the development of public transportation is an inevitable requirement for alleviating traffic congestion, improving the quality of life of the people and improving the level of basic public services of the government. Public transportation has become the first choice for more and more people when it comes to travelling. Therefore, public transportation will become a stable growth point for the revenue and profit of the Company. At present, the Company is operating its public transportation business under the TC (Transportation Community) model. In accordance with the principle of separation of passenger fare and transportation services, the revenue of passenger fare shall be owned by the government, and the government shall make settlements in accordance with the transportation cost and service quality of the enterprise to ensure a certain profit margin for the enterprise. The essence of the TC model is that the government purchases services from the enterprises which therefore could obtain stable revenue with relatively low operation risks.
- (5) We will adjust the traditional passenger transportation operation model to realize the customization and dislocation development of passenger transportation. We will take the demand-oriented approaches to facilitate transformation and upgrading, adapt to the State's new regulations on passenger transportation, changes in the provincial implementation measures and changes in the station-to-station operation model of traditional passenger transportation, conduct passenger transportation customization and develop traffic routes in locations away from high-speed railway transportation, to cater for people's door-to-door travel needs. We will vigorously expand non-terminal passenger distribution services such as travel customization, car-hailing and travel transportation, comprehensively promote multi-point passenger distribution, accelerate the station deployment of customized passenger transportation, and continuously promote the application for the establishment of the pickup and drop-off sites for off-station

CHAIRMAN'S STATEMENT

passenger distribution within the urban areas of Guangzhou City, in an effort to make transportation services available among traffic hubs and major traffic points. Relying on the abundant local tourism resources of regional companies, we will actively explore and operate tour dedicated lines, tour buses, tour chartered vehicles, tour vehicle rental and other businesses;

- (6) We will adhere to the development concept of "One County One Target" (一縣一主體) and continuously promote the deployment of urban public transportation and rural passenger transportation. We will realize the integration of regional high-quality resources through the development model of "One County One Target", obtain the initiative and discretion in business development, continuously promote the deployment and development of rural passenger transportation and urban public transportation, grasp opportunities to integrate the market and obtain government subsidies, and promote the change of several routes into bus transportation. We will effectively operate the "town-to-village" (鎮通村) rural passenger transportation to improve the ability to serve society. We will continuously develop the dedicated passenger transportation services of expressways. We will improve the combination of passenger and cargo transportation, and strive to turn rural passenger transportation vehicles into the retail service outlets to tap the value of logistics. We will fully refine the statistical measurements to incentivize different levels based on revenue, gross profit, net profit and return on investment, explore the adoption of Amoeba business model for traffic routes, and stimulate new business developments by optimizing the incentive and restraint mechanism.
- (7) After the pandemic, the cross-border passenger transport operations will be resumed. Once the pandemic is over, the cross-border bus routes of GD-HK Company of the Group are expected to resume operation. In accordance with the actual situation of the existing routes to and from Mainland China and various control points, shuttle express routes will be built between the urban area of Hong Kong and Shenzhen Bay Port, Hong Kong-Zhuhai-Macao Bridge and Liantang Port, forming a short-distance express transportation mode. We will also go with the market development trend and develop customized route and chartered products for commuters, in order to push forward the transformation and upgrading of our services.
- (8) In terms of the traffic rescue business, we will make full use of the information technology and the scale advantages to promote the video surveillance rescue cloud service platform project based on 5G+AI technology. We will use the successfully built platforms such as "Smart Rescue" and "Basic AI Smart System" to optimize the process of the traffic rescue business management and dispatching control and improve the convenience, accuracy and standardization of the operation information transmission. Our reputation and influence will be further enhanced along with the continuous improvement of the quality of the traffic rescue services.
- (9) In accordance with policy requirements and tourism development business needs, we will facilitate the joint ventures to do a good job in the development and operation of the tourism project of the Blue Dolphin Island of the Hong Kong-Zhuhai-Macao Bridge.

2. Operation of Expressway Service Zones

1. Energy Business

- (1) Driving force has been increased to accelerate and enhance energy development. We keep on developing and expanding the scale of our energy network. The construction and commencement of operation of more than 10 new self-operated oil stations in service zones such as Pingtang, Zhenlong, Shangsha, Shengtang and Henghe have been speeded up. By the end of 2021, we will reach the target of 60 self-developed and self-operated oil stations and a gradually improving network of self-operated oil stations along the expressways.
- (2) We shall continue to rely on the rational distribution of resources, keep on strengthening the brand building of self-operated oil stations, improve the chain management capabilities from design, planning, application for building permission, construction, certification, acceptance, operation, marketing, customer relationships to services, so as to increase full-tank refilling rate and the percentage of operating income from oil products in every station. We shall also strengthen the centralized purchase management of refined oil for transportation units.
- (3) We will strengthen the refined operation and active marketing, improve the standardized manuals for the design, operation and management of gas stations and enhance the refined management level of the oil station operation. We will improve the membership system, linking it to the multi-business consumer demands of the Group, in order to increase the revenue from the non-oil business. We will also put more efforts in the marketing activities. We will carry out specific operation and marketing measures of "One Station, One Strategy" at the gas stations with lower revenue, in order to increase the sales revenue from oil products.

- (4) We shall make further and deeper progress in the innovative development of the profit model for energy business with business partners. We shall deepen our cooperation with Sinopec and PetroChina for establishing a new cooperation model of mutual benefit, and actively promote in-depth cooperation with joint venture companies in energy business, such as oil stations and gas stations, for rapid expansion in scale of our oil station business.
- (5) We shall accelerate the improvement of our energy business structure by exploring the upstream business of refined oil products and tapping into the refined oil storage sector, gradually establishing a relatively complete industrial chain which covers refined oil storage, wholesale, and sales to end-users. As such, we can substantially increase our operating income and effectively reduce market risks.
- (6) We will promote the upgrading of expressway gas stations to oil-gas-electricity hybrid stations. We shall continue to explore the development model for urban charging pile business and promote the development of external charging business in the form of cooperative construction of stations. Leveraging on the charging service platforms, we expand our charging business for the general public, and continue to improve the capability of our self-service charging stations and charging piles in serving the society.

2. Retail Business

- (1) We shall strengthen the "integrator" function of retail business and enhance its market-oriented competitiveness. The "Yueyun Loyee" retail store network continues to expand further, and strives to achieve the target of 30 new stores, the Loyee stores will be gradually recruiting franchisees from the society. We will build an O2O outlet network of "commodities + services + demand scenarios" and rapidly achieve expansion both in the scale and revenue.

CHAIRMAN'S STATEMENT

- (2) We will continue to promote the expansion of the "big retail" Loyee supermarkets and gradually realize the parallel development of convenience stores and comprehensive supermarkets, as well as physical stores and online platform stores, expanding the "big retail" business chain from simple retailers to wholesalers.
- (3) We will conduct in-depth analysis of the characteristics of frequent travelers, continue to optimize the product categories, change the monotonous store layout and product display layout, upgrade the VI logo, optimize the store layout and display layout and develop more self-owned brand products in order to create more consumption scenarios, enhance the competitiveness of products and comprehensively enhance the consumer experience.
- (4) We will cultivate and improve retail supply chain management, and prepare for the construction of self-built retail warehouses. Taking advantage of centralized procurement, we are actively building a joint procurement and marketing platform with Yuewah Link (a joint venture of the Company), channel suppliers and convenience store chain enterprises in Guangdong.
- (5) We will strengthen the construction of the convenience store standardization system, improve the remuneration system and evaluation mechanism. We will use market-based management methods to adjust the management and control of directly-operated stores in service zones and the performance evaluation and distribution model, and strengthen the supervision and assistance of directly-operated stores.

3. Merchant Solicitation Business

- (1) We will continue to optimize the merchant solicitation management methods and processes of the service zones, improve and strengthen the management of merchant solicitation, ensure that the service zone and road sections of the new traffic project commence operations simultaneously, and carry out the merchant solicitation tasks upon expiration of the contracts and for the newly opened service zones in an orderly and efficient manner in accordance with the merchant solicitation plan, in order to increase the overall rental rate.
- (2) Based on the differentiated positioning concept of "One Category, One strategy" and "One District, One product", we will change the thinking mode, adopt differentiated functional layout, re-plan and re-position the service zones with development value, and focus on promoting the quality and upgrading major service zones of the Company, creating distinctive and innovative service zones, completing the conceptual design of Huacheng Yuantan, Huangtian, Chengcun, Qianshui, Changsha Bay, Shenshan and other service zones, and emphasizing on the Shengtang truck logistics service zone project.

- (3) Relying on the "Yipinhui" project, we will create and register commercial property self-owned brands, to promote and release brand effectiveness through unique trademarks, logos and management procedures. We will continue to expand and develop new brands and new formats to fill in our brand database, in order to lay a solid foundation for the diversified commercial development of the service zones in the future.
- (4) We will put more efforts in the special actions to enhance the quality of and upgrading the service zone, promote the platform-based and informatization of the business, coordinate the construction of the integrated management and service platform of the service zone, build an information service and business platform for the service zones, and optimize the sharing of resources and the supplies of services and products. On the basis of the development of the Group's own business members, we will strive to import customer information from the various systems of the Guangdong Transportation Group to rapidly increase the size of the service zone platform members.

4. Advertising Business

- (1) Relying on advertising resources along expressways, service zones and passenger terminals, we will accelerate the resource construction and business transformation and upgrading, build an influential transportation and travel media network and strive to transform into a "transportation omni-media supplier (交通出行全媒體供應商)" focusing on the regional travelling. We will strengthen the innovative advertising design and conduct pilot projects, further optimize the layout of advertising in the service zones and carry out large-scale, standardized, and unified management of the messy advertising forms within the service zones.
- (2) We will fully explore the resources from the brand customers, strengthen sales expansion of self-operated advertising business, develop innovative advertising and planning businesses, improve customer service quality, use the internal and external digital media resources, and strengthen our abilities of customer development, advertising production, marketing communication and effectiveness evaluation of digital media resources, in order to enhance the full-solution service capabilities of the integrated operation of media resources and improve the efficiency of advertising resources.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)



In line with the working ideas of “guaranteeing the main body of the platform, guaranteeing cash flow, guaranteeing investment, guaranteeing safety and smooth flow, guaranteeing stability, reducing costs, improving services and promoting reform (保平台主體、保現金流、保投資、保安全暢通、保穩定、降成本、提服務、促改革)”, the Group actively explored favorable conditions and positive factors for “second reform and second entrepreneurship (二次改革、二次創業)” and continued to do a good job in normalizing the pandemic prevention and control, do a solid job of “six-stability (六穩)”, fully implement the “six-guarantee (六保)” measures, seize opportunities and create new opportunities, which have substantially reversed the serious situation of sharp decline in the results of operations in the first half of 2020 and reduced the loss and impact caused by the pandemic.

The Group has promoted the development and upgrading of road passenger transportation business in the highly competitive market, starting from supply-side reforms by

establishing a refined management thinking, focusing on improving service quality, strengthening cost control and resolutely monitoring major risk prevention and control management and deeply exploring the potential for profit growth on the basis of the safe production responsibility system for all employees to ensure its sustainable development.

In 2020, in order to control the negative impact brought by the pandemic, the Company further enhanced liquid funds management to prevent the liquidity risk actively. Firstly, the demand for liquid funds was estimated based on operating needs, the plans requiring liquid funds were strictly reviewed to ensure available funds for normal business expenses and control the scale of liquid funds for extraordinary expenses. Secondly, recovery of receivables such as government grants and disposal of idle assets were accelerated to avoid liquid funds being engaged or lying idle. Thirdly, the preferential policies of tax relief and deferred payment of social insurance fees promulgated by the national and local governments during the COVID-19 pandemic period

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)



were actively studied and utilized to reduce costs and lower cash expenses. Fourthly, communications with banks, financial institutions and government departments were enhanced, active efforts were made to apply for special loans for the prevention of COVID-19 to benefit from the preferential policies of interest reduction and extension of principal repayment period. Fifthly, the financing channels were broadened actively to obtain sufficient credit facilities to safeguard the normal operation and funding of the Company.

TRAVEL SERVICES SEGMENT

1. Road Passenger Transportation and Auxiliary

- (1) Accelerating the adjustment of the structure of vehicle models. In accordance with the relevant requirements of our strategic objectives, based

on market demand and changes in passenger travel habits under the new situation and based on the difference in the costs of using various vehicle models including “large-, medium- and small-size (大中小)” and “high-, medium- and general-class (高中普)” vehicles, we have established the economic calculation models in respect of various vehicle models and increased the proportion of small and medium vehicles. In 2020, the total number of small and medium passenger vehicles below 9 meters operated by the Company was 2,300, accounting for 51%, representing an increase of 23% from 2019.

- (2) Developing the non-terminal passenger-pickup business. Facing the change in the comprehensive transportation pattern, the Company has broken the traditional business model of “picking up passengers at terminal

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

(等客上門)”, accelerated the development of the non-terminal passenger-pickup business (non-terminal passenger-pickup business includes traditional chartered coach services, commuting services, dedicated lines services, customized passenger transportations services, online car-hailing services, car rental services, etc.) and upgraded road passenger transportation services in the era of mobile internet with “passenger transportation + internet (客運+互聯網)” through enhancing platform functions, establishing off-terminal passenger distribution points and standardizing data standards.

- (3) Optimizing resource structure. We continued to utilize idle inter-province and inter-city shuttle bus licenses and turned them into tourism chartered bus licenses, obtaining a total of 113 new chartered bus licenses; strengthened the follow-up management of contracted vehicles taken back for self-operation and focused on the integration and refined management of each route and even each vehicle after their return; and continued to promote the policy of “One County One Target (一縣一主體)”. By the end of 2020, the Company’s 8 regional companies have implemented the policy of “One County One Target (一縣一主體)” in 22 counties.
- (4) Developing the road passenger transportation equalization business. The Company focused on promoting the development of the town-village connectivity business, so as to realize the transformation of the business structure from inter-city shuttle bus to regional urban-rural integrated passenger transportation, minimize the effect of industry changes and the pandemic on market-oriented transportation products and strive to expand the equalization of market shares of the passenger transportation products. From the perspectives of policy interpretation, business analysis and provincial measures in macro-control, the Company conducted comprehensive tracking, supervision and guidance on the deployment and operation of

all town-village connectivity vehicles. By the end of December 2020, the Company had 1,576 rural passenger transportation vehicles including 918 “town-to-village (鎮通村)” vehicles and the town-village connectivity lines opened by our regional transportation companies covered 309 towns and connected 3,052 villages, achieving full coverage in the region.

- (5) Actively expanding the public transportation business and promote the TC model. We will actively expand the public transportation business, increase the coverage of public transportation, actively promote the TC management model at areas where conditions permit, in order to strengthen the guarantee for revenue. We will promote the transformation of some rural passenger transportation to public transportation, so that the inter-county rural passenger transportation, urban and rural bus and town-to-village businesses can be organically combined and deeply integrated, which helps to promote the development of integrated urban and rural businesses. As of the end of 2020, there were a total of 12 urban public transportation service providers in the regions where Yueyun operated. Among them, Foshan City Yueyun Public Transportation Co., Ltd., Foshan City Sanshui District Yueyun Traffic Co., Ltd. and Guangzhou City Yueyun Motor Transportation Co., Ltd. are public transportation operation companies under the TC management model (referred to as “TC Companies”), with a total of 1,580 buses in operation. Since under the TC model, TC Companies settle payments based on their operation costs to purchase public transportation services from TC Companies in the form of services purchased by the government. Therefore, the revenues of TC companies are guaranteed, and the impact from the sudden outbreak of pandemic in 2020 on them will be lighter.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

- (6) Reducing the cost of cross-border passenger transportation. Under the premise of doing its best in internal management control and maintaining staff stability, GD-HK Company has received government relief subsidies for pandemic amounting to HKD12.4 million. Through active communication, we have reduction in property rents, parking fees and fuel fee amounting to HKD7.5 million. Through reasonable arrangement of employee vacations, we have saved HKD42 million in the labour costs. In addition, by exporting the drivers to the fellow companies, providing commuter shuttle bus to PRC enterprises stationed in Hong Kong and using internal transport vehicles in Shenzhen with Guangdong and Hong Kong licenses to provide charter services, we have lessened the impact of the pandemic and improved our overall risk resistance. As at the end of 2020, the Hong Kong-Zhuhai-Macao Bridge Shuttle Bus operation project had a total of 117 self-operated vehicles in operation, transported a total of 1,218,922 passengers with a daily average of 3,340 passengers in 2020, representing a year-on-year decline of 92% when compared with the same period of 2019, of which the daily average number of 290 passengers recorded in the second half of the year represented a year-on-year decline of 99.2%; a total number of 45,731 trips were operated with a daily average of 125 trips, representing a year-on-year decline of 90% when compared with 2019. The project company implemented a series of cost-cutting measures including a substantial pay cut for middle and senior management staff, arranging its staff to take no pay leave according to requirements, reducing remuneration expenditure substantially by almost 60%, suspending outsourcing cooperation services and insurance policies for idle vehicles, lowering tax burden reasonably by legitimate means, conducting negotiations on rentals for the operating zones in the three regions, and

reducing or eliminating vehicle maintenance costs. Applications were also made to obtain subsidies under the Employment Support Scheme of the Hong Kong Government, obtain subsidies for employees returning to work upon resumption of operation and subsidies for training and job security provided by Zhuhai, and obtain subsidies for supplementary income tax for enterprises in Macau.

2. Expressway Service Zones Operation

(1) *Energy Business*

The Company firmly implements the strategic route of self-building and self-operating gas stations, effectively controls the wholesale and retail price difference of oil purchases, continuously strengthens brand promotion and professional management, establishes membership system and promotes the faster implementation of the “Yueyun Energy” brand strategy. As of the end of 2020, the Company has 207 gas stations (including 15 stations of joint ventures and associates) with operating rights, representing an increase of 18 over the same period last year. Among them, there are 136 gas stations under contracted operation; there are 50 self-operated gas stations (six gas stations under construction). The revenue from gas stations amounted to RMB2.108 billion, representing a year-on-year increase of 64%. The specific measures are as follows:

1. Further expanding the network scale of “Yueyun Energy” and increasing the coverage of gas stations by building and putting into operation a total of 10 gas stations in Ketang, Qingyuan, Jiangao and other service zones. Continuing to promote the equity reform of cooperative companies and realizing the consolidation of Zhongyuetong, thereby rapidly expanding the scale of gas stations.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

2. Further optimizing the management of self-operated gas stations, enhancing the chain management capabilities of planning, design, reporting, construction, acceptance, oil procurement, distribution, marketing, and service, improving station-level construction standardization, management standardization and service standardization, and through the “One Station, One Policy” marketing strategy and promotion such as recharge discounts and listing price reductions, focused on increasing the filling up rate of customers such as truck owners and quickly attracting new customers and increasing the retention rate of repeated customers, resulting in 84,000 new members and the total number of members exceeding 138,500. At the same time, the Company also used the ETC platform to promote the “Yueyun Energy” refueling vehicle plate payment function and preferential promotion to more than 10 million members to increase its brand awareness. We have made every effort to build a “non-oil flagship store” in Yingde. The number of non-oil products (SKUs) at Yingde petrol stations has increased from less than 300 to 500. Through enriching product display, store layout, marketing promotion, etc., the average daily non-oil sales of Yingde gas station has increased from RMB3,315 before the optimization and upgrade to RMB6,776 after the optimization and upgrade, representing a significant improvement in the non-oil products efficiency.
3. Improving the level of intelligent services, realizing the payment function of Yuetongbao at gas stations and building Shayong gas station into the first smart flagship station that integrates smart fuel dispensers, Yuetong card sensorless payment, convenience store self-payment, commodity self-service bar codes and self-service coffee to integrate the consumption scenarios of the Group’s various business segments.
4. Actively developing new energy business. The negotiation, contract signing and project construction of charging pile projects in the service zones of Dahuai, Yayao and Gaogang have been completed. As at the end of 2020, the Company has set up charging stations in 218 service zones, with 438 charging piles. Hengshishui photovoltaic power generation project has been officially put into operation. In 2020, we have achieved the application of ETC sensorless payment technology in Huanggang gas station. We also put 19 self-service payment devices into use at 18 gas stations to gradually build smart gas stations.
5. Strengthening the “Five-unification (五統一)” fuel procurement. We seized the favorable opportunity to reasonably increase the inventory of oil products. The cumulative purchase amount of oil products exceeded RMB915 million, which increased our operating profit margins. We also cooperated with Shanwei subsidiary to achieve centralized procurement of refined oil with a total of five subsidiaries in Qingyuan, Shanwei, Chaozhou, Meizhou and Zhongshan, achieving centralized procurement of oil, determining a unified external charging service platform and cooperating with well-known social operators or power grids.

(2) Retail Business

The Company took multiple measures simultaneously to enhance the competitiveness of the retail business market and achieved revenue in retail business of RMB461 million. As of the end of 2020, the Company has a total of 606 Loyee convenience stores, including 377 Loyee self-operated stores (including 302 online self-operated stores); 122 stores at YueYun passenger terminals; and 107 franchise stores. Specific measures are as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

Continuing to expand the store network and improve service quality. In 2020, we opened 60 new stores. The Company implemented the supermarketization of hub convenience stores in service zones, and upgraded some stores including those in Wayaogang and Qingyuan to “Loyee” 2.0 innovative stores by upgrading the stores from operating single fast-moving consumer goods to comprehensive commodities, and improving the operation model from a simple convenience store to “big retail” comprehensive supermarkets.

Fully promoting the increase in quantity and the improvement in quality of convenience store merchandise. We actively pushed forward poverty alleviation products to sell in large retail stores by introducing more than 700 native products and featured commodity barcodes. We set up and upgraded the store’s special areas and concession counters for native products, with 169 stores for the sale of native products. We had eliminated 250 product categories and introduced more than 1,700 product categories to further optimized the product categories, with 16 major categories and 4,035 barcodes in total. In addition, the Company standardized the supplier management of centralized-purchasing commodities by introducing merchandise through the open-bidding model for the first time. We continued to expand the customer base and registered 105 merchants in the brand database of the Company.

Further proceeding with the “Amoeba” operation management model. Leveraging the extensive experience of merchandise sales agency and special channels operation of Yuewah Link, we cooperated with Top-E to establish a key account distribution system, standardized the authorization management system for manufacturers, diversified merchandise categories and enhanced the profitability of some categories of merchandise.

(3) Merchant Solicitation Business

The Group gave full play to the resource advantages of GCGC to further expand its service zone network and promote the development of its service zone platform and commercial operation. As of the end of 2020, the Company has 354 service zones (including parking areas) with operating rights (including 2 service zones of joint ventures), representing an increase of 24 when compared to the same period last year, and there were 332 service zones (including parking areas) in operation (including 2 service zones of joint ventures), representing a year-on-year increase of 39. The revenue from merchant solicitation business amounted to RMB317 million, representing a year-on-year increase of 1%. Specific measures are as follows:

Constantly improving the operational capabilities of commercial properties in the service zones. We revised the methods and flow process for merchant solicitation, rationally optimized the average rental per unit area, quickly promoted merchant solicitation for vacant shops, introduced more business types to meet the diversified travel needs. We actively developed merchant resources by introducing 11 new merchants and achieved a total number of 107 brand merchants, which was beyond expectation, to enrich brand types and merchant categories.

Implementing comprehensive development of the hub service zones. We completed the upgrading and transformation of two pairs of service zones in Wayaogang and Luhe, realized the upgrade and transformation of three pairs of service zones in Datang, Guandu and Xiegang by introducing social capital of approximately RMB30 million, innovated investment and business operation models for commercial renovation projects, and promoted the comprehensive development of Taihe Parking Lot. We accumulatively completed the upgrading and transformation of 20 pairs of service zones and built more differentiated and characteristic service zones gradually.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

Exploring the implementation of new business. In the era of sharing economies, the projects of shared massage chairs, power banks, and coffee machines have been gradually implemented in the service zones. More than 800 shared massage chairs have been set up in 100 pairs of service zones, gaining more than RMB4 million of incremental profits to the Company.

Continuing to shape benchmark service zones. We built Dahuai Service Zone into a national benchmark by conducting post-evaluation of the operation level of the commercial complex, and introducing a number of new experiential interactive consumption formats, which had been praised by the People's Daily and given a "thumb up" by the counterparts from outside the province. Baisha Service Zone was awarded "National Civilized Demonstration Window of Transportation Industry(全國交通運輸行業文明示範窗口)". We obtained the qualifications of commercial planning and merchant solicitation agency service for Yongning Service Zone of Guangzhou Communications Investment, taking the first step of "going out" and exporting merchant solicitation capability. Taking the planning and positioning of the service zones on Guangzhou-Zhanjiang Expressway as the starting point, we promoted differentiated development planning to meet the owners' schedules for property reconstruction and extension, and completed commercial planning and business concept design for five pairs of service zones in Liangjinshan and Shengtang.

(4) Advertising Business

The Group enhanced the marketing and synergistic integration capabilities of its advertising business. As of December 2020, we operated 589 advertising resources on 61 expressways with a total area of 146,000 square meters. Specific measures are as follows:

- (1) Strengthening the retention of old customers and the expansion of new customers. In view of the decline in demand for outdoor advertising, application for rent-free and price reduction and other factors, we actively carried out marketing through early negotiations to renew the contract, prolonging the term of cooperation, improving service quality and other measures to retain and consolidate existing customers as many as possible and developed 19 new customers, therefore ensuring that sales would not fall sharply.
- (2) Launching integrated marketing program to increase operating income. We launched the integrated marketing program of "expressway billboards + bus advertisements" and large-scale centralized placement for the first time, and reached a number of cooperation, realizing growth in revenue from direct sales.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

3. Operation of Taiping Interchange

Affected by the pandemic and the policy of restricting goods and passengers of the Humen Bridge and the road maintenance works, the total traffic volume at Taiping Interchange in 2020 was approximately 17.98 million vehicles, and the daily average traffic volume was approximately 49,100 vehicles, representing a year-on-year decrease of approximately 44%. The toll revenue was approximately RMB66.02 million, representing a year-on-year decrease of approximately 52%. We mainly completed the following tasks:

We strengthened the inspection, monitoring and maintenance of Taiping Interchange. We carried out maintenance and repair projects involving the bridge structural safety and road safety of Taiping Interchange to eliminate potential hazards in a timely manner, therefore ensuring the safe and smooth operation of Tai Ping Interchange.

4. Material Logistics Segment

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

FINANCIAL REVIEW

THE GROUP'S ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

For the year ended 31 December 2020, operating income of the Group amounted to RMB5,585,541,000 (2019: RMB6,657,213,000), representing a year-on-year decrease of RMB1,071,672,000 or 16%; gross profit amounted to RMB265,547,000 (2019: RMB1,053,217,000), representing a year-on-year decrease of RMB787,670,000 or 75%.

For the year ended 31 December 2020, the Group realized net loss of RMB315,174,000 (2019: Net profit of RMB365,084,000), representing a year-on-year decrease of RMB680,258,000 or 186%; net loss attributable to shareholders of the parent company (the "Shareholders") was RMB229,193,000 (2019: Net profit attributable to shareholders of the parent company: RMB304,970,000), representing a year-on-year decrease of RMB534,163,000 or 175%; basic loss per share was RMB0.29 (2019: Basic earnings per share of RMB0.38), representing a year-on-year decrease of RMB0.67 per share, or 175%.

The turnaround from profit to loss in 2020 was mainly due to the negative impact of the pandemic, which resulted in a significant decrease in the gross profit from the road passenger transportation and auxiliary business and Taiping Interchange operation business. Facing the unfavorable situation caused by the pandemic, the Group (i) proactively responded by vigorously developing strategic businesses such as energy business, (ii) optimized, transformed and upgraded the road passenger transportation business, and (iii) adopted a number of measures to reduce expenditures and costs to make up for the operating losses in a multi-pronged manner, attempting to reduce the losses and impact caused by the pandemic.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

SEGMENT INFORMATION

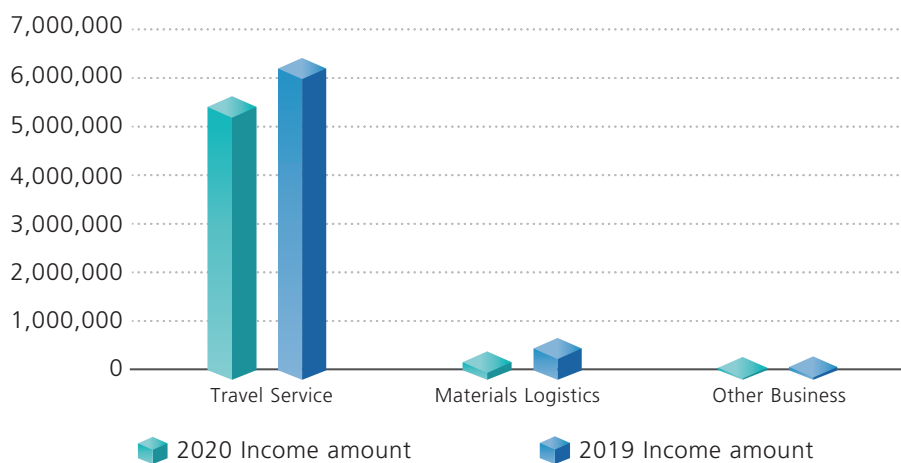
Operating Income

Operating income of the Group in 2020 was primarily derived from the business segment of travel service. Operating income of the Group in 2020 amounted to RMB5,585,541,000 (2019: RMB6,657,213,000), representing a year-on-year decrease of RMB1,071,672,000 or 16%.

Operating income by business segments:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	RMB' 000	Percentage	RMB' 000	Percentage
Travel Service	5,367,174	96.09%	6,177,880	92.80%
Materials Logistics	210,418	3.77%	472,365	7.10%
Other businesses	7,949	0.14%	6,968	0.10%
Total	5,585,541	100.00%	6,657,213	100.00%

Operating Income



MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

1. Travel Service

Travel service segment is a primary source of the Group's operating income, and the operating income in 2020 amounted to RMB5,367,174,000 (2019: RMB6,177,880,000), representing a decrease of RMB810,706,000 or 13% compared to 2019, and accounting for approximately 96.09% (2019: 92.80%) of the Group's total operating income, of which:

- (1) The road passenger transportation and auxiliary business recorded operating income of RMB2,297,644,000 in 2020 (2019: RMB3,787,138,000), representing a year-on-year decrease of RMB1,489,494,000 or 39%, which was mainly due to the significant decrease in passenger flow as a result of travel restrictions and control implemented by the government under the influence of the pandemic. As such, the passenger traffic and actual carriage rate of the Group's road passenger transportation and auxiliary business have been greatly reduced.
- (2) The operating business of expressway service zones recorded operating income of RMB3,003,512,000 in 2020 (2019: RMB2,252,909,000), representing a year-on-year increase of RMB750,603,000 or 33%, which was mainly attributable to an increase in self-operated gas stations and a subsidiary newly came under the Group's control and consolidated for the year.
 - a) For energy business, the operating income amounted to RMB2,107,651,000 in 2020 (2019: RMB1,282,503,000), representing a year-on-year increase of RMB825,148,000 or 64%, which was mainly due to income contributed by Guangdong Zhong Yue Tong Oil Products Operation Company Limited (廣東中粵通油品經營有限公司) ("Zhong Yue Tong"), a new holding subsidiary of the Group for the year, and a year-on-year increase in the scale of self-operated gas stations.
 - b) For retail business, the operating income amounted to RMB460,098,000 in 2020 (2019: RMB529,385,000), representing a year-on-year decrease of RMB69,287,000 or 13%, which was mainly due to a decrease in passenger flow under the influence of the pandemic.
 - c) For merchant solicitation business, the operating income amounted to RMB317,018,000 in 2020 (2019: RMB312,396,000), representing a year-on-year increase of RMB4,622,000 or 1%, which was mainly due to a year-on-year increase in the number of service zones.
 - d) For advertising business, the operating income amounted to RMB118,745,000 in 2020 (2019: RMB128,625,000), representing a year-on-year decrease of RMB9,880,000 or 8%, which was mainly due to a year-on-year decrease in business under the influence of the pandemic.
- (3) Taiping Interchange recorded operating income of approximately RMB66,018,000 in 2020 (2019: RMB137,833,000), representing a year-on-year decrease of RMB71,815,000 or 52%, which was mainly due to the influence of the pandemic and the decrease in the vehicle traffic resulted from the cargo and passenger restriction policy and pavement maintenance project on Humen Bridge.

2. Material Logistics

Material logistics segment recorded operating income of RMB210,418,000 in 2020 (2019: RMB472,365,000), representing a year-on-year decrease of RMB261,947,000 or 55%, and accounting for approximately 3.77% (2019: 7.10%) of the Group's total operating income. The decrease in operating income was mainly due to the decrease in existing business volume.

MANAGEMENT DISCUSSION AND ANALYSIS

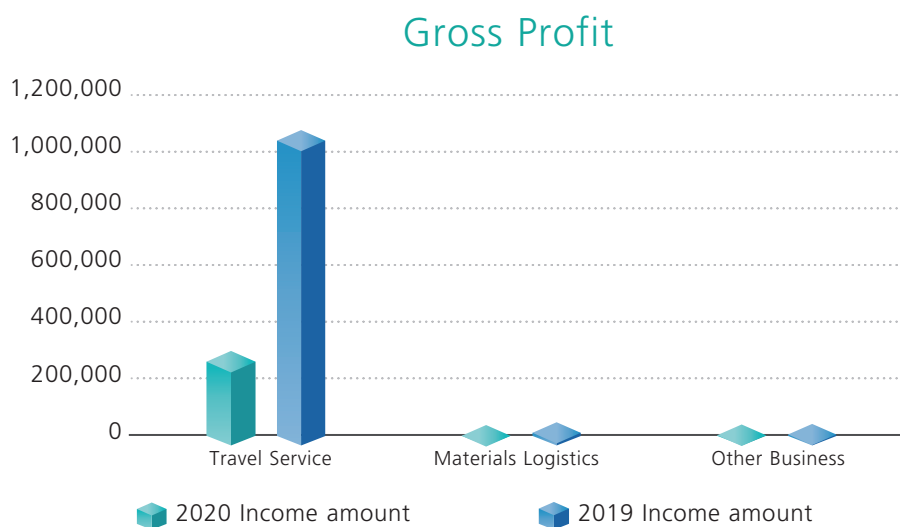
(all amounts are presented in RMB unless otherwise stated)

GROSS PROFIT

The gross profit of the Group in 2020 was RMB265,547,000 (2019: RMB1,053,217,000), representing a year-on-year decrease of RMB787,670,000 or 75%, with a gross profit margin of 5% (2019: 16%).

Gross profit by business segments:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	RMB' 000	Percentage	RMB' 000	Percentage
Travel Service	262,875	99.00%	1,038,117	98.57%
Material Logistics	1,739	0.65%	14,340	1.36%
Other Businesses	933	0.35%	760	0.07%
Total	265,547	100.00%	1,053,217	100.00%



MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

1. Travel Service

The travel service segment recorded gross profit of RMB262,875,000 in 2020 (2019: RMB1,038,117,000), representing a decrease of RMB775,242,000 or 75% compared to 2019, and the gross profit margin was 5% (2019: 17%), of which:

- (1) Road passenger transportation and auxiliary business generated gross loss of RMB315,354,000 in 2020 (2019: gross profit of RMB495,666,000), representing a year-on-year decrease of RMB811,020,000 or 164%, and the gross loss margin was 14% (2019: gross profit margin of 13%). The turnaround from profit to loss was mainly due to the facts that (i) the government carried out travel restrictions and control under the influence of the pandemic. As a result, the passenger traffic and actual carriage rate of the Group's road passenger transportation and auxiliary business have been greatly reduced, leading to a decrease in income, and (ii) the increase in cost of depreciation and amortization as a result of purchasing new energy fully-electric vehicles for the transformation and upgrade of service. The government grants received corresponding to operation and offering ride discount were RMB289,921,000 (2019: RMB243,594,000) and the asset related subsidies amortized and charged to profit or loss for the year corresponding to the useful life of assets such as vehicle was RMB87,982,000 (2019: RMB64,310,000) were both accounted as "other Income". Taking account of the subsidies, the gross profit for the year was RMB62,549,000 (2019: RMB803,570,000) and the corresponding gross profit margin was 3% (2019: 21%).
- 2) The operating business of expressway service zones recorded gross profit of RMB548,726,000 in 2020 (2019: RMB436,929,000), representing a year-on-year increase of RMB111,797,000 or 26%, and the gross profit margin was 18% (2019: 19%). The year-on-year increase in gross profit was mainly due to a year-on-year increase in income attributable to the consolidation of Zhong Yue Tong and the expanded scale of self-operated gas stations, including:
 - a) The energy business generated gross profit of RMB376,809,000 in 2020 (2019: RMB172,858,000), representing a year-on-year increase of RMB203,951,000 or 118%. The gross profit margin was 18% (2019: 13%). The year-on-year increases in the gross profit and gross profit margin were mainly due to an increase in revenue and effective control of procurement costs. The gross profit margin from purchase and sale of the energy business for the period was 25% (2019: 22%).
 - b) The retail business generated gross profit of RMB46,984,000 in 2020 (2019: RMB83,819,000), representing a year-on-year decrease of RMB36,835,000 or 44%. The gross profit margin was 10% (2019: 16%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to the decrease in passenger flow under the influence of the pandemic.
 - c) The merchant solicitation business generated gross profit of RMB61,996,000 in 2020 (2019: RMB112,033,000), representing a year-on-year decrease of RMB50,037,000 or 45%, and the gross profit margin was 20% (2019: 36%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to a year-on-year increase in the number of service zones resulting in an increase in depreciation of right-of-use assets and fixed assets.
 - d) The advertising business generated gross profit of RMB62,937,000 in 2020 (2019: RMB68,219,000), representing a year-on-year decrease of RMB5,282,000 or 8%. The gross profit margin was 53% (2019: 53%). The lower gross profit was mainly due a year-on-year decrease in income.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

- (3) Taiping Interchange operation generated gross profit of RMB29,503,000 in 2020 (2019: RMB105,522,000), representing a year-on-year decrease of RMB76,019,000 or 72%. The gross profit margin was 45% (2019: 77%), which was mainly due to a decrease of income as a result of the impact of the pandemic and the cargo and passenger restriction policy.

2. Material Logistics

The material logistics segment generated gross profit of RMB1,739,000 in 2020 (2019: RMB14,340,000), representing a year-on-year decrease of RMB12,601,000 or 88%. The gross profit margin was 1% (2019: 3%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to a decrease in existing business volume.

TAX AND SURCHARGES

The amount of tax and surcharges in 2020 was RMB43,091,000 (2019: RMB42,499,000), representing a year-on-year increase of RMB592,000 or 1%.

SELLING EXPENSES

In 2020, the Group incurred total selling expenses of RMB65,896,000 (2019: RMB71,771,000), representing a year-on-year decrease of RMB5,875,000 or 8%. The decrease was mainly due to the reduction or waiver of social insurance contribution in the period in response to the pandemic.

ADMINISTRATIVE AND R&D EXPENSES

In 2020, the Group incurred administrative and research and development expenses of RMB694,595,000 in total (2019: RMB685,918,000), representing a year-on-year increase of RMB8,677,000 or 1%. The increase was the combined effect of the consolidation of Zhong Yue Tong, an increase of retirement benefits accrued, and the reduction or waiver of social insurance contribution in response to the pandemic in the period.

FINANCE EXPENSES

Finance expenses incurred in 2020 amounted to RMB229,974,000 (2019: RMB186,943,000), representing a year-on-year increase of RMB43,031,000 or 23%, which was mainly due to (i) a year-on-year increase of RMB438 million in the interest-bearing liabilities and an increase of RMB11,523,000 in the corresponding interest expense; (ii) an increase of RMB16,136,000 in the corresponding interest expense due to an increase in lease liabilities; and (iii) the decrease of RMB8,797,000 in interest income.

OTHER INCOME

Other income in 2020 amounted to RMB534,256,000 (2019: RMB340,581,000), representing a year-on-year increase of RMB193,675,000 or 57%, which was mainly due to a year-on-year increase in the subsidies for operation of new energy vehicles from the Central Government recognized for the period and an increase of special subsidies in response to the pandemic.

INVESTMENT INCOME

Investment income derived in 2020 amounted to RMB29,317,000 (2019: RMB58,774,000), representing a year-on-year decrease of RMB29,457,000 or 50%, which was mainly due to the impact of a year-on-year decrease in the net profit for the period from the associates and joint ventures of the Group.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses in 2020 was RMB27,978,000 (2019: RMB12,931,000), representing a year-on-year increase of RMB15,047,000 or 116%, which was mainly because the Group increased credit impairment provision for certain receivables.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

IMPAIRMENT LOSSES OF ASSETS

Impairment losses of assets in 2020 was RMB24,602,000 (2019: RMB4,598,000), representing a year-on-year increase of RMB20,004,000 or 435%, which was mainly due to goodwill impairment provision made for certain subsidiaries in response to the pandemic.

GAINS ON DISPOSAL OF ASSETS

Gains on disposal of assets in 2020 amounted to RMB23,765,000 (2019: RMB40,510,000), representing a year-on-year decrease of RMB16,745,000 or 41%, which was mainly due to the impact of a year-on-year decrease in disposal of fixed assets for the period.

NON-OPERATING INCOME AND EXPENDITURE

The net amount of non-operating income and expenditure in 2020 incurred a net expenditure of RMB5,346,000 (2019: a net income of RMB8,888,000), representing a year-on-year increase in net expenditure of RMB14,234,000 or 160%, which was mainly due to a year-on-year decrease of non-recurring government subsidies and an increase of losses on disposal of non-current assets.

LIQUIDITY AND CAPITAL STRUCTURE

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards the use of funds. The Group satisfied its requirements 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 optimized its financial structure and lowered its overall financing costs through comparatively low-cost financing channels. The Group enhanced capital allocation through the operation of cash pooling, in order to effectively reduce the need for external loans and increase the efficiency of capital utilization. Benefitting from the strict budget controls towards the funds and the improvements on the financial structure, at the end of 2020, the balance of available bank facilities of the Group amounted to RMB2,580,251,000 and net cash inflow from operations at the period amounted to RMB1,146,123,000, which provided sufficient protection for the Group's operating loans, ensuring repayment of principal and interest without risk of default.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

Items	31 December 2020	31 December 2019
	RMB' 000	RMB' 000
Borrowings	3,046,191	2,668,511
Less: Cash and cash equivalents	1,241,551	1,163,481
Net debt	1,804,640	1,505,030
Total liabilities	7,902,617	7,608,084
Total shareholders' equity	3,150,113	3,486,922
Total equity	4,954,753	4,991,952
Total assets	11,052,730	11,095,005
Gearing ratio	36.42%	30.15%
Asset to liability ratio	71.50%	68.57%

Note:

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liabilities/Total assets

CASH FLOWS

In 2020, the Group satisfied its requirements 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 borrowings with low interest rates. Cash and cash equivalents during 2020 (after excluding the effect of exchange rate movement) were as follows:

	For the year ended 31 December		
	2020	2019	Change
	RMB' 000	RMB' 000	RMB' 000
Cash generated from/(used in)			
Operating activities	1,146,123	1,491,858	(345,735)
Investing activities	(773,748)	(1,473,560)	699,812
Financing activities	(287,760)	3,934	(291,694)

OPERATING ACTIVITIES

The Group's net cash inflow from operating activities amounted to RMB1,146,123,000 in 2020 (2019: net cash inflow of RMB1,491,858,000), representing a year-on-year decrease of net cash inflow of RMB345,735,000, which was mainly due to the decrease in the cash received from sale of goods and rendering of services under the influence of the pandemic for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

INVESTING ACTIVITIES

In 2020, the net cash outflow from investing activities was RMB773,748,000 (2019: net outflow of RMB1,473,560,000), representing a year-on-year decrease in net outflow of RMB699,812,000, which was mainly attributable to a year-on-year decrease in payment for acquisition of fixed assets, as a result of the Group's effort in managing its investment scale.

FINANCING ACTIVITIES

The net cash outflow from financing activities in 2020 was RMB287,760,000 (2019: net cash inflow of RMB3,934,000), representing a year-on-year increase of RMB291,694,000 in net cash outflow, which was mainly due to a year-on-year increase in cash paid for repayment of liabilities.

BORROWINGS

As of 31 December 2020, outstanding borrowings of the Group amounted to RMB3,046,191,000 (31 December 2019: RMB2,668,511,000), comprising (i) unsecured short-term loans of RMB373,515,000 (31 December 2019: RMB109,900,000); (ii) secured short-term loans of RMB190,097,000 (31 December 2019: RMB93,174,000); (iii) pledged short-term loans of RMB30,000,000 (31 December 2019: RMB18,000,000); (iv) unsecured long-term loans of RMB1,034,153,000 (31 December 2019: RMB873,283,000); (v) secured long-term loans of RMB362,410,000 (31 December 2019: RMB548,368,000); (vi) pledged long-term loans of RMB162,781,000 (31 December 2019: nil); (vii) financing leases payable (lease liabilities): RMB500,701,000 (31 December 2019: RMB288,290,000); and (viii) bonds payable of RMB392,534,000 (31 December 2019: RMB737,496,000). As of 31 December 2020, the majority of the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates, of which borrowings with fixed interest rate accounted for approximately 53%.

SIGNIFICANT INVESTMENTS HELD

Nil.

MAJOR ACQUISITIONS AND ESTABLISHMENT OF NEW COMPANIES

Nil.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

MAJOR PROPERTIES HELD FOR INVESTMENT

Set out below are the major properties held for investment by the Group as at 31 December 2020:

Name of property	Address	Usage	Types of lease
Hong Kong Plaza	Unit 13-14, 24/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong	Operating lease	Short-term (within 10 years)
King's Court, Wai Ching Street, Jordan Road, Kowloon	No. 1-2 office, 1/F, King's Court, No. 65, 67, 69, 71, 73, 75, Wai Ching Street, Jordan Road, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
Underground Shop, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon	Underground Shop, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
Apartment of Drivers	Interchange between Fuqianxi Road and Huancheng Road, Qujiang District, Shaoguan City, the PRC	Operating lease	Short-term (within 10 years)
Passenger Traffic Center Building in Lianzhou	No. 136, Beihu Road, Lianzhou, the PRC	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, the PRC	Operating lease	Short-term (within 10 years)

PLEDGE OF ASSETS

As at 31 December 2020, fixed assets at the net value of approximately RMB385,515,000 (31 December 2019: RMB403,898,000) and land use rights at the net value of RMB193,107,000 (31 December 2019: RMB243,701,000) of the Group were pledged as security for borrowings. Transportation vehicles at the net value of approximately RMB442,464,000 (31 December 2019: RMB272,391,000) of the Group were pledged as security for lease.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the operating income and expenditure of the Group are settled or denominated in RMB, except for the revenue and expenditure related to cross-border transportation services. In 2020, the impact of exchange rate fluctuations on the working capital and liquidity of the Group was relatively small. The Directors believe that the Group has sufficient foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

CONTINGENT LIABILITIES

As of 31 December 2020, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

POTENTIAL RISK EXPOSURE

The Group is a leading integrated transportation and logistics service provider in Guangdong Province and its scope of business includes various business segments, including road passenger transportation and auxiliary services, expressway service zones operation, energy business, retail business, merchant solicitation business, advertising business and operation of Taiping Interchange, with relatively strong resistance against risks as a whole.

Major risk exposures to the Group include:

1. Competition from other modes of Transportation

Road passenger transportation is one of the most important principal businesses of the Group. With increasing efforts in economic development and transportation infrastructure investment, high-speed railway and inter-city light rail transportation will have increasing impact on road transportation, and there is risk of being replaced by alternative modes of transportation to the road passenger transportation business of the Group.

Facing competition from other modes of transportation, the Group has avoided confrontation with railways and light rails through utilizing the flexibility and mobility of vehicle transportation and leveraging on the abundant types of routes and transportation resources of the Company to create a radial network synergy at the starting points and destinations of railway transportation to turn direct competition into cooperation between road passenger transportation and railway transportation with complementary strengths. Consolidation of business will be strengthened to establish a five-in-one development network layout of “fixed routes, urban public transportation, rural passenger transportation, car hiring and passenger terminals” to enhance the control over the end-user segments of passenger transportation market.

2. Fluctuations of fuel prices

Fuel cost is one of the most significant operating cost in the road passenger transportation business. Fuel oil prices are determined by a combination of a variety of factors such as international market oil prices and austerity policies on fuel prices adopted by the PRC, and certain uncertainties exist in the future price trend. If fuel oil prices continue rising in future, this may have certain effects on the stability of the profitability of the Group’s road passenger transportation business.

The Group implemented centralized procurement of fuel gradually through its subsidiary “Yueyun Energy” to gain from the advantages of economies of scale and pricing strength, and to reduce operating cost of road passenger transportation. The scale of new energy will be expanded, evaluation on fuel will be strengthened and utilization efficiency of vehicles will be increased by uniform tuning among vehicles. Meanwhile, the government will provide a certain amount of fuel subsidies to the rural passenger transportation and urban public transportation businesses of the Group, which will relieve the effect on the profitability of the Group to a certain extent from fuel price fluctuations.

3. Operation safety

The road passenger transportation business operated by the Group cannot rule out the occurrence of accidents arising from issues such as road condition, vehicle condition and safety management, and may face economic compensation liabilities arising from such accidents and risks of being punished by the traffic and transport authorities. In the event of serious traffic accidents, the reputation and normal operation of the road passenger transportation business operated by the Group may be affected negatively.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

The Group has established a more comprehensive production safety management system, the safety indicators of the Group are much better than the evaluation standards in the industry and are maintained at a good level. Together with centralized management of insurance, sufficient insurance coverage will be provided to vehicles and personnel, the scope of coverage will be expanded to enhance protective ability and control economic losses arising from safety incidents effectively. The Group has also comprehensively promoted the application of “four-in-one” intelligent control system in road transportation segment to facilitate the continuous decline in numbers of illegal and non-compliant acts and unscrupulous driving of our drivers; It could enhance the safe behaviors of drivers, increase the supervision capacity and efficiency of fundamental safety, as well as incident control level, and strengthen the support of intelligent control system to safety production.

4. Inclement weather and natural disasters

Guangdong Province is located at the southeast coastal region of China, it is in the sub-tropical climatic and monsoon wind region with abundant rainfall, active warm and wet air currents blowing from the southwest is a usual phenomenon in late spring and early summer days each year, heavy rainfall or continuous rainstorms may be resulted, it is also affected by typhoons in the summer season. Regions with strong rainstorms may occur geological disasters easily, such as soil collapse, landslide, mudflow or ground collapse. The objective nature of sudden occurrence and beyond control of these incidents may have direct impact on the business operation of the Company.

5. Policy risk

The operating income of Taiping Interchange is mainly derived from toll revenue from vehicles. Since the toll standard rates and their adjustments are determined and approved by the relevant government authorities, if the toll standard rates are adjusted by the government, the operating income of the Company will be affected. Also, being a leading transportation enterprise in Guangdong Province, the Company's urban public transportation and rural passenger transportation businesses are benefited from government subsidies. If the government adjusts its policies relevant to the industry where the Group operates, the risk of fluctuations may arise in the stability of the Company's operating results.

6. Operational risk

Taiping Interchange is a transportation hub connecting the Humen Bridge and Guangzhou-Shenzhen Expressway. However, with the establishment of the Nansha Bridge (the former Humen Second Bridge), the Shenzhen-Zhongshan Bridge, the Lotus Mountain Tunnel and other tunnels connecting the eastern and western sides of Pearl River, part of the traffic between Western Guangdong, such as Zhongshan, Zhuhai, and Eastern Guangdong, such as Shenzhen, Dongguan, which originally travelled through the Humen Bridge, will be diverted to the Nansha Bridge (the former Humen Second Bridge), the Shenzhen-Zhongshan Bridge, etc., resulting in traffic diversion of Taiping Interchange. In addition, if the economic environment fluctuates substantially, or an overhaul for maintenance are conducted for the Humen Bridge and the related sections of the expressway, or the toll standard rates and charging method of the Humen Bridge and Taiping Interchange change, the traffic of Taiping Interchange will be affected, which in turn will affect its toll revenue.

7. Epidemic disease

Due to the highly concentrated nature of the travel service business, it is vulnerable to the impact of the disease outbreaks, which affects the travel needs of travelers. In response to the outbreak of the novel coronavirus pneumonia in 2020, the Guangdong Provincial Government initiated level-1 response and carried out travel restrictions and control, which resulted in a significant decrease in the routes and actual carriage rate of the Group's road passenger transportation and auxiliary business, exerting certain negative impacts on the Company's business in 2020.

SIGNIFICANT INVESTMENT PLANS IN 2021

For significant investment and business development plans in 2021, please refer to Chairman's Statement in this annual report. The financing arrangements required by the Group will be obtained through various means such as self-funding and bank loans.

FIVE-YEAR FINANCIAL SUMMARY

(Amounts are presented in RMB' 000)

For the year ended 31 December	2020	2019	2018 (restated)	2017 (restated)	2016 (restated)
Operating income	5,585,541	6,657,213	6,531,848	7,806,180	7,628,557
Total profit	(238,597)	497,308	496,613	690,479	659,015
Income tax expenses	76,577	132,224	146,820	182,576	162,967
Net profit	(315,174)	365,084	349,793	507,903	496,048
Net profit attributable to shareholders of the Company	(229,193)	304,970	300,021	396,492	375,219
Profit and loss attributable to minority interests	(85,981)	60,114	49,772	111,411	120,829

ASSETS AND LIABILITIES

As at 31 December	2020	2019	2018 (restated)	2017 (restated)	2016 (restated)
Total assets	11,052,730	11,095,005	10,512,947	11,035,933	9,220,608
Total liabilities	7,902,617	7,608,084	7,006,458	7,389,881	5,856,078
Net assets	3,150,113	3,486,921	3,506,489	3,646,052	3,364,530

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this report, the Company has 10 directors and 7 supervisors as well as a group of senior management members. There is no relationship (including financial, business, family or other material/relevant relationship(s)) between any of the directors of the Company (the “Directors”), the supervisors of the Company (the “Supervisors”) or the senior management.

DIRECTORS

As at the date of this report, the Company has 4 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors*.

EXECUTIVE DIRECTORS

Mr. Xuan Zongmin (禰宗民), aged 60, is the secretary of the party committee, an executive Director and Chairman of the Board of the Company. He also serves as a director and the chairman of Guangdong Vehicles Transportation Group Company Limited (“GVTG”) (a subsidiary of the Company) and Guangdong Roadnet Innovalues Media Information Technology Co., Ltd. (廣東路網數媒信息科技有限公司) (a subsidiary of the Company), the chairman of Guangdong Traffic and Transport Association (廣東省城市公共交通協會), the chairman of Guangdong Province Road Transportation Association (廣東省道路運輸協會) and an executive director of the Sixth Standing Committee of the China Road Transport Association (中國道路運輸協會). Mr. Xuan has served as a non-executive Director of the Company since June 2012 and was re-designated as an executive Director from December 2012. He was appointed as the general manager of the Company in November 2012 and re-designated as the chairman of the Board with effect from March 2014. Mr. Xuan also served as a non-executive Director of the Company from January 2001 to December 2004. Mr. Xuan served as a director and the general manager of GVTG from April 2004 to June 2014. Other major work experience of Mr. Xuan includes, among others, serving as the deputy chief of secretary section and chief of information section of the Department of Communications of Guangdong Province (廣東省交通廳), and served successively as the assistant to the general manager, the deputy general manager, a director and the general manager of Weisheng Transportation & Enterprises Company Limited (威盛運輸企業有限公司). Mr. Xuan obtained an MBA degree from the Murdoch University in Australia. He possesses professional qualification as a senior political worker. On 31 March 2021, Mr. Xuan tendered his resignation as an executive Director and Chairman of

the Company as well as his positions as the chairman and member of the Nomination Committee, Strategy Committee and Compliance Committee due to retirement. Mr. Xuan’s resignation was effective from 31 March 2021, details of which please refer to the announcement dated 31 March 2021.

Mr. Tang Yinghai (湯英海), aged 52, is the vice secretary of the party committee, an executive Director and the general manager of the Company. He also serves as a director and the general manager of GVTG and a director and the chairman of Guangdong Top-E Expressway Service Zone Company Limited (“Guangdong Top-E”). Mr. Tang has served as a non-executive Director of the Company since June 2012 and re-designated as an executive Director from December 2012. He was appointed as the deputy general manager of the Company in November 2012 and re-designated as the general manager with effect from March 2014. Mr. Tang served successively as the deputy manager and the manager of accounting department, a director and the chief accountant of The Motor Transport Company of Guangdong and Hong Kong Limited (“GD-HK Company”) from June 1998 to July 2005; he served as the chief accountant and the deputy general manager of GVTG from July 2005 to June 2014. Other major work experience of Mr. Tang includes, among others, working for the Highway Construction Office of the Guangdong Province (廣東省公路工程處), and a clerk and deputy supervisor of the Department of Communications of Guangdong Province (廣東省交通廳). Mr. Tang graduated with a master degree in law from Renmin University of China (中國人民大學) and EMBA from South China University of Technology (華南理工大學). He possesses professional qualification as a senior accountant.

* Note: During the reporting period and as of 31 December 2020, the Company had 5 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors. On 31 March 2021, Mr. Xuan Zongmin tendered his resignation as an executive Director and Chairman of the Company due to retirement. The Board of the Company is looking for candidates for a new Chairman/Director and will convene a general meeting to approve the appointment as soon as practicable. For details, please refer to the announcement dated 31 March 2021.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yao Hanxiong (姚漢雄), aged 55, is a member of the party committee, an executive Director and the deputy general manager of the Company, as well as an executive director of Guangdong Provincial Expressway Development Association (廣東省高速公路發展促進會). Mr. Yao has served as an executive Director since December 2012 and the deputy general manager of the Company since October 2007. Other major work experience of Mr. Yao includes, among others, serving as the deputy manager and the manager of the second branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限公司第二分公司), and a director and the deputy general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建设集團有限公司). From 2002 to 2005, Mr. Yao was designated by the Organization Department of the Guangdong Provincial Party Committee to serve temporarily as the deputy chief executive (presiding over science and technology) of Deqing County, Zhaoqing City. Mr. Yao obtained a bachelor degree in road and bridge engineering from Chongqing Jiaotong University (重慶交通學院), and holds an executive master degree in business administration (EMBA) from Jinan University (暨南大學). He has the professional qualification of senior engineer for roads and bridges.

Mr. Zhang Xian (張弦), aged 56, an executive Director of the Company. Main positions previously by Mr. Zhang Xian from January 1987 to May 2019 included: staff member of the Vehicle Management Safety Section of Guangdong Vehicles Transportation Co., Ltd. (廣東省汽車運輸公司); staff member, deputy section chief and section chief of the Security Technology Department of Guangzhou Long-Distance Transportation Company (廣州市長途汽車運輸公司); staff member and senior staff member of the Highway Transportation Management Office of the Department of Communications of Guangdong Province; Deputy General Manager, Director and General Manager of Weisheng Bus Company (威盛直通巴士公司); Manager of the Security Technology Department, Deputy General Manager and Director of Weisheng Transportation & Enterprises Company Limited (威盛運輸企業有限公司); Director, Party Committee Member and Deputy General Manager of Guangdong Gongbei Vehicles Transportation Company Limited (廣東省拱北汽車運輸有限責任公司) and a member of the party committee and Deputy General Manager of Kee Kwan Motor Road Company Limited (岐關車路有限公司). Mr. Zhang obtained a master degree in business administration from the Open University of Hong Kong and is a senior economist.

Mr. Huang Wenban (黃文伴), aged 48, is as a member of the party committee, an executive Director and the chief accountant of the Company. Main positions previously by Mr. Huang from May 2003 to October 2020 included: manager of the finance department, the chief accountant and a director of Kee Kwan Motor Road Limited (岐關車路有限公司); an accountant of Kwong Fat Transport Limited (廣發運輸有限公司), the finance manager of Guangdong Vehicles Transportation Group Company Limited Transportation Branch (廣東省汽車運輸集團有限公司貨運分公司) and the deputy business supervisor of the financial audit department of GCGC. Mr. Huang holds a bachelor's degree in economics from the Xi'an Highway University (西安公路交通大學) and a master of business administration from Jinan University (暨南大學), and obtained a doctoral degree of management in accounting from Dalian University of Technology (大連理工大學). He has obtained the professional qualification as a senior economist.

NON-EXECUTIVE DIRECTORS

Mr. Chen Min (陳敏), aged 57, is a non-executive Director of the Company, currently serving as the head of the legal affairs department of GCGC, as well as the director of Guangdong Province Communications Planning & Design Institute Co., Ltd (廣東省交通規劃設計研究院股份有限公司, an associate of GCGC) and Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司, "Guangdong Expressway", a subsidiary of GCGC, a company listed on the Shenzhen Stock Exchange, A share stock code 000429, B share stock code 200429). Mr. Chen served as the deputy general manager of the Company from September 2009 to June 2011. Other major past working experiences of Mr. Chen include, among others: contract team leader of the General Contracting Group of Guang Shen Zhu Expressway (廣深珠高速公路總承包集團); manager of engineering department, deputy chief economist and chief economist of Guangdong Highway Engineering Construction Group Co., Ltd. (廣東省公路工程建设集團有限公司); director, deputy general manager, chief economist and general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建设集團有限公司). During the period from 2011 to 2014, he served as the deputy head of the legal affairs department of GCGC. Mr. Chen graduated from Changsha Jiaotong College (長沙交通學院) majoring in highway and city road and obtained a bachelor's degree of engineering. Mr. Chen also holds a qualification certificate of legal adviser to enterprises and possesses qualifications as a senior economist as well as cost engineer.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chen Chuxuan (陳楚宣), aged 53, is a non-executive Director of the Company. Mr. Chen currently serves as the deputy chief accountant and head of the strategy development department of GCGC as well as a supervisor and the chief supervisor of the council of Guangdong Highway and Transportation Society (廣東省公路學會). Mr. Chen Chuxuan has served as a Supervisor of the Company from March 2009 to December 2012 and the chairman of the Supervisory Committee from April 2009 to December 2012. Other major past working experiences of Mr. Chen Chuxuan include, among others: the accountant of the second branch office of the Guangdong Provincial Highway Engineering Company (廣東省公路工程公司); head of the operations and finance department of the Technology Development Branch and Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限技術開發分公司); the chief accountant of the third branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限技術開發分公司); the chief accountant of Guangdong Guanyue Highway & Bridge Company Limited (廣東冠粵路橋有限公司); the chairman of the external supervisory committee of GCGC. From March 2008 to March 2009, he was assigned to the State-owned Assets Supervision and Administration Commission of Guangdong Province acting as the deputy head of the office of the supervisory committee. Mr. Chen graduated from the faculty of engineering and financial accounting of Changsha Communications University (長沙交通學院) with a bachelor's degree, and graduated from Jinan University (暨南大學) with a master's degree in accounting. Mr. Chen is a senior accountant and a senior economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jin Wenzhou (靳文舟), aged 60, is an independent non-executive Director of the Company. Mr. Jin has long been engaged in teaching and research work of transportation engineering, and he is currently a professor and PhD Supervisor of transportation engineering at Civil and Transportation of South China University of Technology, and the team leader of the Transportation Planning and Management Academic Team at South China University of Technology. From 1985 to 1999, Mr. Jin taught at Jilin University of Technology, during which, from 1996 to 1997, Mr. Jin was a senior visiting scholar at the Transportation Research Center at the University of London. Mr. Jin then began teaching at South China University of Technology in 1999 and was appointed to his current post as professor in

2001. Mr. Jin was also the former head of transportation department at Jilin University of Technology and the vice president of School of Civil and Transportation Engineering, South China University of Technology. Mr. Jin also holds the following posts: expert member of Guangdong Province Government Policy Advisory Board (廣東省政府決策諮詢顧問委員會), supervisor of the Transportation Association of Guangdong Province (廣東省交通運輸協會), member of experts committee of Guangdong Traffic and Transport Association (廣東省城市公共交通協會). Mr. Jin graduated from Jilin University with a master's degree of science in probability and statistics and further received a PhD degree in transport management engineering from Jilin University of Technology.

Ms. Lu Zhenghua (陸正華), aged 58, is an independent non-executive Director of the Company. Ms. Lu was an independent Supervisor of the Company from June 2012 to June 2016. Currently, she is an associate professor and postgraduate master tutor of the School of Business Administration of South China University of Technology. Ms. Lu acted as a teaching assistant and a lecturer of the Economics and Management Department of East China Jiaotong University. Ms. Lu holds a master degree in economics from the Finance Department of Jinan University majoring in money and banking, and has obtained a Doctor of Philosophy degree in Business Management from the Faculty of Administration and Management of the Macau University of Science and Technology. Ms. Lu is a member of The Chinese Institute of Certified Public Accountants. She has participated in formulating, and has provided advice and opinions on the financial operation systems and listing financing plans of various companies. Ms. Lu is currently an independent director of Guangzhou Hi-target Navigation Tech Co., Ltd. (廣州中海達衛星導航技術股份有限公司, a company listed on ChiNext of Shenzhen Stock Exchange, stock code: 300177) and Nimble Holdings Company Limited, a company listed on the Stock Exchange (stock code: 00186). During the past three years, Ms. Lu Zhenghua served as a director of Guangdong Dazhi Environmental Protection Technology Co., Ltd (廣東達志環保科技股份有限公司, a company listed on ChiNext of Shenzhen Stock Exchange (stock code: 300530) and as an independent director of Guangdong Lilac Industrial Co., Ltd. (廣東紫丁香實業股份有限公司, a company listed on the New OTC Market, stock code: 835362) and Guangdong Guangxin Information Industry Holding Co., Ltd. (廣東廣新信息產業股份有限公司, a company listed on the New OTC Market, stock code: 831813).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Wen Huiying (溫惠英), aged 55, an independent non-executive Director of the Company. Ms. Wen has been engaging in teaching and scientific research related to transportation engineering for a long period of time and is currently the deputy dean of the School of Civil Engineering and Transportation, director of the Department of Transportation Engineering, deputy director of the Institute of Intelligent Transportation Systems and Modern Logistics Technology (智能交通系統與現代物流技術研究所), head of the traffic system planning management and security control team, as well as a supervisor of the master's and doctoral program in transportation planning and management at South China University of Technology. Ms. Wen served as an assistant professor and a lecturer at Hubei University of Automotive Technology (湖北汽車工業學院) from 1986 to 1996, and has been teaching at the School of Civil Engineering and Transportation of South China University of Technology (formerly School of Transportation of South China University of Technology) since 1997 where she served as a lecturer and an associate professor before her current position as a professor at the university. In addition, Ms. Wen formerly served as an expert consultant for transportation industry under the Guangzhou Municipal People's Government (廣州市人民政府) and a committee member of the Youth Science and Technology Workers Committee of the China Communications and Transportation Association (中國交通運輸協會青年科技工作者工作委員會). Ms. Wen received a bachelor's degree at Peking University (北京大學), a master's degree at Wuhan University (武漢大學), and a doctoral degree at South China University of Technology (華南理工大學) in 1986, 1997 and 2007, respectively.

Mr. Zhan Xiaotong (詹小彤), aged 58, an independent non-executive director of the Company. Mr. Zhan is currently a partner of Guangdong Kings Law Firm (廣東金領律師事務所) and a committee member of the Guangzhou Arbitration Committee (廣州仲裁委員會) and the Hainan Arbitration Committee (海南仲裁委員會). He practiced as a lawyer and served as a deputy director of Guangzhou Yuexiu Law Firm (廣州市越秀律師事務所) and served as a deputy director of Guangzhou Law Firm (廣州市律師事務所). Mr. Zhan was assigned by the Guangzhou Justice Bureau to serve as a deputy general manager of Yue Xiu China Legal Consultancy Services Limited (越秀中國法律諮詢服務有限公司) in Hong Kong from July 1997 to December 2001 and concurrently practiced law at Guangzhou International Economy and Trade Law Firm (廣州市國際經濟貿易律師事務所). In addition, Mr. Zhan

also served as a full-time lawyer of Guangdong Kings Law Firm and the branch secretary of the Party. Mr. Zhan was admitted as a lawyer in the PRC in 1986, and is qualified to practice PRC securities law. He took part in the training for senior managements (independent directors) of listed companies held by the Shenzhen Stock Exchange in 2012, and is qualified to act as an independent director of a listed company. Apart from his career as a lawyer, he has also been an arbitrator of the Guangzhou Arbitration Committee of China (中國廣州仲裁委員會) for over 20 years, having participated in various kinds of business arbitration cases and gained extensive experience in the practice. Mr. Zhan has an established reputation in the arbitration community.

SUPERVISORS

As at the date of this report, the Company has seven Supervisors, including two independent Supervisors (namely Mr. Dong Yihua and Mr. Lin Hai), three Supervisors representing the staff of the Company (namely, Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin) and two Supervisors appointed by the Shareholders of the Company (namely, Mr. Hu Xianhua and Mr. Wang Qingwei).

Mr. Hu Xianhua (胡賢華), aged 46, is a Supervisor and the chairman of the supervisory committee of the Company and is currently the chairman of the dispatched chairman of the supervisory committee of GCGC. Mr. Hu worked for the Company from March 2004 to December 2005. Other major work experience of Mr. Hu Xianhua includes, among others: manager of the finance department of Guangshan Highway Huizhou Section Co. Ltd. (廣汕公路惠州段有限公司), project manager of Xin Yue Company Limited (新粵有限公司), grade one staff member (一級職員) of the financial audit department, grade one staff member (一級職員) of the audit and supervision department, deputy business supervisor and business supervisor of GCGC. Mr. Hu is a graduate of Wuhan University majoring in auditing, and obtained a bachelor's degree in economics and possesses the qualification as senior accountant. Currently, Mr. Hu also serves as a supervisor and the chairman of the supervisory committee of Guangdong Unitoll Services Incorporated (廣東聯合電子服務股份有限公司), Guangdong Urban Transportation Investment Co., Ltd. (廣東城市交通投資有限公司), Guangdong Province Road & Bridge Construction Development Company Limited and Guangdong Transportation Planning and Design Institute Co., Ltd. (廣東省交通規劃設計研究院有限公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Qingwei (王慶偉), aged 47, is a Supervisor of the Company and is currently a dispatched supervisor of GCGC. Other major work experience of Mr. Wang includes, among others: deputy director of the financial audit department of the Second Branch of Guangdong Guanyue Highway & Bridge Company (廣東冠粵路橋公司二分公司) and head of the financial audit department of Guangdong Guanyue Highway & Bridge Company Limited (廣東冠粵路橋公司). Mr. Wang is a university graduate of the School of Adult Education of Peking University (北京大學成人教育學院) majoring in international economy and trade, and has obtained a master's degree in professional accounting from the School of Management in Jinan University (暨南大學管理學院), and possesses the qualification as a senior accountant. Mr. Wang also serves as a supervisor of Guangdong Province Road & Bridge Construction Development Company Limited and Guangdong Transportation Planning and Design Institute Co., Ltd..

Mr. Dong Yihua (董毅華), aged 63, is a Supervisor of the Company and currently serves as an associate professor of the Accounting Department at the Faculty of Management of Jinan University (暨南大學管理學院). He has taken part in the assessment work on the bidding evaluation of certain key projects or enterprise projects hosted by the Economy and Trade Committee of Guangdong province (廣東省經貿委), the Economic and Information Commission of Guangdong Province (廣東省經濟和信息化委員會), China CNTC International Tendering Corporation (中招國際招標有限公司), and Guangzhou Productivity Promotion Center (廣州生產力促進中心), respectively for consecutive years or several times in the capacity of a financial expert. Mr. Dong successively worked as a teaching assistant, a lecturer, a deputy director and a director of the teaching and research office and an associate professor at the Department of Finance and Accounting in Jiangxi University of Finance and Economics (江西財經學院). He has worked in Jinan University (暨南大學) since September 1994, and served as an associate professor of Modern Management Center of Jinan University (暨南大學現代管理中心). Mr. Dong studied at the Department of Finance and Accounting in Jiangxi University of Finance and Economics (江西財經學院) majoring in business finance and accounting, and obtained a bachelor's degree in economics and a master's degree in economics, respectively.

Mr. Lin Hai (林海), aged 47, is a Supervisor of the Company and currently serves as the vice president of Guangdong Zhongrui Finance Lease Co., Ltd. (廣東中瑞融資租賃有限公司) and a director of Guangzhou Ruixiu Equity Investment Fund Management Co., Ltd. (廣州瑞秀股權投資基金管理有限公司). Mr. Lin previously worked at Zhanjiang Central Sub-branch of the People's Bank of China, responsible for the foreign currency operations and the foreign exchange inspection, and also served as the director of Zhanjiang Wanji Trade Co., Ltd. (湛江市萬吉利貿易有限公司), the chief of the strategic investment department of Foshan Huaxin Packaging Co., Ltd. (佛山華新包裝股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 200986), the vice general manager and the financial controller of Guangzhou Improve Medical Instrument Co., Ltd. (廣州陽普醫療科技股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 300030), and the financial advisor to Baolai International Group Co., Ltd. (寶來國際集團有限公司). Mr. Lin graduated from the Shanghai Jiao Tong University (上海交通大學) majoring in international finance and of the South China University of Technology (華南理工大學) majoring in business administration, and obtained a bachelor's degree in economics and a master's degree in business administration, respectively.

Mr. Zhen Jianhui (甄健輝), aged 49, is a Supervisor and a deputy manager at the discipline inspection and audit department of the Company. Mr. Zhen is also currently a supervisor and/or the chairman of the supervisory committee of several subsidiaries, associates and entrusted management companies of the Group. Mr. Zhen Jianhui joined GVTG in September 1997, and previously served as a deputy manager at GVTG's supervision and audit department. He was also previously a deputy manager at the finance department of Kee Kwan Motor Road Co., Ltd (岐關車路有限公司) and primarily in charge of the internal audit. Mr. Zhen graduated from Guangdong Xinhua College Institute of Education (廣東新華教育學院) with a college diploma in accounting and had obtained the professional title of an accountant.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Li Xiangrong (李向榮), aged 49, is a Supervisor of the Company, Vice Chief Economist and a deputy manager at the Company's discipline inspection and audit department. Ms. Li joined the Company in August 2009, and once served as the deputy director, the director and the deputy manager of the auditing and supervision department of the Company. Ms. Li is also currently a supervisor and/or the chairman of the supervisory committee of several subsidiaries and associate company of the Group. Ms. Li's other main work experiences include, among others, serving as the financial chief staff of the finance department, the manager of the auditing and supervisory department and a supervisor of Hunan Jinde Development Co., Ltd. (湖南金德發展股份有限公司). Ms. Li obtained her bachelor's degree in political laws from the Correspondence College of the Party School of the CPC Central Committee, and owns a number of qualifications or certificates such as senior accountant, certified tax agent, international certified internal auditor and international certification in risk management assurance.

Ms. Lian Yuebin (練越斌), aged 52, is a Supervisor and the deputy manager of the communist party union working department of the Company. She has been serving as the deputy manager of the communist party union working department of the Company since January 2013. Other key positions previously held by Ms. Lian include, among others, the deputy general manager and the chairman of the labor union of Guangdong Yueyun Hotel (廣東悅運酒店), the deputy general manager and the chairman of the labor union of the repair factory of GVTG and the deputy manager of the communist party union working department and the office director of the labor union of GVTG. Ms. Lian graduated from Guangdong Provincial Committee Party School in Business Administration and Jinan University in Chinese Language and Literature and holds the title of senior political scientist.

OTHER SENIOR MANAGEMENT

Mr. Su Huacai (蘇華才), aged 45, is the current vice secretary of the party committee and chairman of the labor union of the Company. Major work experience of Mr. Su include, among others, serving successively as a technician of the engineering department, deputy director of the Zhanjiang Management Office of Guangdong Province Road & Bridge Construction Development Company (廣東省路橋建設發展公司), deputy director and secretary of the party branch of the Chenghai Jinhong Highway Construction

Office, and general manager and secretary of the party branch of Chenghai Jinhong Highway Company (澄海金鴻公路公司), settlement team leader of Chenghai Jinhong Highway, preparatory team leader and director of project construction management office of Guangzhou-Zhaoqing Expressway Phase II, deputy general manager of Guangdong Er-Guang Expressway Company Limited and director, secretary of the general party branch and chairman of the labor union of Huaiji Management Office, secretary of the general party branch and chairman of the labor union of Shanzhan Branch of Guangdong Province Road & Bridge Construction Development Company Limited, secretary of the general party branch and chairman of the labor union of the Guangshao Branch of Guangdong Province Road & Bridge Construction Development Company Limited, business supervisor of human resources department of GCGC. Mr. Su has been temporarily dispatched to the Stationed Office of Commissioner of the Hong Kong-Zhuhai-Macao Bridge Project by the Provincial Commission for Discipline Inspection and the Provincial Supervision Department for one year, and later dispatched to the Personnel Department of the Provincial State Assets Supervision and Administration Commission for one year. Mr. Su successively graduated from Chongqing Jiaotong University (重慶交通學院) with a bachelor's degree in highway and urban road engineering, Tongji University (同濟大學) with a master's degree in road and railway engineering and Tongji University with a doctoral degree in road and railway engineering. Mr. Su holds a senior engineer title.

Ms. Cao Zhiying (曹植英), aged 50, is a member of the party committee and secretary of the committee for discipline inspection of the Company. Ms. Cao served at the Company from February 2018. Prior to that, her other major work experience included, among others, surveillance center manger of Guangdong Humen Bridge Co., Ltd. (廣東虎門大橋有限公司), operation and management department head of Guangdong Provincial Highway Construction Co., Ltd. (廣東省公路建設有限公司), party branch secretary, deputy general manager and labor union chairman of the Humen Erqiao Branch of Guangdong Provincial Highway Construction Co., Ltd. Ms. Cao graduated successively from South China University of Technology (華南理工大學) and Jinan University (暨南大學), majoring semiconductor physics and devices and business administration, respectively with a bachelor degree in engineering and a master degree in business administration. Ms. Cao holds a senior engineer professional and technical qualification.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Du Zhuocai (杜卓才), aged 59, is a member of the Party Committee and deputy general manager of the Company. He is also the chairman of the board of Zhuhai Yuegongxin Marine Shipping Limited Liability Company (珠海粵拱信海運輸有限責任公司, an associate of the Company). Mr. Du is also a director of Guangdong Hong Kong-Zhuhai-Macau Bridge Shuttle Bus Co., Ltd. (廣東港珠澳大橋穿梭巴士有限公司), Hong Kong-Zhuhai-Macau Bridge Shuttle Bus (Hong Kong) Co., Ltd. (港珠澳大橋穿梭巴士(香港)有限公司), Hong Kong-Zhuhai-Macau Bridge Shuttle Bus (Macau) Co., Ltd. (港珠澳大橋穿梭巴士(澳門)股份有限公司), an executive director of Transportation Association of Guangdong Province (廣東省交通運輸協會) and the deputy director of the Professional Committee of New Energy Automobile of Guangdong Province Road Transportation Association (廣東省道路運輸協會新能源汽車專業委員會), respectively. Mr. Du commenced his service with the Company since May 2015. Mr. Du successively acted as the vice manager of the Passenger Transportation Department, assistant general manager, director, deputy general manager and chairman of labor union at GD-HK Company from April 1999 to May 2015 until he joined the Company in May 2015. Amongst his other major working experiences, he successively served as a cadre at sub-section level of corporate administration division, deputy section chief and section officer of transportation administration division of the Department of Communications of Guangdong Province (廣東省交通廳). Mr. Du graduated from South China Institute of Technology (華南工學院) with a bachelor's degree, majoring in ship internal combustion engine.

Mr. Zheng Siyuan (鄭思遠), aged 50, is a member of the Party Committee and the deputy general manager of the Company. After joining GVTG in July 2004, Mr. Zhen successively acted as the manager of Development Department and assistant general manager of GVTG and the chairman and secretary of Party Committee of Heyuan City Yueyun Motor Transportation Co., Ltd. (河源市粵運汽車運輸有限公司), a subsidiary of the Company. Amongst his other major working experiences, he successively served as a director and vice manager of Vehicle Administration

Department of Kwong Fat Transport Limited (廣發運輸有限公司) and a director and vice general manager of Kwong Fat Transport Limited. Mr. Zheng graduated from South China Agricultural University (華南農業大學) with a master degree in industrial economy and has obtained the professional qualification of senior human resources management specialist. Mr. Zheng is also a director of GD-HK Company and Guangdong Yue Hua Hui Commercial Management Co., Ltd. (廣東悅華匯商業管理有限公司), respectively, a director of Guangzhou Xintianwei Transportation Development Company Limited (廣州新天威交通發展有限公司) and the chairman of the Tourists Transportation Branch of Guangdong Provincial Roads and Transportation Association (廣東省道路運輸協會旅客運輸分會).

Mr. Liu Zhiquan (劉志全), aged 55, is the secretary of the Board of the Company, the director and general manager of Yueyun Transportation (HK) Company Limited (粵運交通股份(香港)有限公司) (a wholly-owned subsidiary of the Company). Mr. Liu joined the Company as secretary of the Board in 1999, and had concurrently served as the office director and the manager of business department of the Company. He obtained a master's degree in industry and business administration in 1999 and graduated from the course of advanced study for secretaries of boards of directors provided by the training center of the Ministry of Commerce of the PRC in 2004. Mr. Liu is currently a member of the Hong Kong Institute of Chartered Secretaries and possesses qualification as an economist. The major past positions of Mr. Liu include, among others, serving as a cadre in Guangdong Navigation Administration Bureau (廣東省航務管理局), a secretary of the secretary section in the Department of Communications of Guangdong Province, the deputy manager of Guangdong Provincial Communication Development Co., Ltd. (廣東省交通開發公司), the managing director of Guangdong Yuefeng Real Estate Development Co., Ltd. (廣東粵峰房地產開發有限公司), and the deputy director at the General Manager's Office of Guangdong Highway Construction Co., Ltd. (廣東省公路建設公司). Mr. Liu Zhiquan tendered his resignation as the secretary of the Board of the Company on 9 March 2021.

CORPORATE GOVERNANCE REPORT

The Company believes that stringent corporate governance practices could enhance its credibility and transparency and are in the interests of the Shareholders. Accordingly, the Company has been making continuous efforts in enhancing its standard of corporate governance with reference to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the articles of association of the Company (the “Articles of Association”) and other applicable laws and regulations.

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2020.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

1. COMPOSITION OF THE BOARD OF DIRECTORS

As at the date of this report, the board of directors (the “Board”) of the Company comprises ten Directors, including four executive Directors, two non-executive Directors and four independent non-executive Directors*. The members are as follows:

Executive Directors: Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Zhang Xian and Mr. Huang Wenban

Non-executive Directors: Mr. Chen Min and Mr. Chen Chuxuan

Independent Non-executive Directors: Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying and Mr. Zhan Xiaotong

The biographies of the current Directors are set out in the section headed “Directors, Supervisors and Senior Management” of this Annual Report.

The Board considers that during the reporting period and as of 31 March 2021, the composition of the Board with five executive Directors, two non-executive Directors and four independent non-executive Directors is reasonably balanced. The two non-executive Directors and four independent non-executive Directors have participated actively in the formulation of the Company’s policies to represent the interests of Shareholders as a whole. Meanwhile, since the resignation of Mr. Xuan Zongmin as a Director and Chairman on 31 March 2021, the Company is actively looking for candidates for a new Chairman/Director and will convene a general meeting to approve the appointment as soon as practicable.

According to Rule 3.10A of the Listing Rules of Hong Kong, independent non-executive Directors should represent at least one third of the board of listed companies, according to which the Company has appointed adequate number of independent non-executive Directors. The Board has received the annual confirmation of each of the independent non-executive Directors’ independent capacity for the year 2020 and has recognized the independency of each of the independent non-executive Directors.

During the reporting period and as of 31 March 2021, the chairman and the general manager of the Company are two distinct and separate positions, which are held by Mr. Xuan Zongmin and Mr. Tang Yinghai respectively. Mr. Xuan Zongmin and Mr. Tang Yinghai are executive Directors.

All Directors were appointed for a term of office until the expiration of the current session of the Board and are eligible for re-election upon the expiry of their terms.

*Note: During the reporting period and as of 31 December 2020, the Company had 5 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors. On 31 March 2021, Mr. Xuan Zongmin tendered his resignation as an executive Director and Chairman of the Company due to retirement. The Board of the Company is looking for candidates for a new Chairman/Director and will convene a general meeting to approve the appointment as soon as practicable. For details, please refer to the announcement dated 31 March 2021.

2. RECORD OF ATTENDING BOARD MEETINGS AND GENERAL MEETINGS

Apart from the regular Board meetings, the Board met on other occasions when a board-level decision on a particular matter was required. The Chairman also had meetings with the independent non-executive Directors, without the presence of the other Directors, to consider issues. For the year ended 31 December 2020, the Company held a total of 13 Board meetings with an average attendance rate of 99%. The Directors received details of agenda items and minutes of the committee meetings in advance of each Board meeting. The Company kept detailed minutes for the business considered and approved on such meetings. The minutes are filed and kept by the Secretary to the Board.

The Secretary to the Board is responsible for distributing detailed documents to the Directors prior to the Board meeting to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings. All Directors have access to the advice and services of the Secretary to the Board with a view to ensuring that the Board procedures and all applicable laws and regulations are followed.

For the year ended 31 December 2020, the Company held three general meetings.

The table below sets forth the details of attendance at Board meetings and general meetings of the Directors in the year 2020

	Board meetings attended/to be attended	General meetings attended/to be attended
Executive Directors		
Mr. Xuan Zongmin (Chairman) (Resigned as Director effective from 31 March 2021)	13/13	3/3
Mr. Tang Yinghai	13/13	0/3
Mr. Yao Hanxiong	13/13	0/3
Mr. Wen Wu (Resigned as Director effective from 20 November 2020)	10/10	2/3
Mr. Zhang Xian	13/13	1/3
Mr. Huang Wenban (Appointed as Director on 22 December 2020)	2/2	N/A
Non-executive Directors		
Mr. Chen Min (Note)	10/11	0/3
Mr. Chen Chuxuan (Note)	11/11	0/3
Independent Non-executive Directors		
Mr. Jin Wenzhou	13/13	0/3
Ms. Lu Zhenghua	13/13	0/3
Ms. Wen Huiying	13/13	0/3
Mr. Zhan Xiaotong	13/13	0/3

CORPORATE GOVERNANCE REPORT

Note:

Mr. Chen Min served as the head of the legal affairs department of GCGC, and Mr. Chen Chuxuan served as the vice chief accountant and the head of the strategic development department of GCGC. Therefore, in 2020, as each of them during their term of office as director was deemed to have a material interest in the below connected transactions agreements and the transactions contemplated thereunder, they had abstained from voting at the following Board meetings held to approve the related connected transactions agreements and respective transactions contemplated thereunder and were not counted for in the quorum present at the meeting:

- (1) In the extraordinary board meeting held on 2 July 2019, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution on the matters in respect of the Vehicle Rental Agreement entered into between the Passenger Transportation Branch of Guangzhou Yueyun Transportation Co., Ltd. (廣州粵運交通運輸有限公司客運分公司), a subsidiary of the Company, and Guangdong Transportation Science Testing Co., Ltd. (廣東交科檢測有限公司) and the proposed annual cap of RMB38,620,000 for the transactions contemplated thereunder for the year ended 31 December 2020. For details, please refer to the announcement dated 2 July 2020 of the Company.
- (2) In the extraordinary board meeting held on 31 December 2020, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution in respect of renewal of continuing connected transactions and new continuing connected transactions by entering into the Taiping Interchange Management Agreement, the Guangdong and Hong Kong Transportation Branch Outsourcing Agreement and the Weisheng Bus Outsourcing Agreement, for a term of three years from 1 January 2021 to 31 December 2023; renewing the Materials Purchase Master Agreement for a further term of one year from 1 January 2021 to 31 December 2021; entering into the Property Leasing Framework Agreement for a term of three years from 1 January 2021 to 31 December 2023; and the Lease Agreements entered into by the Group on 31 December 2022, and the proposed annual cap for each of the years ended 31 December 2022 relating to the transactions contemplated under these Agreements. For details, please refer to the announcement dated 31 December 2020 of the Company.

3. RESPONSIBILITY AND OPERATION OF THE BOARD

The Directors shall perform their duties in accordance with the relevant laws and regulations in a diligent manner. Board members connectively and individually accept the responsibility for the management and control of the Company for the interests of the Shareholders.

The main duties of the Board (among others) are: determining the business strategy of the Company, approving the operating plans and investment proposals of the Company, making out annual financial budget of the Company, bringing out profit distribution plan of the Company, ensuring and implementing prudent and effective internal control system as well as overseeing the performance of the management, convening general meetings and executing the resolutions passed in general meetings of the Company. The interests of Shareholders' and the Company are the primary concern for every member of the Board.

Moreover, the Board is also responsible for reporting an accurate and objective assessment of the Company's performance and prospects. The Directors acknowledge their responsibilities for the preparation of the Group's financial statements, ensure that the financial statements are prepared in accordance with the requirements of laws and regulations and applicable accounting standards, give a true and fair view of the Company's financial position on a going concern basis, and ensure the timely publication of the Group's financial statements. The Directors are also responsible for the disclosure of inside information announcements.

The independent non-executive Directors appointed by the Company have professional backgrounds in transportation, logistics, accounting and finance with extensive and professional experience. The participation of the independent non-executive Directors in the Board brings independent judgment on issues relating to the Group's strategies, performance, conflicts of interest, connected transactions, significant events and management system, and also provides professional advice for the long-term stable development of the business of the Group in order to ensure that the interests of all Shareholders of the Company have been duly considered.

The Articles of Association explicitly provides the rights of the Directors, including the right to attend, receive notices of, and to vote in Board meetings and the rules of procedure for the Board meetings were specifically formulated and implemented to regulate the conduct and procedures of the Board meetings.

The division of power between the Board and management strictly complies with the Company's Articles of Association and relevant regulations. The management is responsible for implementing the policies and strategies of the Board, and is delegated with the daily operations and administration of the Company, ensuring the effective operation and sustainable development of the Group.

4. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the securities transactions of Directors and Supervisors for the year ended 31 December 2020. The Company had made specific enquiries of all Directors and Supervisors and each of the Directors and Supervisors have confirmed that they had complied with the required standard as set out in the Model Code for the year ended 31 December 2020.

CORPORATE GOVERNANCE REPORT

5. DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In order to ensure that the Directors have the comprehensive information, knowledge and skills required to perform their duties, the Company has provided each newly appointed director with training regarding their roles of being a director, among which it summarized the duties and legal responsibilities for directors of Hong Kong listed companies, the Articles of Association and the Guidance of Directors' Responsibilities issued by the Companies Registry in Hong Kong, to ensure that they have a comprehensive understanding of their duties and obligations under the Listing Rules and other regulatory requirements.

The Company has distributed relevant information and/or provided training to Directors from time to time for communicating the relevant requirements in the aspects of laws and regulations and the Listing Rules to the Directors.

Directors are encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills.

According to the records maintained by the Company and after making specific enquiries of the Directors, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirements of the CG Code on continuous professional development during the year:

Name of Directors	Reading materials	Participation in training
Mr. Xuan Zongmin (Resigned as Director effective from 31 March 2021)	√	
Mr. Tang Yinghai	√	
Mr. Yao Hanxiong	√	
Mr. Wen Wu (Resigned as Director effective from 20 November 2020)	√	
Mr. Zhang Xian	√	
Mr. Huang Wenban (Appointed as Director on 22 December 2020)	√	√
Mr. Chen Min	√	
Mr. Chen Chuxuan	√	
Mr. Jin Wenzhou	√	
Ms. Lu Zhenghua	√	
Ms. Wen Huiying	√	
Mr. Zhan Xiaotong	√	

6. COMMITTEES OF THE BOARD

In accordance with the requirements under the Listing Rules, the Company has established the Audit and Corporate Governance Committee (the “Audit and Corporate Governance Committee”), the remuneration committee (the “Remuneration Committee”) and the nomination committee (the “Nomination Committee”). Meanwhile, the Company has also established the Strategy Committee and the Compliance Committee in accordance with its own requirements for governance.

Each of the committees of the Board has laid down specific terms of reference, detailing the powers and responsibilities of these committees. All the committees report their decisions or submit their proposals to the Board within their authorities. Under certain circumstances, they have to request for the Board’s approval before taking any actions.

(1) *Audit and Corporate Governance Committee*

The primary duties of the Audit and Corporate Governance Committee are (among others): to provide advice to the Board regarding the appointment, re-appointment and dismissal of the external auditors; to review and monitor the external auditors as to whether they are independent and objective and whether their auditing procedures are valid in accordance with applicable standards; to monitor the completeness of the financial statements, annual reports and accounts, half-yearly reports of the Company, and review the material advice in respect of financial reporting as set out in the financial statements and reports; to review the financial control of the Company and review the risk management and internal control systems of the Company; to review the financial and accounting policies and practices of the Company; to formulate the Company’s corporate governance policies, to perform corporate governance functions, and to review and monitor the corporate governance of the Company. The detailed terms of reference of the Audit and Corporate Governance Committee are set out in the Working Rules for the Audit and Corporate Governance Committee of the Board published on the websites of the Stock Exchange and the Company on 7 May 2019.

In the year of 2020, the members of the Audit and Corporate Governance Committee met regularly with the senior management of the Company and external auditors and reviewed the audit reports and financial statements of the Group, and listened to the work reports from the management and financial management department, and provided advice and recommendations to the management. The Audit and Corporate Governance Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2020 and recommended their adoption by the Board.

In the year of 2020, the members of the Audit and Corporate Governance Committee reviewed the effectiveness of the internal control systems (including measures on financial, operational, compliance control and risk management) of the Group by reviewing the work of the internal control and auditing departments of the Company and the external auditors and the report by the Company on risk management and internal auditing as well as reviewing the internal audit plan of the Company, ensuring the efficiency of the business operation of the Company and achieving the goal and strategy of the Company.

CORPORATE GOVERNANCE REPORT

The Audit and Corporate Governance Committee held two meetings during the year ended 31 December 2020 with an attendance rate of 100%. The Audit and Corporate Governance Committee members' attendance records of the Audit and Corporate Governance Committee's meetings for the year ended 31 December 2020 are set out below:

	Meetings attended/to be attended	Attendance rate
Ms. Lu Zhenghua (Chairman)	2/2	100%
Mr. Jin Wenzhou	2/2	100%
Mr. Chen Chuxuan	2/2	100%

Functions of Corporate Governance

The corporate governance policies of the Company were included in other internal regulations and systems of the Company, such as the Articles of Associations, the rules of procedure for the general meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee. The Audit and Corporate Governance Committee has reviewed the disclosures in the Corporate Governance Report of the Company for the year ended 31 December 2020 as per its responsibilities, and reviewed the corporate governance of the Company.

(2) Remuneration Committee

The primary duties of the Remuneration Committee are (among others): to advise the Board in respect of the remuneration policy and structure of all the Directors and senior management; to review and approve the remuneration recommendations by the management according to the corporate policies and objectives set by the Board; to recommend to the Board the remuneration packages of Directors and senior management; to assess the performance of the executive Directors; to recommend and establish annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans of the Company. The detailed terms of reference of the Remuneration Committee are set out in the Working Rules for the Remuneration Committee of the Board published on the websites of the Stock Exchange and the Company on 26 March 2012.

As at 31 December 2020, the Remuneration Committee comprised two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua, and one non-executive Director, Mr. Chen Chuxuan. Mr. Zhan Xiaotong is the chairman of the Remuneration Committee. The Remuneration Committee held two meetings during the year ended 31 December 2020 with an attendance rate of 100%. The Remuneration Committee proposed recommendations on the Company's remuneration policy for 2020 and assessed the performance of the executive Directors.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee members' attendance records of the Remuneration Committee's meetings for the year ended 31 December 2020 are set out below:

	Meetings attended/to be attended	Attendance rate
Mr. Zhan Xiaotong (Chairman)	2/2	100%
Ms. Lu Zhenghua	2/2	100%
Mr. Chen Chuxuan	2/2	100%

(3) Nomination Committee

The primary duties of the Nomination Committee are (among others): to provide recommending standards and opinions on Director candidates according to the requirements of the Articles of Association and the Board Diversity Policy, to review the structure and composition of the Board and shall be accountable to the Board. The detailed terms of reference of the Nomination Committee are set out in the Working Rules for the Nomination Committee of the Board published on the websites of the Stock Exchange and the Company on 22 August 2013.

As at 31 December 2020, the Nomination Committee had one executive Director, Mr. Xuan Zongmin, and two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua. Mr. Xuan Zongmin is the chairman of the Nomination Committee. The Nomination Committee held one meeting during the year ended 31 December 2020 with an attendance rate of 100%. During the year ended 31 December 2020, the Nomination Committee considered and recommended to the Board the nomination of Mr. Huang Wenban as the new director of the Company.

CORPORATE GOVERNANCE REPORT

The Nomination Committee members' attendance records of the Nomination Committee's meetings for the year ended 31 December 2020 are set out below:

	Meetings attended/to be attended	Attendance rate
Mr. Xuan Zongmin (Chairman)	1/1	100%
Mr. Zhan Xiaotong	1/1	100%
Ms. Lu Zhenghua	1/1	100%

The Board has adopted a board diversity policy. The Board recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Committee members consider the board diversity in accordance with the board diversity policy from a number of aspects, including but not limited to gender, age, educational background, professional experience, skills, knowledge and length of service. The ultimate advice on appointment will be made by the Nomination Committee to the Board based on merits of candidates and contribution that the selected candidates will bring to the Board and appointments will be made after submission to the general meetings by the Board for approval.

(4) Strategy Committee

The Strategy Committee is established in accordance with the requirements of the governance and control of the Company, primarily responsible for studying and making recommendations on the long-term development strategies and the decision-making on significant investments of the Company. It comprises three members, of which Mr. Xuan Zongmin, an executive Director, is the chairman of the Strategy Committee, and other two members are Mr. Tang Yinghai, an executive Director, and Ms. Wen Huiying, an independent non-executive Director.

(5) Compliance Committee

The Compliance Committee is established in accordance with the requirements of the governance and control of the Company, primarily responsible for overseeing the compliance of the connected transactions of the Group and making relevant recommendations to the Board. It comprises three members, of which Mr. Xuan Zongmin, an executive Director, is the chairman of the Compliance Committee, and other two members are Mr. Tang Yinghai, an executive Director, and Mr. Yao Hanxiong, an executive Director.

SUPERVISORY COMMITTEE

As at 31 December 2020, the supervisory committee of the Company (the “Supervisory Committee”) comprised seven members, including two independent Supervisors (namely Mr. Dong Yihua and Mr. Lin Hai), two Supervisors appointed by Shareholders (namely Mr. Hu Xianhua and Mr. Wang Qingwei) and three Supervisors representing the staff of the Company (namely Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin). The Supervisory Committee is responsible for supervising the Board, the Directors as well as the senior management of the Company, so as to prevent them from abusing their power to damage the lawful rights and interests of the Shareholders, the Company and its employees.

For the year ended 31 December 2020, the Supervisory Committee reviewed and examined the financial position and the legal compliance of the operations of the Company and performed its duties under the principles of due care through conducting special inspections and convening the Supervisory Committee’s meetings and attending the Board meetings of the Company.

During the year ended 31 December 2020, the Supervisory Committee held one meeting with an average attendance rate of 100%.

FEES OF THE EXTERNAL AUDITOR

The Company has appointed KPMG Huazhen LLP as the independent auditor of the Company. The fees for the audit and non-audit services provided by the above auditor to the Group for the year ended 31 December 2020 amounted to RMB10,130,000 (tax included), of which RMB9,130,000 was audit service fees, and RMB1,000,000 was non-audit service fees.

The statement of the Company’s auditor concerning its responsibilities in the financial statements of the Company is set out in the Auditors’ Report of this annual report.

The Company has received the confirmation of independence from the external auditor. The Board and the Audit and Corporate Governance Committee have no disagreement in respect of the appointment of external auditor.

COMPANY SECRETARY

As at 31 December 2020 and the date of this report, Ms. Zhang Li served as the company secretary of the Company and was responsible for, amongst other things, ensuring that the Group complied with all obligations imposed by the Listing Rules and the Code on Takeovers and Mergers and Share Buy-backs.

Ms. Zhang currently serves as the manager of the Securities and Legal Department of the Company. Ms. Zhang is also a director of Yueyun Transportation (HK) Company Limited (粵運交通股份(香港)有限公司). Ms. Zhang joined the Company in March 2001 and has worked as the deputy manager of the securities department. Prior to joining the Company, Ms. Zhang worked in the securities department of Guangzhou Economic and Technological Development Zone International Trust and Investment Company (廣州經濟技術開發區國際信託投資公司). Ms. Zhang obtained a bachelor of economics degree from Huazhong University of Science and Technology (華中理工大學) in 1993 and obtained a master of economics degree from Jinan University (暨南大學) in 2002. She has obtained the professional qualification as a senior economist.

During the year, Ms. Zhang had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training.

CORPORATE GOVERNANCE REPORT

GENERAL MEETINGS

1. SHAREHOLDERS' RIGHTS

The general meeting is the highest authority of the Company. The general meetings of the Company have complied with the relevant legal formalities to ensure participation of Shareholders and the exercise of their powers. The Company highly values the functions of the general meetings, and therefore encourages all Shareholders to attend the general meetings, which serve as a direct and effective communication channel between the Board and the investors of the Company. The Articles of Association expressly provides for the rights of the Shareholders, including the right to attend, to receive notices, and to vote in general meetings.

Shareholders who request to convene an extraordinary general meeting or class general meeting shall comply with the following procedures:

- (1) Two or more Shareholders who have 10% or above voting shares in aggregate at the proposed general meeting may sign a written request or sign on several duplicates with the same format and contents to request the Board to convene an extraordinary general meeting or class general meeting and provide explanation on the topics to be addressed at the meeting. Upon receipt of the aforesaid written request, the Board shall convene an extraordinary general meeting or class general meeting as soon as possible. The aforesaid number of shares required shall be calculated on the date when the written request was made by the Shareholders.
- (2) If the Board has not issued any notice of general meeting within 30 days after receipt of the aforesaid written request, the Shareholders who submit the request may convene a general meeting by themselves within four months after receipt of the request by the Board. The procedures of convening the general meeting shall be similar to the procedure of convening a Shareholders' general meeting by the Board.

For Shareholders who convene a general meeting by themselves due to the failure of the Board to hold a general meeting in response to the aforesaid request, all reasonable expenses incurred as a consequence shall be borne by the Company and shall be deducted from the amount payable to the Director in default by the Company.

At the Shareholders' general meeting convened by the Company, Shareholders who have 5% or above of the total number of shares of the Company with voting rights are entitled to propose new motions in writing to the Company, and the Company should include proposed items within the terms of reference of a general meeting in the agenda of such meeting. However, such proposal is required to be duly served on the Company within 30 days commencing from the issue date of the aforesaid notice of general meeting. Shareholders who submit the proposal shall comply with the following conditions: the content of the proposal must not violate any provisions of laws and regulations and must be within the scope of the operations of the Company and the terms of reference of the general meeting; the proposal must contain explicit topics and specific resolutions; and the proposal must be submitted to or duly served on the Board in writing. Shareholders may submit the above proposal by way of telephone at 8620-37637013, fax at 8620-32318269 or email at zqb@gdyueyun.com.

Voting shall be made by way of poll based on the number of shares at general meetings and the Company's Hong Kong Share Registrar shall act as the scrutinizer. Voting results shall be published on the websites of the Company and the Stock Exchange.

The Company attaches great importance to communication with Shareholders. Shareholders may submit questions and opinions to the Board through the Company Secretary of the Company by telephone at 8620-37637013, fax at 8620-32318269 or email at zqb@gdyueyun.com.

2. THE 2019 ANNUAL GENERAL MEETING HELD ON 17 JUNE 2020

On 17 June 2020, the Company held the 2019 Annual General Meeting to consider and approve six ordinary resolutions including the Directors' Report, the Supervisors' Report, the Auditor's Report and audited financial statements for the year ended 31 December 2019, appointment of KPMG Huazhen LLP as the auditor of the Company, approval and confirmation of the proposed amendments to the Articles of Association and the Rules of Procedures of the General Meeting, and grant of the authorization to the board of directors to deal with, on behalf of the Company, all relevant applications, registrations, filings and amendments (where necessary) procedures and other related procedures or issues arising from the proposed amendments to the Articles of Association and the Rules of Procedures of the General Meeting, and grant of the authorization to the board of directors to determine the remuneration of the Directors and Supervisors. All resolutions proposed to the Shareholders had been passed. The voting results had been published on the websites of the Company and the Stock Exchange.

3. EXTRAORDINARY GENERAL MEETINGS

On 21 July 2020, the Company held the extraordinary general meeting, the class meeting for the holders of H shares and class meeting for the holders of domestic shares to consider and approve two special resolutions, including but not limited to: (1) the extension of the validity period for the proposal for the A share offering; (2) the extension of the validity period of authorization granted to the board of directors of the Company to deal with matters relating to the A share offering; Two special resolutions, among others, on (1) the extension of the validity period for the proposal for the A share offering; (2) the extension of the validity period of authorization granted to the board of directors of the Company to deal with matters relating to the A share offering were considered and approved at the class meeting for the holders of H shares and class meeting for the holders of domestic shares. All resolutions proposed to the Shareholders had been passed. The voting results had been published on the websites of the Company and the Stock Exchange.

On 22 December 2020, the Company held the extraordinary general meeting to consider and approve one ordinary resolution on the election of Mr. Huang Wenban as an executive director of the Company. All resolutions proposed to the Shareholders had been passed. The voting results had been published on the websites of the Company and the Stock Exchange.

4. THE 2020 ANNUAL GENERAL MEETING WILL BE HELD ON 11 JUNE 2021

The Company's annual general meeting (the "AGM") will be convened on Friday, 11 June 2021.

The register of members of the Company will be closed in order to determine the qualification of Shareholders to attend and vote at the AGM. The details are as follows (all dates and time in this announcement are Hong Kong time):

To determine the qualification of Shareholders to attend and vote at the 2020 AGM:

Deadline for lodging transfer documents for registration	4:30 p.m. on Monday, 7 June 2021
Closure of register of members	Tuesday, 8 June 2021 to Friday, 11 June 2021
Record date	Friday, 11 June 2021

The register of members of the Company will be closed during the above periods. In order to determine the qualification of holders of H shares to attend and vote at the 2020 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by the abovementioned deadlines.

CORPORATE GOVERNANCE REPORT

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 20 March 2020, the Board agreed to propose a special resolution to shareholders at the general meeting for approving the amendments to the articles of association. The purpose of amending the articles of association:

According to the Official Reply of the State Council regarding Adjusting the Application of Provisions to Matters Including the Notice Period of Overseas Listed Companies for Convening Shareholders' Meetings (Guo Han [2019] No. 97) 《關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》(國函[2019]97號)), which provides that the requirements on the notice period of the general meeting, shareholders' proposal right and convening procedures for joint stock companies incorporated in the PRC and listed overseas shall be governed by the relevant provisions under the Company Law of the People's Republic of China, instead of the provisions under Article 20 to Article 22 of the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies 《國務院關於股份有限公司境外募集股份及上市的特別規定》), and according to the Guide on General Meetings of Hong Kong Exchanges and Clearing Limited issued by the Hong Kong Stock Exchange, the Board proposes to amend the relevant provisions on the notice period of the general meeting, shareholders' proposal right and convening procedures in the Articles of Association.

The above-mentioned amendments to the articles of association have been considered and approved by shareholders at the annual general meeting held on 17 June 2020, and have been filed with the Guangdong Administration for Market Regulation with effect from 23 June 2020. For details, please refer to the announcements dated on 20 March 2020 and 17 June 2020 and the circular dated on 29 April 2020 of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

1. MANAGEMENT SYSTEM AND STRUCTURE

The Company and its subsidiaries have established risk management system in accordance with the internal rules and regulations relating to risk prevention and management such as Risk Management and Internal Control Management Measures. When performing their work duties, the management, each of the business departments and the staff need to strictly comply with relevant corporate rules and workflows and shoulder responsibility for their conduct and performance. The Company's risk management and internal control systems are designated to manage significant risks rather than eliminate risks of failure to achieve business objectives, and can provide reasonable and not absolute assurance that the Company will not have material misstatement or significant losses.

The Board is the highest decision-making body for the Company's risk management work and is responsible for the development of the internal control system and the effective implementation of internal control rules. The Audit and Corporate Governance Committee is responsible for reviewing the corporate internal control and supervising the implementation of the internal control system; the management of the Company is responsible for the daily conduct of the internal control; the Supervisory Committee is responsible for supervising the establishment and implementation of the internal control by the Board and the daily conduct of the internal control by the management. The Company has established the Risk Control Office, which is responsible for taking the lead in advancing specific risk control works. The supervision and audit department is the Company's internal control and assessment and audit department and is responsible for the deployment of monitoring, evaluation and services functions in respect of the effectiveness and efficiency of the Company and its units, such as subsidiaries, staff and their operational and administrative behaviors in the process of internal control, corporate governance and risk management.

The Audit and Corporate Governance Committee reviews half-yearly the operation of the risk management and internal control systems. The committee listened to the report on risk management and internal audit work of the Company for the periods ended 31 December 2019 and 30 June 2020, respectively, at two meetings of the Audit and Corporate Governance Committee held in 2020, and reviewed and reported the effectiveness of the internal control systems of the Company to the Board.

Having considered the resources, qualifications of the staff and staff training of the Company's accounting and financial reporting functions as well as internal control functions, the Directors considered that the Company had well-established internal control systems in place to monitor and control the Company's business and prevent potential risks, which were adequate and effective.

2. FINANCIAL CONTROL

According to actual operating environment and business conditions, the Company focused its efforts on the development of the overall risk management system in respect of its financial control and carried out strict and effective control and management in combination of external auditor and internal financial risk control.

The Company is responsible for the truthfulness and completeness of the financial statements. In addition, the Company has engaged external auditors with good reputation and strong professionalism through public tender to audit its financial statements. The auditor has issued standard unqualified audit reports over the years.

The auditor engaged by the Company conducted the audit in accordance with the professional standards, and proposed management recommendations on their observations during the course of audit. With these management recommendations, the Company took measures to improve business operation, enhance risk control and prevent risk.

The Company attaches great importance to its financial internal control, formulates an optimized financial rule and system and developed a financial system mechanism. The Company fully implements the financial control requirements through various aspects such as risk identification, risk measurement and risk control.

Through comprehensive budget management, the Group arranges to make adjustments to its operation plan in due time by comparing its operating results with the budget targets in order to improve the operational efficiency of its funds and reduce its operation and management risks. The Company carries out various processes towards investment projects, such as feasibility studies, tender and settlement upon completion to strictly control the lawfulness and reasonableness of fund usage. It also established a specific ledger in order to control the budget of fund management and its usage.

3. LEGAL AFFAIRS MANAGEMENT AND COMPLIANCE CONTROL

In the ordinary course of the Company's operations, external expansion and information disclosure, the Company strictly abides by relevant laws and regulations and regulatory requirements to have legal affairs management and compliance and regulation go through all processes of the Company from decision, execution to supervision and cover or even permeate all procedures and all aspects of the Company's operation and management. In addition to engagement of its standing legal advisors, the Company also has in place a legal affairs department and designated legal personnel to provide compliance opinions on its significant operation decisions and the entering into of contracts. In 2020, the legal review rate of business contracts, management rules and major events was 100%. With regards to significant investment and operation decisions, the Group engages specialized legal advisor to perform due diligence with the aim of giving legal opinions so as to ensure compliance with laws and regulations of the Company's operation and management, safety of its assets, truthfulness and completeness of its financial reports and the relevant information.

CORPORATE GOVERNANCE REPORT

4. RISK MANAGEMENT

The Company comprehensively tests out and optimizes important procedures in accordance with Risk Management and Internal Control Management Measures, including but not limited to the Group's fund activities, purchasing business, asset management, sales business, research and development, engineering project, guarantee business, business outsourcing, financial report and overall budget; manages and controls key points of risk; proposes rectification opinions on the existing problems found during the process of risk inspection and follows the rectification for ensuring that the problems can be rectified effectively; meanwhile, the Company continues to update "risk events database" for controlling the risk from the origin.

The Company has formulated the Internal Guidance on Information Disclosure and the Management Measures for Confidentiality and Registration of Inside Information. The Company handles and disseminates inside information according to the procedures stipulated in the Internal Guidance on Information Disclosure, and manage information insiders to cause them to comply with their confidentiality obligations according to the Management Measures for Confidentiality and Registration of Inside Information.

In order to achieve risk transfer, the Company has made appropriate insurance arrangements for relevant businesses and assets and maintains responsibility insurance for directors, supervisors and senior management pursuant to the Listing Rules, so as to safeguard the potential personal legal responsibilities of the Company's directors, supervisors and senior management.

5. INTERNAL AUDIT

In 2020, the Company continued to put greater efforts on audit and supervision by focusing on the development strategy and risk management and control needs of the Company, which completed 118 audit items in aggregate for the year. The audit covers the areas of examination by the Supervisory Committee, economic responsibility audit, specific audit and internal control appraisal. By these measures the Company achieved full monitor on its units and promoted the standardized management of its units. For the sake of exerting the healthy internal audit supervision, service and evaluation functions, the Company put efforts on audit rectification, consolidated the operation of audit results, incorporated units that did not conduct a rectification into the annual result appraisal and reported the issues identified during the audit, while underperformed individuals shall be accounted for.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

In respect of any disclosable and significant event (including inside information of the Company), the Company will make accurate and complete information disclosure through the publication of announcements, notices, circulars, interim and annual reports in a timely manner on the websites of the Stock Exchange and the Company, pursuant to the disclosure requirements under the Listing Rules. This is to ensure the right to information of the Shareholders; meanwhile, the Directors believe that transparency will enable the Shareholders and investors to make the best investment decisions. The Company also uses voluntary announcements to disclose the latest business development of the Group.

The Company has established a specialized team responsible for investor relations. Placing strong emphasis on communication with investors, the Company considers that maintaining on-going and open communications with investors could enhance investors' understanding of and confidence in the Company as well as improving its corporate governance standards. The Company actively strengthens the investor relationship management, which constantly communicates with investors and analysts admittedly and sufficiently as well as maintains close communications with analysts, fund managers and investors through different channels, such as results press conferences, non-deal roadshows, strategic conferences, company research and study and audio conferencing, so that investors may have a better understanding of the Company's management philosophy, operating environment and development strategies.

Investors and the public can access the Company's website at <http://www.gdyueyun.com> to understand extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information posted.

DIRECTORS' REPORT

The Board presents the Directors' Report for the year ended 31 December 2020 together with the audited financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the travel services business. The Company is an investment holding company and details of the principal activities of its principal subsidiaries are set out in Note IV to the financial statements.

BUSINESS REVIEW

A fair review of the Group's business, which includes a performance analysis of the Group during the year, a description of the principal risks and uncertainties facing the Group, events that have significant effects on the Group, and indication of likely future development in the Group's business, is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Investment Value of the Company" of this annual report.

RESULTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Group's results for the year ended 31 December 2020 are set out in the consolidated income statement. The financial highlights of the Group for the year ended 31 December 2020 are set out on pages 5 to 6 in this annual report, and the results and financial position for the year ended 31 December 2020 prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant regulations (the "ASBE") are set out on pages 96 to 119 in the audited financial statements of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the year ended 31 December 2020 as well as the last five financial years are set out on page 41 in this annual report.

DIVIDEND POLICY

The Company is committed to realize long-term and sustainable development. After taking into comprehensive consideration of factors including the Company's actual conditions, development planning, Shareholders' requirements and intentions, social capital cost and external financing conditions, as well as taking into full account of factors such as current and future profitability, cash flow position, current stage of development, funding needs and financing planning, the Company shall establish a continuous, stable and scientific return planning and mechanism for investors, and thereby formulating institutional arrangements for dividend distribution to ensure the continuity and stability of the dividend distribution policies.

The specific amount and ratio for dividend payout of the Company are subject to shareholder's approval, current and future funding needs of the Company, corporate plans, cash flow, financial position and dividends received from subsidiaries and restrictions of the relevant laws and regulations.

DIVIDEND

The Company recorded operating losses due to the impact of the COVID-19 pandemic during the year. Taking into consideration of factors such as corporate development and interest of shareholders, the Board will not recommend the distribution of any dividends for the year ended 31 December 2020.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2020, the Group's five largest suppliers accounted for 53% of the Group's total purchases attributable, and the Group's five largest customers accounted for 14% of the Group's total sales.

For the year ended 31 December 2020, the largest supplier of the Group accounted for 18% of the Group's total purchases.

For the year ended 31 December 2020, the largest customer of the Group accounted for 5% of the Group's total sales.

In 2020, none of the Directors, the Supervisors or their respective associates or any Shareholders of the Company who, to the best knowledge of the Directors, held more than 5% of the issued share capital of the Company, had any interest in the five largest suppliers or the five largest customers of the Group during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2020 and details of the distributable reserves of the Company as at 31 December 2020 are set out in Note V 40 to the financial statements prepared in accordance with the ASBE.

STATUTORY RESERVE FUNDS

Details of the statutory reserve funds are set out in Note V 39 to the financial statements prepared in accordance with the ASBE.

DIRECTORS' REPORT

INVESTMENT PROPERTIES AND FIXED ASSETS

Particulars of the movements in investment properties and fixed assets of the Group and the Company during the year ended 31 December 2020 are set out in Notes V 11 and 12 to the financial statements.

RELATIONSHIP WITH EMPLOYEES

Upholding the “people-oriented” corporate culture, the Group respects every employee, advocate equal employment, offer reasonable remuneration and protect employees’ legitimate rights and interests in accordance with the laws.

Adhering to the talent concept of “talent-oriented, enabling talents to shine and achieving talents’ dreams”, the Company strives to provide every employee with a good working environment, a sound protective system for remuneration and benefits, a broad space for career development, multi-layer training sessions and rich recreational activities, and enable employees to work and live happily during their achievement of their own value.

To grow together with its employees, the Group has established a sound system and working mechanism for employees’ career development, and a professional selection and employment path for talents and reserve talents echelon.

While improving the Group’s performance continuously, we participate in social insurance and housing fund in accordance with relevant policies, deepen the reform on income allocation system according to the management concepts of “post-oriented salary, pay for performance, promotion of capability development and gradual integration with the market”, respect and promote personal development. The Group endeavours to raise employees’ remuneration and income level, with the growth of salary and income inclining to first-line positions and core key positions, and boosts the simultaneous development of the Company and its employees.

RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

The Group values long-standing relationships with its suppliers and customers. The Group aims at delivering high quality services to its customers and fulfilling promises faithfully. The Group develops mutual trust and enhances communication and commitment with its suppliers, regulates the supplier management system and improves the mechanism regarding access and exit of suppliers.

ENVIRONMENTAL POLICY AND PERFORMANCE

The Group is always committed to energy saving and consumption reduction, continues to enhance environmental protection performance, and accomplishes comprehensive planning, continued investment, structural adjustment, management intensification and the construction of a green and low-carbon transportation system and achieves the sustainable development of the enterprise.

The Group abides by laws, regulations, standards and other provisions relating to environmental protection. For the purpose of achieving green and low-carbon transportation, we formulate an emission reduction system scientifically based on the green concept, keep optimizing our operation and management models and introducing advanced environmental friendly technologies, and promote harmonious development between business operation and environment. Meanwhile, we regularly conduct publicity activities on energy-saving and environmental protection to enhance the awareness of environmental protection among employees.

We always believe that the biggest contribution to the environment is minimizing the impact of transportation vehicles operated by us, so as to reduce the emissions of pollutants. Therefore, we are committed to optimizing our management system, reforming and upgrading our technologies, with a view to lower the emissions of exhaust gas and greenhouse gases generated from operation through proper emission controls and continuous upgrading of technologies. Adhering to the concept of minimizing the damage to external environment and the impact on society, the Company endeavours to minimize the emissions into the environment generated from production and operation.

For details about the environmental policies and performance of the Group, please refer to the "2020 Environmental, Social and Governance Report" to be issued by the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company is a joint stock limited company established under the Company Law of the People's Republic of China. The Group is principally engaged in the travel services business. The Group is required to comply with the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Road Transportation Safety Law of the People's Republic of China, the Tendering and Bidding Law of the People's Republic of China and all other applicable laws and regulations during our normal operating activities. There was no material breach nor non-compliance with the applicable laws and regulations by the Group for the year ended 31 December 2020. The Company and its subsidiaries have obtained all significant licenses, approvals and permits for the operation of business from relevant regulatory authorities.

As the Company is listed on the Stock Exchange, and the Group operates cross-border transportation business between Guangdong Province and Hong Kong, as far as the Board and management are aware, for the year ended 31 December 2020, the Group has also complied with the Listing Rules, Hong Kong Companies Ordinance, the Securities and Futures Ordinance and applicable laws and regulations in Hong Kong.

The Group has established relatively well-developed internal control and system to supervise and ensure compliance with laws and regulations of the business operations.

COMPETING INTEREST

None of the Directors has any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' REPORT

DIRECTORS AND SUPERVISORS

The Directors who were under current term of office during the year ended 31 December 2020 and up to the date of this report are as follows:

Name	Date of Appointment as Director	Date of Resignation as Director
Executive Directors		
Mr. Xuan Zongmin (appointed as non-executive Director on 6 June 2012, and re-designated as executive Director on 18 December 2012)	6 June 2012	31 March 2021
Mr. Tang Yinghai (appointed as non-executive Director on 6 June 2012, and re-designated as executive Director on 18 December 2012)	6 June 2012	N/A
Mr. Yao Hanxiong	18 December 2012	N/A
Mr. Wen Wu	15 August 2018	20 November 2020
Mr. Zhang Xian	22 July 2019	N/A
Mr. Huang Wenban	22 December 2020	N/A
Non-executive Directors		
Mr. Chen Min	7 June 2016	N/A
Mr. Chen Chuxuan	17 June 2019	N/A
Independent Non-executive Directors		
Mr. Jin Wenzhou	4 April 2014	N/A
Ms. Lu Zhenghua	7 June 2016	N/A
Ms. Wen Huiying	15 August 2018	N/A
Mr. Zhan Xiaotong	15 August 2018	N/A

The Supervisors who were under current term of office during the year ended 31 December 2020 and up to the date of this report are as follows:

Name	Date of Appointment as Supervisor	Date of Resignation as Supervisor
Mr. Hu Xianhua	7 June 2016	N/A
Mr. Wang Qingwei	7 June 2016	N/A
Mr. Dong Yihua	7 June 2016	N/A
Mr. Lin Hai	7 June 2016	N/A
Mr. Zhen Jianhui	15 April 2014	N/A
Ms. Li Xiangrong	7 June 2016	N/A
Ms. Lian Yuebin	15 August 2017	N/A

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received the letter of annual confirmation issued by each of the independent non-executive Directors as to his independence pursuant to Rule 3.13 of the Listing Rules. All of the four independent non-executive Directors are considered by the Company as independent parties.

During the period of their current term of office as independent non-executive Directors, Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying and Mr. Zhan Xiaotong provided the Board with objective opinions and independent guidance, which indicated that they possessed the required experience and independence to discharge their responsibilities. The Board has evaluated and reviewed their annual confirmation of independence pursuant to the independence criteria as set out in Rule 3.13 of the Listing Rules, which confirmed that they have complied with the independence requirement.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT

The biographies of Directors, Supervisors and members of the senior management of the Company as at the date hereof are set out on pages 42 to 48 in this annual report.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, the interests of Directors and Supervisors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) LONG POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name	Name of Director/ Supervisor	Capacity	Number of shares held	Approximate percentage in total share capital
Guangdong Yueyun Transportation Company Limited	Zhang Xian	Beneficial owner	10,000	0.001%

(b) LONG POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF ASSOCIATED CORPORATIONS OF THE COMPANY

Name of Associated Corporation	Name of Director/ Supervisor	Nature of Interests	Number of shares held	Approximate percentage in the relevant class of share capital
Guangdong Provincial Expressway Development Co., Ltd.	Zhen Jianhui	Beneficial owner	9,209	0.00071%
Guangdong Provincial Expressway Development Co., Ltd.	Chen Chuxuan	Beneficial owner	5,987	0.00046%

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2020 was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors, Supervisors or senior management officers of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

REMUNERATION OF THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and Supervisors of the Company and the five highest paid individuals of the Group are set out in Note VI 7 to the financial statements prepared in accordance with the ASBE. There were no arrangements under which a Director or Supervisor had waived or agreed to waive any remuneration in respect of the year ended 31 December 2020. Pursuant to B.1.5 of the CG Code, the range of remuneration of the members of the senior management (including the executive Directors) as of 31 December 2020 is set out below:

Range of Remuneration (RMB)	Number of persons
Below 300,000	4
300,000 to 500,000	6
500,000 to 700,000	7
Over 700,000	2

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

The Company had entered into service contracts with each of the Directors and Supervisors.

As at 31 December 2020, no Director or Supervisor had entered into any service contract with the Company or any of its subsidiaries that is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

Other than the service contracts with the Company, none of the Directors or Supervisors had any material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2020.

PERMITTED INDEMNITY PROVISIONS

In 2020, the Company had made an appropriate insurance arrangement in respect of costs associated with legal proceedings that may be brought against its Directors, Supervisors and senior management arising from negligence in the course of performing their duties.

BOARD COMMITTEES

The Company has established the Audit and Corporate Governance Committee, the Remuneration Committee, the Nomination Committee, the Strategy Committee and the Compliance Committee. For details regarding the board committees, please refer to the relevant contents of the section headed Corporate Governance Report as set out in this annual report.

CONTINUING CONNECTED TRANSACTIONS

1. Pursuant to Chapter 14A of the Listing Rules, details of the following continuing connected transactions of the Group for the year ended 31 December 2020 which are required to be disclosed in the annual report of the Company are described below:

- (1) Non-exempt continuing connected transactions approved by independent shareholders

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(a) On 15 September 2005, the Company and GCGC (the controlling shareholder of the Company) entered into a first right of operation agreement (the "First Right of Operation Agreement"), pursuant to which the Group has been granted preferential rights of operation by GCGC. When exercising such preferential rights, members of the Group entered into individual agreements with owners of each of the expressways, which were companies under GCGC. The independent shareholders of the Company had approved the proposed annual caps for each of the three years ended 31 December 2019 in respect of the Individual agreements entered into by the Group and companies under GCGC pursuant to the First Right of Operation Agreement at the extraordinary general meeting held on 8 December 2016.</p> <p>Please refer to the announcements dated 19 September 2016 and 8 December 2016 and the circular dated 21 October 2016 of the Company for details.</p> <p>As the term of individual agreements entered into pursuant to the First Right of Operation Agreement would remain valid beyond 31 December 2019, the annual caps were renewed for three years until 31 December 2022 upon approval by the extraordinary general meeting held on 30 December 2019.</p> <p>Please refer to the announcements dated 27 September 2019 and 30 December 2019 and the circular dated 14 November 2019 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB171,273,000, RMB177,315,000 and RMB197,461,000, respectively.</p> <p>For the years ending 31 December 2020, 2021 and 2022, the annual caps of transactions shall be RMB265,930,000, RMB280,937,000 and RMB288,739,000, respectively.</p>

DIRECTORS' REPORT

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(b) On 27 September 2005, the Company and GCGC entered into a material purchase master agreement (the "Material Purchase Master Agreement") with a term of three years. The Group purchases its construction materials from members of GCGC in accordance with the execution agreements under the Material Purchase Master Agreement. Subject to the relevant requirements of the Listing Rules, the Material Purchase Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such term. The independent shareholders of the Company had approved the renewal of the Material Purchase Master Agreement and the proposed annual caps thereof for each of the three years ended 31 December 2019 at the extraordinary general meeting held on 8 December 2016.</p>	<p>The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 are RMB615,830,000, RMB826,110,000 and RMB260,370,000, respectively.</p>
<p>Please refer to the announcements dated 19 September 2016 and 8 December 2016 and the circular dated 21 October 2016 of the Company for details.</p>	
<p>As the term of the Material Purchase Master Agreement was expired on 31 December 2019, the parties agreed to renew the Material Purchase Master Agreement for one additional year from 1 January 2020 to 31 December 2020. As the highest applicable percentage ratio of the annual cap for the renewal of the Material Purchase Master Agreement in aggregate was more than 0.1% but less than 5%, therefore the transactions contemplated under the agreement are subject to announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules, but exempt from approval by independent shareholders.</p>	<p>For the year ended 31 December 2020, the annual cap of transactions was RMB97,000,000.</p>
<p>Please refer to the announcement dated 27 September 2019 of the Company for details.</p>	
<p>As the term of the Material Purchase Master Agreement was expired on 31 December 2020, the parties agreed to renew the Material Purchase Master Agreement for one additional year from 1 January 2021 to 31 December 2021. As the highest applicable percentage ratio of the annual cap for the renewal of the Material Purchase Master Agreement in aggregate was more than 0.1% but less than 5%, therefore the transactions contemplated under the agreement are subject to announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules, but exempt from approval by independent shareholders.</p>	<p>For the year ended 31 December 2021, the annual cap of transactions was RMB30,200,000.</p>
<p>Please refer to the announcement dated 31 December 2020 of the Company for details.</p>	

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(c) The Company (on behalf of itself and its subsidiaries) entered into a financial services agreement and supplemental agreement (collectively "Financial Services Agreement") with Guangdong Provincial Communication Group Finance Company Limited ("GCG Finance"), a subsidiary of GCGC, on 18 March 2016 and 2 June 2016, respectively, pursuant to which GCG Finance provides financial services (including deposit services, credit services and other financial services) to the Group for a term commencing from 5 August 2016 to 31 December 2018. The independent shareholders of the Company had approved the Financial Services Agreement and the proposed annual caps thereof for each of the three years ended 31 December 2018 at the extraordinary general meeting held on 5 August 2016.</p>	<p>The maximum daily outstanding balance of deposits placed by the Group with GCG Finance (including any interest accrued therefrom) shall not exceed RMB1 billion for each of the years ended 31 December 2016, 2017 and 2018.</p>
<p>Please refer to the announcements dated 18 March 2016, 2 June 2016 and 5 August 2016 and the circular dated 15 June 2016 of the Company for details.</p>	
<p>On 18 September 2018, the Company (on behalf of itself and its subsidiaries) entered into a financial services agreement with GCG Finance, pursuant to which GCG Finance provides financial services (including deposit services, credit services and other financial services) to the Group for a term commencing from 1 January 2019 to 31 December 2021. The independent shareholders of the Company had approved the Financial Services Agreement and the proposed annual caps thereof for each of the three years ending 31 December 2021 at the extraordinary general meeting held on 17 December 2018.</p>	<p>The maximum daily outstanding balance of deposits placed by the Group with GCG Finance (including any interest accrued therefrom) shall not exceed RMB1 billion for each of the years ending 31 December 2019, 2020 and 2021.</p>
<p>Please refer to the announcements dated 18 September 2018, 26 October 2018 and 17 December 2018 and the circular dated 26 October 2018 of the Company for details.</p>	

DIRECTORS' REPORT

(2) Disclosable continuing connected transactions exempt from independent shareholders' approval

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(d) On 13 September 2016, Guangdong Yueyun Jia Fu Industrial Ltd. ("Yueyun Jiafu", a subsidiary of the Company) and Weisheng Dongguan International Logistic Co., Ltd. ("Weisheng Logistics", a subsidiary of GCGC) entered into the Asphalt Transportation Service Agreement (the "Asphalt Transportation Service Agreement"), pursuant to which the parties agreed that Yueyun Jiafu will entrust Weisheng Logistics to conduct transportation management services for asphalt products for a term commencing from 13 September 2016 and ending on 31 December 2017, subject to the terms of the Asphalt Transportation Service Agreement.</p> <p>Please refer to the announcement dated 13 September 2016 of the Company for details.</p> <p>On 10 October 2017, South China Logistics Enterprise and Weisheng Logistics entered into the Asphalt Transportation Service Framework Agreement (the "Asphalt Transportation Service Framework Agreement") to govern the existing and future asphalt transportation service agreements between South China Logistics Enterprise and its subsidiaries and Weisheng Logistics. The term of the Asphalt Transportation Service Framework Agreement commenced from 10 October 2017 and ended on 31 December 2017.</p> <p>Please refer to the announcement dated 10 October 2017 of the Company for details.</p> <p>On 27 December 2017, South China Logistics Enterprise and Weisheng Logistics entered into a new asphalt transportation service framework agreement with a term commencing from 1 January 2018 and ending on 31 December 2020.</p> <p>Please refer to the announcement dated 27 December 2017 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2016 and 2017 were RMB7,120,000 and RMB13,800,000, respectively.</p> <p>The annual cap of transactions for the year ended 31 December 2017 was RMB34,110,000.</p> <p>The annual caps of transactions for the years ending 31 December 2018, 2019 and 2020 were RMB14,400,000, RMB12,000,000 and RMB9,600,000, respectively.</p>

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(e) On 30 December 2014, the Company and Guangdong Humen Bridge Company Limited ("Humen Bridge Company", an associate of GCGC and therefore a connected person of the Company under Chapter 14A of the Listing Rules) entered into an entrusted operation management contract (the "Entrusted Operation Management Contract"), pursuant to which the Company engaged Humen Bridge Company in providing certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange for the period from 1 January 2015 to 31 December 2017.</p>	<p>The annual caps of transactions for the years ended 31 December 2015, 2016 and 2017 were RMB4,700,000.</p>
<p>Please refer to the announcement dated 30 December 2014 of the Company for details.</p>	
<p>On 27 December 2017, the Company and Humen Bridge Company entered into a new entrusted operation management contract, pursuant to which the Company engaged Humen Bridge Company in providing certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange for the period from 1 January 2018 to 31 December 2020. The term may be automatically renewed for three years upon expiry on 31 December 2020 subject to compliance with the relevant requirements under the Listing Rules if there is no objection from any parties.</p>	<p>The annual caps for the years ended 31 December 2018, 2019 and 2020 were RMB4,800,000.</p>
<p>Please refer to the announcement dated 27 December 2017 of the Company for details.</p>	
<p>As the term of the entrusted operation management contract was expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023. The term may be automatically renewed for three years upon expiry on 31 December 2023 subject to compliance with the relevant requirements under the Listing Rules if there is no objection from any parties.</p>	<p>The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were RMB4,800,000.</p>
<p>Please refer to the announcement dated 31 December 2020 of the Company for details.</p>	

DIRECTORS' REPORT

Continuing Connected Transactions	Annual Caps of Transaction Amount
(f) On 26 February 2015, GD-HK Company and Weisheng Transportation Enterprises Company Limited ("Weisheng", a subsidiary of GCGC and a connected person of the Company under Chapter 14A of the Listing Rules) entered into the GDHK Transportation Branch Outsourcing Agreement, pursuant to which GD-HK Company outsourced the operation of GD-HK Transportation Branch to Weisheng for a term commencing from 1 March 2015 and ending on 31 December 2017.	The annual caps of transactions for the years ended 31 December 2015, 2016 and 2017 were HK\$27,030,000, HK\$28,880,000 and HK\$30,920,000, respectively.
Please refer to the announcement dated 26 February 2015 of the Company for details.	
On 27 December 2017, GD-HK Company and Weisheng entered into a new GD-HK Transportation Branch Outsourcing Agreement, pursuant to which GD-HK Company outsourced the operation of GD-HK Transportation Branch to Weisheng for a term commencing from 1 January 2018 and ending on 31 December 2020.	The annual caps of transactions for the years ended 31 December 2018, 2019 and 2020 were HK\$18,000,000.
Please refer to the announcement dated 27 December 2017 of the Company for details.	
As the term of the GD-HK Transportation Branch Outsourcing Agreement was expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023.	The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were HK\$15,290,000.
Please refer to the announcement dated 31 December 2020 of the Company for details.	
(g) On 26 February 2015, GD-HK Company and Weisheng entered into the Weisheng Bus Outsourcing Agreement, pursuant to which Weisheng outsourced the operation of Weisheng Bus to GD-HK Company for a term commencing from 1 March 2015 and ending on 31 December 2017.	The annual caps of transactions for the years ended 31 December 2015, 2016 and 2017 were HK\$15,940,000, HK\$17,020,000 and HK\$18,190,000, respectively.
Please refer to the announcement dated 26 February 2015 of the Company for details.	
On 27 December 2017, GD-HK Company and Weisheng entered into a new Weisheng Bus Outsourcing Agreement, pursuant to which Weisheng outsourced the operation of Weisheng Bus to GD-HK Company for a term commencing from 1 January 2018 and ending on 31 December 2020.	The annual caps of transactions for the years ended 31 December 2018, 2019 and 2020 were HK\$9,400,000.
Please refer to the announcement dated 27 December 2017 of the Company for details.	
As the term of the Weisheng Bus Outsourcing Agreement was expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023.	The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were HK\$7,490,000.
Please refer to the announcement dated 31 December 2020 of the Company for details.	

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(h) On 9 August 2006, the Company and GCGC entered into a Taiping Interchange repair services master agreement (the "Taiping Interchange Master Agreement"), pursuant to which members of the GCGC provide repair and renovation services for the Taiping Interchange to the Group pursuant to the execution agreements under the Taiping Interchange Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal was given by either party to the other party at least three months prior to the expiry of such initial term. On 31 October 2016, the parties to the Taiping Interchange Master Agreement agreed to renew the term of the agreement for a further term of three years commencing on 1 January 2017 and ending on 31 December 2019.</p> <p>Please refer to the announcement dated 31 October 2016 of the Company for details.</p> <p>The Taiping Interchange Master Agreement was expired on 31 December 2019, the parties had agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.</p> <p>Please refer to the announcement dated 23 December 2019 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB34,940,000, RMB20,870,000 and RMB30,560,000, respectively.</p>
<p>(i) On 30 September 2013, the Company and GCGC entered into a rescue services entrustment master agreement (the "Rescue Services Entrustment Master Agreement"), pursuant to which the Group provides rescue services to members of the GCGC pursuant to the execution agreements under the Rescue Services Entrustment Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal was given by either party to the other party at least three months prior to the expiry of such initial term. On 31 October 2016, the parties to the Rescue Services Entrustment Master Agreement agreed to extend the term of the agreement for a further term of three years commencing from 1 January 2017 to 31 December 2019.</p> <p>Please refer to the announcement dated 31 October 2016 of the Company for details.</p> <p>The term of the Rescue Services Entrustment Master Agreement expired on 31 December 2019, the parties agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.</p> <p>Please refer to the announcement dated 27 September 2019 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB66,718,000, RMB67,424,000 and RMB71,167,000, respectively.</p> <p>The annual caps for transactions for the years ended 31 December 2020, 2021 and 2022 are RMB86,958,000, RMB86,202,000 and RMB69,261,000, respectively.</p>

DIRECTORS' REPORT

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(j) On 30 September 2013, the Company and GCGC entered into an information system services master agreement (the "Information System Services Master Agreement"), pursuant to which members of the GCGC will provide the Group with information system services, including the construction of information systems, maintenance of information systems, software development and other information technology related services pursuant to the execution agreements under the Information System Services Master Agreement, for an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Information System Services Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. On 31 October 2016, the parties to the Information System Services Master Agreement agreed to renew the agreement for a further term of three years commencing on 1 January 2017 and ending on 31 December 2019.</p> <p>Please refer to the announcement dated 31 October 2016 of the Company for details.</p> <p>The term of the Information System Services Master Agreement expired on 31 December 2019, the parties to the Information System Services agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.</p> <p>Please refer to the announcement dated 23 December 2019 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB3,306,000, RMB5,065,000 and RMB3,310,000, respectively.</p>
<p>(k) On 13 August 2018, the Company (as lessee) and Guangdong Litong Properties Investment Company Limited ("GD Litong") (as lessor) entered into a New Property Leasing Framework Agreement for regulating the existing and future leasing agreements between the Group and GD Litong. The Group may extend, revise or renew the existing leasing contracts with GD Litong from time to time within the term of the New Property Leasing Framework Agreement. The term of the New Property Leasing Framework Agreement commenced on 13 August 2018 and shall remain valid until 31 December 2020.</p> <p>Please refer to the announcement dated 13 August 2018 of the Company for details.</p> <p>The Property Leasing Framework Agreement was expired on 31 December 2020, the parties had agreed to renew the agreement for a further term of three years commencing on 1 January 2021 and ending on 31 December 2023.</p> <p>Please refer to the announcement dated 31 December 2020 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2020, 2021 and 2022 are RMB6,200,000, RMB7,100,000 and RMB7,200,000, respectively.</p> <p>The annual caps of transactions for the years ended 31 December 2018, 2019 and 2020 were RMB16,400,000, RMB16,800,000 and RMB17,100,000, respectively.</p> <p>The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 are RMB28,360,000, RMB3,290,000 and RMB3,400,000.</p>

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(i) On 11 December 2015, the Company and Yueyun Investment Management entered into the entrusted management agreement (the "Entrusted Management Agreement"), pursuant to which Yueyun Investment Management entrusted its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun Investment Development Company Limited and 100% equity interest in Yangjiang Transportation and the business operations of these companies to the Company for a term of three years commencing on 1 January 2016 and ending on 31 December 2018.</p> <p>Please refer to the announcement dated 11 December 2015 of the Company for details.</p> <p>On 11 August 2017, the Company and Yueyun Investment Management entered into a supplemental agreement to the Entrusted Management Agreement, pursuant to which Yueyun Investment Management should terminate the entrusted management of the 100% equity interest in Yangjiang Transportation and amend the annual caps of the entrusted management fees under the Entrusted Management Agreement for the years ended 31 December 2017 and 2018.</p> <p>Please refer to the announcement dated 11 August 2017 of the Company for details.</p> <p>On 29 May 2018, the Company and Yueyun Investment Management entered into a supplemental agreement to the Entrusted Management Agreement, pursuant to which Yueyun Investment Management shall terminate the entrusted management of the 100% equity interest in Meizhou Yueyun, and revise the annual cap of entrusted management fees for the year ended 31 December 2018.</p> <p>Please refer to the announcement dated 29 May 2018 of the Company for details.</p> <p>On 31 August 2018, the Company and Yueyun Investment Management entered into the entrusted management agreement, pursuant to which Yueyun Investment Management shall entrust its 100% equity interest in Chaozhou Yueyun and the business operations thereof to the Company for a term commencing on 1 September 2018 and ending on 31 December 2020.</p> <p>Please refer to the announcement dated 31 August 2018 of the Company for details.</p> <p>On 20 November 2019, the Company, Yueyun Investment Management and Chaozhou Yueyun entered into a termination agreement to terminate the Chaozhou Yueyun Entrusted Management Agreement with effect from the date of completing the business registration process for the transfer of 100% equity interest in Chaozhou Yueyun, and both parties ceased to have any rights and obligations under the Chaozhou Yueyun Entrusted Management Agreement.</p> <p>Please refer to the announcement dated 22 November 2019 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2016, 2017 and 2018 were RMB7,662,000.</p> <p>The annual caps of transactions for the years ended 31 December 2017 and 2018 were revised to RMB7,487,204 and RMB7,212,700, respectively.</p> <p>The annual cap of entrusted management fees for the year ended 31 December 2018 was revised from RMB7,212,700 to RMB4,425,478.08.</p> <p>The annual caps of transactions for the years ended 31 December 2018, 2019 and 2020 were RMB835,616.44, RMB2,500,000 and RMB2,500,000, respectively.</p>

DIRECTORS' REPORT

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(m) On 27 December 2017, Guangdong Top-E (as supplier), a subsidiary of the Company, and Yueyun Investment Management (as purchaser) entered into a refined oil supply framework agreement, pursuant to which Guangdong Top-E shall supply vehicle diesel meeting national standards to the self-use skid mounted gas stations of Yueyun Investment Management and its subsidiaries and provide refined oil fixed-point refueling services to the self-use or operating vehicles of Yueyun Investment Management and its subsidiaries for a term commencing on 1 January 2018 and ending on 31 December 2020.</p> <p>Please refer to the announcement dated 27 December 2017 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2018, 2019 and 2020 are RMB25,200,000, RMB37,200,000 and RMB48,000,000, respectively.</p>
<p>(n) On 31 August 2018, the Company entered into an entrusted management agreement with GCGC, pursuant to which, GCGC shall entrust its 100% equity interest in Kee Kwan Motor Road and the business operations to the Company for a term commencing on 1 September 2018 and ending on 31 December 2020.</p> <p>Please refer to the announcement dated 31 August 2018 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2018, 2019 and 2020 were RMB66,849.32, RMB200,000 and RMB200,000, respectively.</p>
<p>On 31 August 2018, the Company entered into an entrusted management agreement with GCGC, pursuant to which, GCGC shall entrust its 100% equity interest in Guangdong Province Gongbei Vehicles Transportation Company Limited (a subsidiary of GCGC) and the business operations to the Company for a term commencing on 1 September 2018 and ending on 31 December 2020.</p> <p>Please refer to the announcement dated 31 August 2018 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2018, 2019 and 2020 were RMB66,849.32, RMB200,000 and RMB200,000, respectively.</p>
<p>On 20 November 2019, the Company, GCGC and Kee Kwan Motor Road entered into a termination agreement to terminate the Kee Kwan Motor Road Entrusted Management Agreement with effect from the date of completing the business registration process for the transfer of 100% equity interest in Zhuhai Gongyun, and both parties ceased to have any rights and obligations under the Kee Kwan Motor Road Entrusted Management Agreement. The Company, GCGC and Gongbei Transportation entered into a termination agreement to terminate the Gongbei Transportation Entrusted Management Agreement with effect from date of completing the business registration process for the transfer of 100% equity interest in Zhuhai Gongyun, and both parties ceased to have any rights and obligations under the Gongbei Transportation Entrusted Management Agreement.</p> <p>Please refer to the announcement dated 22 November 2019 of the Company for details.</p>	

Continuing Connected Transactions	Annual Caps of Transaction Amount
(o) On 1 July 2019, Zhuhai Gongyun and Kee Kwan Motor Road entered into a vehicle chartering operation agreement, pursuant to which, Zhuhai Gongyun agreed to lease 27 coaches registered in Guangdong Province and Macau from Kee Kwan Motor Road for the operation of passenger services at a number of locations in Guangdong Province and Macau for a term commencing on 1 July 2019 and ending on 30 June 2020.	The annual caps of transactions for the years ending 31 December 2019 and 2020 are RMB1,352,000 and RMB4,056,000, respectively.
On 1 July 2019, Zhuhai Gongyun and Kee Kwan Motor Road entered into a property leasing agreement, pursuant to which, Zhuhai Gongyun agreed to lease the commercial property (with a total GFA of 807.97 sq.m.) located at the Kee Kwan Control Point Terminus from Kee Kwan Motor Road for a term commencing on 1 July 2019 and ending on 30 June 2020.	The annual caps of transactions for the years ending 31 December 2019 and 2020 are RMB147,400 and RMB442,200, respectively.
On 1 July 2019, Zhuhai Gongyun and Kee Kwan Zhuhai entered into a property leasing agreement, pursuant to which, Zhuhai Gongyun agreed to lease the carpark premises (with a total GFA of 764 sq.m.) located at the Kee Kwan Control Point Terminus from Kee Kwan Zhuhai for a term commencing on 1 July 2019 and ending on 30 June 2020.	The annual caps of transactions for the years ending 31 December 2019 and 2020 are RMB339,000 and RMB1,017,000, respectively.
On 1 July 2019, Zhuhai Gongyun and Gongbei Transportation entered into a property leasing agreement, pursuant to which, Zhuhai Gongyun agreed to lease the commercial property (with a total GFA of 1,520 sq.m.), the office premises (with a total GFA of 1,001 sq.m.) and the carpark premises (with a total GFA of 3,500 sq.m.) located at the Gongbei Terminus from Gongbei Transportation for a term commencing on 1 July 2019 and ending on 30 June 2020.	The annual caps of transactions for the years ending 31 December 2019 and 2020 are RMB619,200 and RMB1,857,600, respectively.
Please refer to the announcement dated 22 November 2019 of the Company for details.	
(p) On 2 July 2020, GVT Passenger Transportation Branch (as owner) and Guangdong Transportation Testing (as renter) entered into the Vehicle Rental Agreement, pursuant to which GVT Passenger Transportation Branch shall rent certain types of vehicles to Guangdong Transportation Testing for ETC testing during the term of the Vehicle Rental Agreement for a term from the date of the Vehicle Rental Agreement to 31 December 2020.	The cap of transactions for the year ended 31 December 2020 is RMB38,620,000.
Please refer to the announcement dated 2 July 2020 of the Company for details.	

DIRECTORS' REPORT

2. The Company's independent non-executive Directors, Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying, and Mr. Zhan Xiaotong have reviewed the above continuing connected transactions as set out in items (a) to (o) and confirmed that such transactions:

- (1) have been entered in the ordinary and usual course of business of the Company;
- (2) are conducted on normal commercial terms or on terms no less favourable to the Company than terms provided to or available from (as appropriate) independent third parties;
- (3) are conducted in accordance with the relevant agreements and the relevant terms are fair and reasonable and in the interest of the shareholders as a whole; and
- (4) are subject to internal control procedures established by the Company which are sufficient and effective.

3. The following table sets out the relevant annual caps and the actual transaction amounts of continuing connected transactions of the Company for the year ended 31 December 2020.

	For the year ended 31 December 2020	
Transactions	Annual Cap (RMB' 000)	Actual Amount for the year (RMB' 000)
<i>Non-exempt continuing connected transactions approved by independent shareholders</i>		
Grant of a first right to operate the expressway service zones and advertising businesses on the expressways controlled by members of GCGC by GCGC to the Company under the First Right of Operation Agreement and the subsisting agreements	265,930	173,326
Provision of material logistics services to members of GCGC by the Group under the Material Logistics Service Master Agreement and the subsisting agreements	97,000	94,574

		For the year ended 31 December 2020	
Transactions		Annual Cap (RMB' 000)	Actual Amount for the year (RMB' 000)
Balance of deposits placed by the Group with GCG Finance	Pursuant to the Financial Services Agreement, the maximum daily outstanding balance of deposits placed by the Group with GCG Finance (including any interest accrued therefrom) must not exceed RMB1 billion. For the year ended 31 December 2020, the maximum daily amount of deposits placed by the Group with GCG Finance did not exceed the above limit. As at 31 December 2020, the balance of deposits placed by the Group with GCG Finance was RMB543,623,000.		
<i>Discloseable continuing connected transactions exempt from independent shareholders' approval</i>			
Provision of asphalt transportation services by Weisheng Logistics to South China Logistics Enterprise and its subsidiaries under the Asphalt Transportation Service Framework Agreement		9,600	–
Engagement of Humen Bridge Company by the Company in providing certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange under the Entrusted Operation Management Contract		4,800	4,800
Outsourcing of the operation of GD-HK Transportation Branch to Weisheng by GD-HK Company under the GD-HK Transportation Branch Outsourcing Agreement		HK\$18,000,000 (equivalent to approximately RMB15,637,000)	8,400
Outsourcing of the operation of Weisheng Bus to GD-HK Company by Weisheng under the Weisheng Bus Outsourcing Agreement		HK\$9,400,000 (equivalent to approximately RMB8,166,000)	4,538

DIRECTORS' REPORT

For the year ended 31 December 2020		
Transactions	Annual Cap (RMB' 000)	Actual Amount for the year (RMB' 000)
Provision of repair and renovation services for the Taiping Interchange by members of GCGC to the Group under the Taiping Interchange Repair Service Master Agreement	34,600	1,876
Provision of rescue services to members of GCGC by the Group under the Rescue Services Entrustment Master Agreement	86,958	61,863
Provision of information system services to the Group by members of GCGC under the Information Systems Services Master Agreement	6,200	1,155
Leasing of office from Guangdong Litong Properties Investment Company Limited, vehicles and commercial properties from Kee Kwan Motor Road, carpark premises from Kee Kwan Motor Road Company Limited, Zhuhai Branch and commercial properties from Gongbei Coach Transportation, respectively by the Group	24,473	10,260
Supply of refined oil and provision of refined oil fixed-point refueling services to Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management") and its subsidiaries by the Group	48,000	–
Leasing of vehicles by the Group to Guangdong Jiaoke Testing Company Limited for ETC testing	38,620	33,962

4. The Company has followed the pricing policies and guidelines as disclosed in the relevant announcements and circulars when determining the prices and terms of the continuing connected transactions conducted during the year ended 31 December 2020.
5. The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In respect of the continuing connected transactions, the Company's auditor confirmed that:

- (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps disclosed in the previous announcements made by the Company in respect of each of the disclosed continuing connected transactions.

CONNECTED TRANSACTIONS

For the year ended 31 December 2020, the Group did not carry out any one-off connected transactions which are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Company which occurred during the ordinary course of business of the Company are contained in the Note VI to consolidated financial statements, and whether such transactions fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules are specifically explained therein. Details of such related party transactions constituting "continuing connected transactions" or "connected transactions" under the Listing Rules have been set out in the sections headed "Continuing Connected Transactions" and "Connected Transactions" above, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2020, the Group had 23,391 employees (31 December 2019: 24,703) and the staff costs (including remuneration of Directors) of the Group was RMB1,927,000,000 (2019: RMB2,073,000,000) for the year ended 31 December 2020.

The remuneration of the employees of the Group (including the executive Directors) comprises of basic salary, allowance and performance bonus. The basic salary is determined according to the position, work experience, academic background and capacities of the employees. The performance bonus is determined according to the performance assessment results and contribution of the employees. The remuneration of the independent non-executive Directors is determined with reference to the remuneration standards in the capital market for independent non-executive directors of companies with similar business scope and scale. The non-executive Directors have agreed not to receive any remuneration as non-executive Directors.

EMPLOYEE TRAINING

The Group has always attached great importance to the training and development of human resources, and strived to provide various trainings to management staff and employees. We have faithfully implemented budgeted standard for training and development expenses and its implementation plan of the Group. During the year, the Company carried out a total of 148 online job training programs with 38,127 person-time participated in and 702,575 class hours in total. During the year, the Company carried out a total of 734 offline training programs with 47,652 person-time participated in and 72,442 class hours in total. Among which, 145 were management skills training programs, representing 20% of the total number of training programs; 203 were general skills training programs, representing 28% of the total number of training programs; 323 were professional skills training programs, representing 44% of the total number of training programs; and 63 were other skills training programs, representing 9% of the total number of training programs. In the self-evaluation of internal and external training results, the overall satisfaction rate of the trainees was more than 93% or reached the satisfaction level.

In respect of legal training, in 2020, in view of the needs of its own business operation and management, the legal department of the Company carried out special training activities in the headquarters of the Company in respect of the core contents of the Civil Code of the People's Republic of China recently promulgated by the state, and guided its subordinated units to engage perennial legal consultants to organize study activities in relation to the Civil Code of the People's Republic of China. On top of encouraging management staff at all levels to have a good command of the latest laws and regulations, we further enhanced the awareness of management staff at all levels to carry out business operation and corporate management in accordance with laws, and improved the capabilities of management staff at all levels to apply legal knowledge to prevent and control risks, with an aim to lay a solid foundation for the normal operation and healthy and sustainable development of the Company.

In 2020, the Company continued to strengthen the professional training of financial staff of the Group and improved the business quality of financial management staff at all levels. The training method was a combination of internal training and external training. The training contents include training of financial sharing cost control system, the continued education of financial staff, newly revised and implemented accounting standards, new taxation policies, comprehensive budget management and financial analysis.

EMPLOYEE PENSION SCHEME

Details of the Company's employee pension scheme are set out in Note V 32 to the financial statements prepared in accordance with the ASBE.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2020, the Company did not redeem any of its shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company during the year ended 31 December 2020.

CORPORATE BONDS

Details of the bonds issued and payable by the Company are set out in Note V 30 to the financial statements prepared in accordance with the ASBE.

DONATIONS

Donations of RMB140,000 was made by the Group during the year ended 31 December 2020.

AUDITOR

On 17 June 2020, as approved at the annual general meeting, the Company appointed KPMG Huazhen LLP as the auditor of the Company for a term of office until the close of the next annual general meeting of the Company. KPMG Huazhen LLP has audited the Group's financial statements which were prepared in accordance with the ASBE. The Company is currently actively identifying an auditor and will propose a resolution at the annual general meeting to be held on 11 June 2021 to appoint a corporate auditor. Meanwhile, the Company will also do a good job in the information disclosure of appointment of a corporate auditor in accordance with the relevant requirements of the Listing Rules.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note V 35 to financial statements prepared in accordance with the ASBE.

PRE-EMPTIVE RIGHTS

The Articles of Association and the laws of the PRC contain no provision for any pre-emptive rights, requiring the Company to offer new shares to Shareholders on a pro-rata basis to their shareholdings.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

To the best knowledge of the Directors, as at 31 December 2020, Shareholders who had interests or short positions in the shares and underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Class of shares	Number of shares/ underlying shares held (Note 1)	Capacity	Approximate percentage in relevant class of share capital (%)	Approximate percentage in total share capital (%)
GCGC	Domestic shares	592,847,800	Beneficial owner	100	74.12
China Petrochemical Corporation	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
China Petroleum & Chemical Corporation	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
Sinopec Sales Company Limited	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
Sinopec (Hong Kong) Limited	H shares	33,570,000	Beneficial owner	16.22	4.20
Pope Asset Management, LLC	H shares	23,735,747	Investment manager	11.47	2.97
Shah Capital Management	H shares	18,025,000	Investment manager	8.71	2.25

Notes

- (1) The number of H shares are based on records filed by the shareholders and enquiries made by the Company with the shareholders, taking into account the issue of bonus shares by the Company in 2015.
- (2) Sinopec (Hong Kong) Limited is a wholly-owned subsidiary of Sinopec Sales Company Limited and China Petroleum & Chemical Corporation holds as to 70.42% of Sinopec Sales Company Limited while China Petrochemical Corporation holds as to 68.31% of China Petroleum & Chemical Corporation. Accordingly, China Petrochemical Corporation, China Petroleum & Chemical Corporation and Sinopec Sales Company Limited are deemed to be interested in 33,570,000 H shares of the Company held by Sinopec (Hong Kong) Limited respectively.

Save as disclosed above, as at 31 December 2020, the Company was not aware of any other interests or short positions in the shares or underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUBSTANTIAL SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE IN THE COMPANY

The shareholding structure of the Company as at 31 December 2020 is as follows:

Shareholder	Class of Shares	Number of Shares (Shares)	Percentage of Shareholding (%)
GCGC	Domestic shares	592,847,800	74.12
Public shareholders	H shares	207,000,000	25.88
Total		799,847,800	100

GCGC is a controlling shareholder of the Company. Its legal representative is Deng Xiao Hua and its registered capital as at 31 December 2020 was RMB26,800,000,000. It is principally engaged in the investment, construction and management of expressways in Guangdong Province, as well as logistics and transportation business.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, as required by the Listing Rules, the percentage of public float exceeds 25% of the shares in issue of the Company as at the date of this report.

MATERIAL LITIGATION OR ARBITRATION

As of the date of this report, the Board was aware of the following material litigation involving the Company:

The Company has brought legal proceedings before the Guangzhou Intermediate People's Court against Tangshan Shuihou Steel Rolling Mill No.1 (唐山市稅後軋鋼一廠), Tangshan Xingye Industrial & Trading Group Co., Ltd. (唐山興業工貿集團有限公司) and Tangshan Kaiping District Xingye Steel Rolling Mill (唐山市開平區興業軋製廠) to recover the sum paid in advance by the Company to purchase steel products in the amount of RMB472,397,000 together with compensation for breach of contract. The Company has applied to the court for a charging order against the defendants' assets. The Guangzhou Intermediate People's Court gave its judgment on 7 June 2011, pursuant to which the defendants had to repay the prepayments of the Company with a penalty. On 12 July 2011, the Guangzhou Intermediate People's Court issued a certificate of judgment 《(裁判文書生效證明)》 to confirm that the relevant ruling became effective on 30 June 2011. The Company has applied to the court for filing and executing the certificate which is currently being executed by the court. The obligor, Tangshan Xingye Industrial & Trading Group Co., Ltd. has filed for bankruptcy petition to Tangshan Kaiping District People's Court due to insolvency, and the court has decided to accept the bankruptcy petition filed by it on 28 February 2014. In March 2015, receiver of Tangshan Xingye Industry & Trade Group Co., Ltd informed the Company that Tangshan Kaiping District People's Court has accepted the merger and bankruptcy case of seven related enterprises including Tangshan Shuihou Steel Rolling Mill No.1, Tangshan Xingye Industrial & Trading Group Co., Ltd. and Tangshan Kaiping District Xingye Steel Rolling Mill. Guangzhou Intermediate People's Court has ruled that the above case filed by it was closed as the parties subject to enforcement were bankrupt enterprises under merger and bankruptcy case in the course of execution of the above case. In 2019, the Company was awarded a total amount of RMB5,301,120.45 in the bankruptcy case. Currently, the merger and bankruptcy case is ongoing. The Company has made full provision for the impairment regarding the above mentioned defaulted prepayment and will continue to strengthen its effort to recover the defaulted prepayment. Currently, the possibility of collecting the related prepayment remains uncertain.

DIRECTORS' REPORT

Qingyuan Yueyun Vehicles Transportation Co., Ltd. (清遠市粵運汽車有限公司) ("Qingyuan Yueyun"), a subsidiary of the Company, initiated a law suit against Qingyuan Sun Hung Kai Property Development Co., Ltd.* (清遠市新鴻基房地產開發有限公司) ("SHK") in the People's Court of Qingcheng District in Qingyuan City ("District Court") to recover an overdue amount of RMB35,681,100 plus interest owed by the aforesaid defendant to Qingyuan Yueyun which provided the sum as advances. The District Court made a ruling on 11 December 2019 and determined that the case was not within the civil jurisdiction of the court and rejected the case initiated by Qingyuan Yueyun. On 26 December 2019, Qingyuan Yueyun made an appeal to the People's Intermediate Court of Qingyuan City ("Intermediate Court of Qingyuan"), a ruling was made by the Intermediate Court of Qingyuan on 26 February 2020 that the District Court should conduct a trial on the case, the applicable law used by the District Court in the first instance ruling was inappropriate, and the first instance ruling of the District Court was overruled. On 9 June 2020, the District Court reheard the case and made a ruling on 21 September 2020 and determined that the evidence was insufficient and rejected the case initiated by Qingyuan Yueyun. On 30 September 2020, Qingyuan Yueyun made an appeal to the Intermediate Court of Qingyuan. At present, the case is in the process of trial at the Intermediate Court of Qingyuan.

On behalf of the Board

Xuan Zongmin

Chairman of the Board

Guangzhou, the PRC

19 March 2021

SUPERVISORS' REPORT

Dear Shareholders:

In 2020, based on the principle of safeguarding the interest of all Shareholders, the Supervisory Committee lawfully performed its supervisory functions in accordance with the relevant requirements under the Company Law, the Articles of Association and the Hong Kong Stock Exchange. The Supervisory Committee monitored the Company's production and operation activities, financial position and the performance by the Directors and senior management members of their duties, providing strong support for the Company's standardized operations. We hereby present the tasks carried out by the Supervisory Committee of the Company for the year:

I. CONVENING SUPERVISORY COMMITTEE MEETINGS

In 2020, the Supervisory Committee of the Company had convened one meeting of the Supervisory Committee: the second meeting of the seventh session of the Supervisory Committee. The meeting was convened and held in compliance with the Company Law and the Articles of Association. The resolutions of the meeting were legal and valid.

Upon due consideration at the meeting, the following three resolutions were approved unanimously:

1. considered and approved Annual Work Report of the Supervisory Committee for 2019;
2. considered and approved Work Plan of the Supervisory Committee for 2020;
3. considered and approved Supervision and Inspection Report of the Company for 2019;

The following reports and proposals of the Company are agreed unanimously upon appraisal:

1. Annual Report 2019 (H shares);
2. Annual Report 2019 for Corporate Bonds;
3. Final Accounts Report 2019;
4. Proposal on Appropriation of Profits 2019;

SUPERVISORS' REPORT

5. Proposal on Application for Integrated Bank Facilities;
6. Status on Completion of Investment 2019 and Investment Plan 2020;
7. Remuneration and Reward Plan 2019;
8. Internal Audit Plan 2020;
9. Internal Control Appraisal Report 2019;
10. Proposal on Amendments to the Articles of Association;
11. Proposal on Amendments to the Rules of Procedure for the General Meeting;
12. Proposal on Convening 2019 Annual General Meeting;
13. 2019 Meeting Minutes of the Audit and Corporate Governance Committee of the Board;
14. 2019 Meeting Minutes of the Remuneration Committee of the Board;
15. Proposal for Authorizing the Board of Directors to Determine the Remuneration of Directors and Supervisors of the Company at the 2019 Annual General Meeting;
16. Authorizing any Executive Director and/or the Company Secretary of the Company to Make Arrangements for, and Cope with, at his/her Discretion, the Formalities or Other Matters Relating to the Above-mentioned Board Resolutions in Accordance with Applicable Laws and Regulations.

II. MAJOR TASKS PERFORMED BY THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD

In 2020, members of the Supervisory Committee of the Company attended various meetings relating to major business operations and decision making of the Company, such as meetings of the party committee, the Board and general manager office, they have also reviewed and monitored the voting procedures for major decisions and resolutions, and examined the lawful operation of the Company. Regarding the Company's major investments, significant capital flows, financial position and other significant events which require shareholder notification, the Supervisory Committee conducted investigation and survey activities and two specific reviews during the reporting period, involving the Company and its subsidiaries.

III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELATED MATTERS OF THE COMPANY

(I) THE OPERATION OF THE COMPANY ACCORDING TO THE LAWS

In 2020, the procedures for convening board meetings and the process for passing resolutions complied with laws and regulations. The Board was able to strictly execute each of the resolutions and authorizations given at the general meetings. Directors and the management of the Company were able to perform their duties in accordance with the resolutions of the general meetings. The Supervisory Committee was not aware of any violation of the laws, regulations and the Articles of Association or other matters which will damage the interest of the Company and the Shareholders in the course of performing corporate duties by Directors and senior management of the Company.

(II) CONNECTED TRANSACTIONS

The Company was able to enter into connected transactions at market prices based on the principles of being open, fair and just, with no adverse effects on the interests of minority Shareholders holding small to medium sized shareholdings in the Company or the interests of the Company.

(III) FINANCIAL AUDIT OF THE COMPANY

KPMG Huazhen has audited the financial report of the Company for the year of 2020, and has issued a standard unqualified audit report. As confirmed by the Supervisory Committee, KPMG's audit report fairly reflects the financial position and operating results of the Company and is truthful and objective.

Hu Xianhua

Chairman of the Supervisory Committee

Guangzhou, the PRC

19 March 2021

AUDITOR'S REPORT

畢馬威華振審字第2101042號

The Shareholders of Guangdong Yueyun Transportation Company Limited:

I. OPINION

We have audited the accompanying financial statements of Guangdong Yueyun Transportation Company Limited (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2020, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of the Company as at 31 December 2020, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. BASIS FOR OPINION

We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants ("CSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of accounts receivable

Please refer to note II (10) significant accounting policies and accounting estimates, notes V 3 to the financial statements, and note VIII 1 risk analysis and sensitivity analysis to financial instruments in other significant matters.

The Key Audit Matter

At 31 December 2020, the Company and its subsidiaries' (the "Group") gross accounts receivable totalled RMB456.92 million, with loss allowance for accounts receivable of RMB59.79 million.

The Group's trade receivables mainly arose from road transportation and other service, service zone operation and construction materials supply.

The management measured loss allowance at an amount equal to lifetime expected credit loss, based on ageing of the receivables and loss rate. The expected loss rate takes account of the ageing of accounts receivable, the recovery history of customers with different credit risk characteristics, current market conditions and forward-looking information.

According to the past experience of the Group, the loss patterns for different customers are significantly different. Therefore, when calculating the loss allowance based on ageing information, the receivables are segmented into road transportation and other service, service zone operation and construction materials supply.

We identified loss allowance for accounts receivable as a key audit matter because accounts receivable and loss allowance are material to the Group and because the recognition of expected credit losses is inherently subjective and requires the exercise of significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess the loss allowance for accounts receivable included the following:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, segmentation of accounts receivable, estimate of expected credit losses and making related allowances;
- Obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the management, including the basis of the segmentation of the accounts receivable based on credit risk characteristics, and the assumptions involved in management's estimated loss rate;
- Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
- Assessing whether items were correctly categorised in the accounts receivable ageing report by comparing a sample of individual items with the underlying contracts, goods delivery notes, sales invoices and other relevant underlying documentation.

AUDITOR'S REPORT

畢馬威華振審字第2101042號

III. KEY AUDIT MATTERS (CONTINUED)

Recognition of government subsidies

Refer to note II 23 significant accounting policies and accounting estimates and notes V 34, 44, 49 and 55 to the financial statements.

The Key Audit Matter

The Group obtains various subsidies from government authorities in connection with its passenger transportation business. These subsidies principally comprise vehicles related subsidies, fuel subsidies and subsidies for public bus operations. Specific conditions are generally attached to the subsidies which are subject to formal application and approval procedures.

Management evaluates, on a periodic basis, whether the Group has complied with the relevant conditions attached to each subsidy and whether reasonable assurance has been obtained that the subsidies will be received, in order to determine the timing and amounts of subsidies to be recognised.

Management further assesses the terms and designated usage of each subsidy and classifies them either as asset related subsidies or subsidies to compensate for expenses incurred. Asset related subsidies are recognised as deferred income and are amortised over the useful lives of the related assets on a reasonable and systematic manner as other income. Subsidies to compensate for expenses or losses already incurred are offset against related expenses directly, or included in other income or non-operating income when the subsidies are received or when reasonable assurance has been obtained that the subsidies will be received.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of government subsidies included the following:

- inspecting, on a sample basis, documentation relating to the subsidies given by various government authorities and identifying the specific conditions attached to the respective subsidies and respective application and approval procedures;
- obtaining an understanding of the basis of management's judgement about whether the conditions attached to the subsidies have been met and whether reasonable assurance has been obtained that the subsidies will be received and evaluating, on a sample basis, management's judgement by examining the terms of the underlying documentation and by examining the information used by management to form such judgements, which included analyses of relevant operation data, application and approval documents and other correspondence with the government authorities;
- assessing, on a sample basis, the classification of subsidies with reference to the terms of the underlying documentation;
- in respect of asset related subsidies, recalculating, on a sample basis, the amortisation charge for the current year and comparing our calculations with the amounts recorded by the Group;

III. KEY AUDIT MATTERS *(CONTINUED)***Recognition of government subsidies** *(Continued)*

Refer to note II 23 significant accounting policies and accounting estimates and notes V 34, 44, 49 and 55 to the financial statements.

The Key Audit Matter

We identified the recognition of government subsidies as a key audit matter because the amount of subsidies is material to the consolidated financial statements and the exercise of significant management judgement is required in assessing whether the conditions attached to the subsidies have been met and whether there is reasonable assurance that the subsidies will be received.

How the matter was addressed in our audit

- in respect of subsidies to compensate for expenses or losses incurred recorded during the current year, comparing, on a sample basis, costs actually incurred with the descriptions of expenses for which the subsidies are to compensate in the relevant documents and correspondence from the government authorities to assess whether the criteria for offsetting against related expenses, or including in other income or non-operating income have been met; and
- inspecting bank-in slips, on a sample basis, for the subsidies which were received during the current year.

AUDITOR'S REPORT

畢馬威華振審字第2101042號

III. KEY AUDIT MATTERS (CONTINUED)

Impairment of vehicle asset groups

Refer to note II 19 significant accounting policies and accounting estimates and notes V 12, 13, 14, 15, 16 and 59 to the financial statements.

The Key Audit Matter

As of 31 December 2020, the non current assets related to vehicles operation of the Group mainly include fixed assets, construction in progress, intangible assets, long-term deferred expenses, right of use assets and goodwill allocated ("vehicle asset groups").

Due to the impact of COVID-19, the indication of impairment of vehicle asset groups exists, the recoverable amount of the asset is estimated. The management conducts impairment testing on the vehicle asset groups with indication of impairment, and estimates the recoverable amount of the vehicle asset groups.

When carrying out the impairment testing on the vehicle asset groups with goodwill allocated to it, the Group first carries out the impairment test on the vehicle asset groups without goodwill, calculates the recoverable amount, and compares it with the relevant carrying amount to confirm the corresponding impairment loss. Then the impairment testing is carried out on the asset groups containing goodwill, and the carrying amount (including the book value of the allocated goodwill) of the relevant asset groups is compared with its recoverable amount. If the recoverable amount of the relevant asset group is lower than its carrying amount, the impairment loss of goodwill is recognised.

How the matter was addressed in our audit

Our audit procedures to assess the impairment of vehicle asset groups included the following:

- Obtaining an understand of the key internal control over financial reporting related to management's impairment test of vehicle asset groups, and evaluate its design and operating effectiveness;
- Evaluating the appropriateness of the methodologies adopted by the management to identify the indication of the impairment of assets and the method to perform impairment testing based on the requirements of Accounting Standards for Business Enterprises;
- For vehicle asset groups containing goodwill, evaluate the management's identification of relevant asset groups and the method of allocating goodwill to asset groups, and evaluate whether the method adopted by the management in goodwill impairment testing meets the requirements of Accounting Standards for Business Enterprises;
- Evaluating the appropriateness of the key assumptions such as the revenue growth rate and operating profit rate used by the management in the cash flow forecast based on our understanding of the business and industry in which the Group operate and considering the historical operation records and scale of the vehicle asset groups;

III. KEY AUDIT MATTERS (CONTINUED)

Impairment of vehicle asset groups (Continued)

Refer to note II 19 significant accounting policies and accounting estimates and notes V12, 13, 14, 15, 16 and 59 to the financial statements.

The Key Audit Matter

The recoverable amount of an asset group is the higher of its fair value less costs to sell and its present value of expected future cash flows.

The net amount of the fair value of the asset groups less the disposal expenses shall be determined according to the market price of the asset group less the disposal expenses.

The present value of expected future cash flows of an asset group is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

As the carrying amount of the vehicle asset groups are material to the financial statements, and the management's evaluation of the recoverable amount of the vehicle asset groups involves the management's significant judgment and estimation, especially for the judgment and estimation of the expected future cash flow and the discount rate used, we identified the impairment of the vehicle asset group as the key audit matter.

How the matter was addressed in our audit

- Use the work of KPMG valuation experts to evaluate the appropriateness of the discount rate used in the present value of estimated cash flow forecast;
- Compare the key assumptions such as revenue growth rate and operating profit rate used in calculating the present value of cash flow forecast in the previous year's goodwill impairment testing with the actual situation of the current year to evaluate whether there is any sign of management bias;
- Perform sensitivity analysis of the key assumptions such as revenue growth rate, operating profit rate and discount rate used in the present value of the cash flow forecast of the asset groups. Evaluate the impact of changes in the key assumptions on the impairment evaluation results and consider whether the selection of the key assumptions consist management bias;
- Check the relevant basis for the management to calculate the fair value of the vehicle asset groups and the relevant disposal expenses, including the Group's evaluation report on the disposal of vehicles in the historical period and other supporting documents;
- Review the accuracy of the management's calculation of the impairment testing of the vehicle asset group; and evaluate whether the management's disclosure of the impairment of the vehicle asset groups and goodwill in the financial statements is in accordance with the Accounting Standards for Business Enterprises.

AUDITOR'S REPORT

畢馬威華振審字第2101042號

IV. OTHER INFORMATION

The Company's management is responsible for the other information. The other information comprises all the information included in 2020 annual report of the Company, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Accounting Standards for Business Enterprises, and for the design, implementation and maintenance of such internal control necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S REPORT

畢馬威華振審字第2101042號

VI. AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(CONTINUED)*

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP

Beijing, China

**Certified Public Accountants
Registered in the People's Republic of China**

Xu Min (Engagement Partner)

Liang Xinghua

19 March 2021

CONSOLIDATED BALANCE SHEET

as at 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	31 December 2020	31 December 2019
Assets			
Current Assets			
Cash at bank and on hand	1	1,257,189,988.22	1,180,551,897.43
Bills receivable	2	300,000.00	678,800.00
Accounts receivable	3	397,134,363.09	382,747,473.53
Prepayments	4	202,559,081.83	268,916,914.67
Other receivables	5	529,245,803.49	519,210,319.87
Inventories	6	116,442,130.05	95,699,288.59
Non-current assets due within one year	8	609,548.93	1,269,554.64
Other current assets	7	51,823,992.50	63,472,662.40
Total current assets		2,555,304,908.11	2,512,546,911.13
Non-current assets			
Long-term receivables	8	–	571,376.73
Long-term equity investments	9	359,966,325.61	428,963,608.71
Investments in other equity instruments	10	4,224,048.22	4,224,048.22
Investment properties	11	89,597,709.57	111,939,500.41
Fixed assets	12	3,870,626,229.91	3,888,448,732.01
Construction in progress	13	111,025,507.16	407,199,387.20
Right-of-use assets	59	2,191,785,806.40	1,917,778,638.89
Intangible assets	14	1,034,544,593.61	1,091,154,911.08
Goodwill	15	98,674,211.85	110,976,227.51
Long-term deferred expenses	16	254,021,960.25	150,002,433.13
Deferred tax assets	17	269,416,097.10	242,568,659.60
Other non-current assets	18	213,542,862.16	228,631,046.84
Total non-current assets		8,497,425,351.84	8,582,458,570.33
Total assets		11,052,730,259.95	11,095,005,481.46

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	31 December 2020	31 December 2019
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	20	593,611,398.50	221,074,050.00
Bills payable	21	–	55,300,000.00
Accounts payable	22	678,605,751.61	812,491,280.36
Advances from customers	23	104,125,802.87	119,032,210.06
Contract liabilities	24	54,113,548.27	34,690,337.75
Employee benefits payable	25	217,651,415.55	193,727,085.96
Taxes payable	26	102,910,404.33	108,239,478.93
Other payables	27	810,086,298.05	817,774,971.08
Non-current liabilities due within one year	28	532,304,104.16	995,756,539.66
Total current liabilities		3,093,408,723.34	3,358,085,953.80
Non-current liabilities			
Long-term loans	29	1,316,819,266.63	976,588,520.21
Bonds payable	30	392,533,626.17	398,161,553.41
Lease liabilities	59	2,141,386,286.24	1,848,330,046.38
Long-term payables	31	79,084,738.67	210,148,675.76
Long-term employee benefits payable	32	193,457,414.52	188,698,759.30
Provisions	33	–	125,594.00
Deferred income	34	610,531,662.58	558,188,105.99
Deferred tax liabilities	17	75,395,451.85	69,756,482.71
Total non-current liabilities		4,809,208,446.66	4,249,997,737.76
Total liabilities		7,902,617,170.00	7,608,083,691.56

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	31 December 2020	31 December 2019
Liabilities and shareholders' equity <i>(continued)</i>			
Shareholders' equity			
Share capital	35	799,847,800.00	799,847,800.00
Capital reserve	36	18,800,491.50	18,800,491.50
Other comprehensive income	37	(32,525,484.69)	(17,326,859.28)
Specific reserve	38	19,891,553.86	23,523,945.80
Surplus reserve	39	212,973,127.89	203,389,142.12
Retained earnings	40	1,052,303,964.69	1,291,081,241.71
Total equity attributable to shareholders of the Company		2,071,291,453.25	2,319,315,761.85
Non-controlling interests		1,078,821,636.70	1,167,606,028.05
Total shareholders' equity		3,150,113,089.95	3,486,921,789.90
Total liabilities and shareholders' equity		11,052,730,259.95	11,095,005,481.46

These financial statements were approved by the Board of Directors of the Company on 19 March 2021.

Xuan Zongmin
Legal Representative
(Signature and stamp)

Huang Wenban
The person in charge
of accounting affairs
(Signature and stamp)

Leng Xuelin
The head of the
accounting department
(Signature and stamp)

(Company Stamp)

The notes on pages 120 to 352 form part of these financial statements.

COMPANY BALANCE SHEET

as at 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	31 December 2020	31 December 2019
Assets			
Current Assets			
Cash at bank and on hand	1	660,332,955.71	575,899,312.83
Accounts receivable	3	83,379,091.30	129,738,663.82
Prepayments	4	19,230,588.33	47,313,481.56
Other receivables	5	156,787,333.58	162,744,344.76
Inventories	6	90,723.73	260,508.51
Other current assets	7	54,176.99	9,123,326.08
Total current assets		919,874,869.64	925,079,637.56
Non-current assets			
Long-term receivables	8	49,200,000.00	50,600,000.00
Long-term equity investment	9	1,807,266,281.32	1,815,043,879.96
Investments in other equity instruments	10	1,377,412.45	1,377,412.45
Fixed assets	12	6,761,273.43	7,814,913.76
Construction in progress	13	5,743,524.08	4,564,848.41
Right-of-use assets	59	3,068,425.01	3,541,883.51
Intangible assets	14	69,319,436.68	90,789,482.87
Long-term deferred expenses	16	1,792,010.70	359,160.26
Deferred tax assets	17	138,201,986.99	139,584,776.84
Other non-current assets	18	–	90,000.00
Total non-current assets		2,082,730,350.66	2,113,766,358.06
Total assets		3,002,605,220.30	3,038,845,995.62

The notes on pages 120 to 352 form part of these financial statements.

COMPANY BALANCE SHEET

as at 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	31 December 2020	31 December 2019
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	20	95,000,000.00	95,000,000.00
Bills payable	21	–	55,300,000.00
Accounts payable	22	28,756,480.14	47,091,065.67
Advances from customers contract liabilities	24	29,618,046.02	16,356,988.35
Employee benefits payable	25	18,740,185.07	19,269,251.64
Taxes payable	26	3,816,210.98	6,806,365.51
Other payables	27	467,698,380.42	556,730,024.93
Non-current liabilities due within one year	28	22,991,316.29	343,528,312.33
Total current liabilities		666,620,618.92	1,140,082,008.43
Non-current liability			
Long-term loans	29	488,445,500.00	141,230,000.00
Bonds payable	30	392,533,626.17	398,161,553.41
Lease liabilities	59	1,539,878.32	1,746,694.61
Total non-current liability		882,519,004.49	541,138,248.02
Total liabilities		1,549,139,623.41	1,681,220,256.45
Shareholders' equity			
Share capital	35	799,847,800.00	799,847,800.00
Capital reserve	36	128,513,590.23	128,513,590.23
Specific reserve	38	–	–
Surplus reserve	39	213,520,367.52	203,936,381.75
Retained earnings	40	311,583,839.14	225,327,967.19
Total shareholders' equity		1,453,465,596.89	1,357,625,739.17
Total liabilities and shareholders' equity		3,002,605,220.30	3,038,845,995.62

These financial statements were approved by the Board of Directors of the Company on 19 March 2021.

Xuan Zongmin
Legal Representative
(Signature and stamp)

Huang Wenban
The person in charge
of accounting affairs
(Signature and stamp)

Leng Xuelin
The head of the
accounting department
(Signature and stamp)

(Company Stamp)

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	2020	2019
I. Operating income	41	5,585,541,441.01	6,657,212,873.97
Less: Operating costs	41	5,319,994,546.48	5,603,995,718.05
Taxes and surcharges	42	43,091,069.58	42,498,678.75
Selling and distribution expenses		65,895,827.10	71,771,373.26
General and administrative expenses		694,541,181.77	685,918,453.64
Research and development expenses		53,951.39	–
Financial expenses	43	229,973,839.92	186,943,005.38
Including: Interest expenses		102,158,470.37	90,634,964.61
Interest income		10,643,826.30	19,440,663.32
Add: Other income	44	534,255,744.30	340,580,679.07
Investment income	45	29,316,762.74	58,773,905.84
Including: Income from investments in associates and joint ventures		6,125,654.77	42,131,154.78
Accrual of credit losses	46	(27,978,286.60)	(12,930,983.96)
Impairment losses	47	(24,602,205.15)	(4,598,350.36)
Gains from asset disposals	48	23,765,467.86	40,509,776.19
II. Operating (loss)/profit		(233,251,492.08)	488,420,671.67
Add: Non-operating income	49	21,799,885.12	29,090,919.67
Less: Non-operating expenses	49	27,145,336.37	20,203,169.31
III. (Loss)/profit before income tax		(238,596,943.33)	497,308,422.03
Less: Income tax expenses	50	76,577,365.00	132,224,719.23

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	2020	2019
IV. Net (loss)/profit for the year		(315,174,308.33)	365,083,702.80
(1) Net (loss)/profit classified by continuity of operations			
1. Net (loss)/profit from continuing operations		(315,174,308.33)	365,083,702.80
2. Net profit from discontinued operations		–	–
(2) Net (loss)/profit classified by ownership			
1. Shareholders of the Company		(229,193,291.25)	304,969,979.22
2. Non-controlling interests		(85,981,017.08)	60,113,723.58
V. Other comprehensive income, net of tax	52		
Other comprehensive income (net of tax) attributable to shareholders of the Company		(15,198,625.41)	5,911,116.88
(1) Items that will not be reclassified to profit or loss			
1. Remeasurement of defined benefit plan		202,443.73	881,445.61
2. Changes in fair value of investments in other equity instruments		–	–
(2) Item that may be reclassified subsequently to profit or loss			
Translation differences arising from translation of foreign currency financial statements		(15,401,069.14)	5,029,671.27
Other comprehensive income (net of tax) attributable to non-controlling interests		(6,803,418.57)	3,530,771.10
VI. Total comprehensive income for the year		(337,176,352.31)	374,525,590.78
Attributable to:			
Shareholders of the Company		(244,391,916.66)	310,881,096.10
Non-controlling interests		(92,784,435.65)	63,644,494.68
VII. Earnings per share			
(I) Basic earnings per share	51(1)	(0.29)	0.38
(II) Diluted earnings per share	51(2)	(0.29)	0.38

The notes on pages 120 to 352 form part of these financial statements.

COMPANY INCOME STATEMENT

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	2020	2019
I. Operating income	41	277,503,629.60	617,937,064.49
Less: Operating costs	41	250,344,060.76	492,638,304.14
Taxes and surcharges	42	548,250.85	736,415.72
Selling and distribution expenses		321,960.49	519,701.12
General and administrative expenses		89,554,229.25	92,895,139.18
Financial expenses	43	33,489,953.41	27,468,930.96
Including: Interest expenses		41,603,803.65	37,742,754.13
Interest income		9,670,617.90	12,589,887.12
Add: Investment income	45	196,454,445.07	120,470,377.17
Including: Income from investments in associates and joint ventures		14,145,650.95	17,854,028.15
Reversal/(accrual) of credit losses	46	5,977,314.60	(2,534,660.53)
Impairment losses	47	(8,046,462.29)	5,301,120.45
II. Operating profit		97,630,472.22	126,915,410.46
Add: Non-operating income	49	–	1,187,225.00
Less: Non-operating expenses	49	145,827.42	2,799,833.65
III. Profit before income tax		97,484,644.80	125,302,801.81
Less: Income tax expenses	50	1,644,787.08	5,325,942.30
IV. Net profit for the year		95,839,857.72	119,976,859.51
Net profit from continuing operations		95,839,857.72	119,976,859.51
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income for the year		95,839,857.72	119,976,859.51

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	2020	2019
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		6,058,953,213.76	7,158,001,840.12
Cash received relating to other operating activities		622,904,654.55	518,183,620.30
Sub-total of cash inflows		6,681,857,868.31	7,676,185,460.42
Payment for goods and services		3,257,662,695.67	3,608,960,209.18
Payment to and for employees		1,903,442,319.61	2,072,065,750.80
Payment of various taxes		238,136,068.77	293,068,806.43
Payment relating to other operating activities		136,493,384.59	210,233,084.40
Sub-total of cash outflows		5,535,734,468.64	6,184,327,850.81
Net cash inflow from operating activities	54(1)	1,146,123,399.67	1,491,857,609.61
II. Cash flows from investing activities:			
Investment returns received		849,500.69	3,471,780.80
Proceeds from investment income		18,215,983.67	13,591,241.62
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		86,461,504.52	78,572,380.12
Net proceeds from disposal of subsidiaries	54(4)	27,688,575.28	26,347,484.87
Net proceeds from acquisition of subsidiaries	54(4)	37,375,843.25	–
Sub-total of cash inflows		170,591,407.41	121,982,887.41
Payment for acquisition of fixed assets, intangible assets and other long-term assets		942,321,401.60	1,390,165,353.73
Payment for acquisition of investments		2,018,338.12	5,273,387.20
Net payment for acquisition of subsidiaries	54(4)	–	10,758,727.61
Payment for business combinations involving enterprises under common control	54(4)	–	189,345,401.99
Sub-total of cash outflows		944,339,739.72	1,595,542,870.53
Net cash outflow from investing activities		(773,748,332.31)	(1,473,559,983.12)

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	2020	2019
III. Cash flows from financing activities:			
Proceeds from investors		–	4,800,000.00
Proceeds from borrowings		1,644,143,094.64	957,142,717.40
Cash received from other financing activities	54(5)	2,138,386.02	–
Sub-total of cash inflows		1,646,281,480.66	961,942,717.40
Repayments of borrowings		1,484,652,636.61	394,776,463.82
Payment for profit distributions or interest		152,895,663.67	290,948,588.97
Including: Profits paid to non-controlling shareholders by subsidiaries		35,176,087.86	63,901,168.82
Payment for acquisition of non-controlling interests		278,100.00	6,482,075.00
Payment for lease liability principal and interest		296,214,889.63	261,711,054.00
Payments relating to other financing activities	54(5)	–	4,090,231.31
Sub-total of cash outflows		1,934,041,289.91	958,008,413.10
Net cash (outflow)/inflow from financing activities		(287,759,809.25)	3,934,304.30
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(6,544,336.24)	3,624,429.54
V. Net increase in cash and cash equivalents	54(2)	78,070,921.87	25,856,360.33
Add: Cash and cash equivalents at the beginning of the year		1,163,480,565.54	1,137,624,205.21
VI. Cash and cash equivalents at the end of the year	54(3)	1,241,551,487.41	1,163,480,565.54

The notes on pages 120 to 352 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	2020	2019
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		369,978,523.97	735,780,205.50
Proceeds from other operating activities		6,181,317.03	19,620,305.81
Sub-total of cash inflows		376,159,841.00	755,400,511.31
Payment for goods and services		303,576,692.87	518,131,519.26
Payment to and for employees		48,039,094.79	50,886,091.16
Payment of various taxes		2,638,870.61	22,129,627.47
Payment relating to other operating activities		49,278,384.08	38,622,778.63
Sub-total of cash outflows		403,533,042.35	629,770,016.52
Net cash (outflow)/inflow from operating activities	54(1)	(27,373,201.35)	125,630,494.79
II. Cash flows from investing activities:			
Investment return received		204,918,506.66	116,397,850.19
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		2,800.00	39,211.56
Sub-total of cash inflows		204,921,306.66	116,437,061.75
Payment for acquisition of fixed assets, intangible assets and other long-term assets		5,792,934.14	11,896,630.80
Payment for acquisition of investments		–	181,409,175.00
Payment for other investing activities		–	100,100,000.00
Sub-total of cash outflows		5,792,934.14	293,405,805.80
Net cash inflow/(outflow) from investing activities		199,128,372.52	(176,968,744.05)

The notes on pages 120 to 352 form part of these financial statements.

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note V	2020	2019
III. Cash flows from financing activities:			
Proceeds from borrowings		465,000,000.00	240,230,000.00
Sub-total of cash inflows		465,000,000.00	240,230,000.00
Repayments of borrowings		447,694,000.00	40,000,000.00
Payment for profit distributions or interest		41,771,446.39	174,317,108.98
Payment for lease liability principal and interest		312,635.00	8,588,555.00
Payments relating to other financing activities	54(5)	62,543,446.90	13,071,704.34
Sub-total of cash outflows		552,321,528.29	235,977,368.32
Net cash (outflow)/inflow from financing activities		(87,321,528.29)	4,252,631.68
IV. Net increase/(decrease) in cash and cash equivalents	54(2)	84,433,642.88	(47,085,617.58)
Add: Cash and cash equivalents at the beginning of the year		575,899,312.83	622,984,930.41
V. Cash and cash equivalents at the end of the year	54(3)	660,332,955.71	575,899,312.83

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

Attributable to shareholders of the Company										
	Note	Share capital	Capital reserve	Specific reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
I. Balance as at 1 January 2020		799,847,800.00	18,800,491.50	23,523,945.80	(17,326,859.28)	203,389,142.12	1,291,081,241.71	2,319,315,761.85	1,167,606,028.05	3,486,921,789.90
II. Changes in equity for the year										
1. Total comprehensive income		-	-	-	(15,198,625.41)	-	(229,193,291.25)	(244,391,916.66)	(92,784,435.65)	(337,176,352.31)
2. Shareholders' contributions										
- Loss of control over a subsidiary	V 38	-	-	(548,245.55)	-	-	-	(548,245.55)	(6,278,240.27)	(6,826,485.82)
- Effect of a business combination involving enterprises not under common control		-	-	-	-	-	-	-	48,666,005.58	48,666,005.58
- Acquisition of non-controlling interests		-	-	-	-	-	-	-	(278,100.00)	(278,100.00)
3. Appropriation of profits	V 40									
- Appropriation for surplus reserve		-	-	-	-	9,583,985.77	(9,583,985.77)	-	-	-
- Distributions to shareholders		-	-	-	-	-	-	-	(35,176,087.86)	(35,176,087.86)
4. Specific reserve	V 38									
- Accrued		-	-	43,022,617.02	-	-	-	43,022,617.02	18,812,117.73	61,834,734.75
- Utilised		-	-	(46,106,763.41)	-	-	-	(46,106,763.41)	(21,745,650.88)	(67,852,414.29)
Sub-total		-	-	(3,632,391.94)	(15,198,625.41)	9,583,985.77	(238,777,277.02)	(248,024,308.60)	(88,784,391.35)	(336,808,699.95)
III. Balance as at 31 December 2020		799,847,800.00	18,800,491.50	19,891,553.86	(32,525,484.69)	212,973,127.89	1,052,303,964.69	2,071,291,453.25	1,078,821,636.70	3,150,113,089.95

The notes on pages 120 to 352 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

Attributable to shareholders of the Company										
	Note	Share capital	Capital reserve	Specific reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
I. Balance as at 1 January 2019		799,847,800.00	167,551,531.72	50,934,741.35	(23,237,976.16)	193,639,642.56	1,174,583,143.55	2,363,318,883.02	1,143,169,347.68	3,506,488,230.70
II. Changes in equity for the year										
1. Total comprehensive income		-	-	-	5,911,116.88	-	304,969,979.22	310,881,096.10	63,644,494.68	374,525,590.78
2. Shareholders' contributions										
- Loss of control over a subsidiary		-	-	-	-	-	-	-	(1,669,987.64)	(1,669,987.64)
- Acquisition of non-controlling interests	V 39	-	-	-	-	(1,149,717.17)	-	(1,149,717.17)	(5,332,357.83)	(6,482,075.00)
- Effect of a business combination involving enterprises not under common control		-	-	-	-	-	-	-	1,617,025.47	1,617,025.47
- Effect of a business combination involving enterprises under common control										
- Contribution by the original owners	V 36	-	15,661,367.54	-	-	-	-	15,661,367.54	-	15,661,367.54
- Consideration for business combination	V 36	-	(164,412,407.76)	-	-	(1,098,469.22)	(9,886,223.02)	(175,397,100.00)	-	(175,397,100.00)
- Other changes	V 38/40	-	-	(20,561,095.35)	-	-	(30,613,846.09)	(51,174,941.44)	-	(51,174,941.44)
3. Appropriation of profits	V 40									
- Appropriation for surplus reserve		-	-	-	-	11,997,685.95	(11,997,685.95)	-	-	-
- Distributions to shareholders		-	-	-	-	-	(135,974,126.00)	(135,974,126.00)	(30,164,855.11)	(166,138,981.11)
4. Specific reserve	V 38									
- Accrued		-	-	39,718,655.50	-	-	-	39,718,655.50	19,392,290.47	59,110,945.97
- Utilised		-	-	(46,568,355.70)	-	-	-	(46,568,355.70)	(23,049,929.67)	(69,618,285.37)
Sub-total		-	(148,751,040.22)	(27,410,795.55)	5,911,116.88	9,749,499.56	116,498,098.16	(44,003,121.17)	24,436,680.37	(19,566,440.80)
III. Balance as at 31 December 2019		799,847,800.00	18,800,491.50	23,523,945.80	(17,326,859.28)	203,389,142.12	1,291,081,241.71	2,319,315,761.85	1,167,606,028.05	3,486,921,789.90

The notes on pages 120 to 352 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2020
(Expressed in Renminbi Yuan)

	Note	Share capital	Capital reserve	Surplus reserve	Specific reserve	Retained earnings	Total equity
I. Balance as at 1 January 2020		799,847,800.00	128,513,590.23	203,936,381.75	–	225,327,967.19	1,357,625,739.17
II. Changes in equity for the year							
1. Total comprehensive income		–	–	–	–	95,839,857.72	95,839,857.72
2. Appropriation of profits							
– Appropriation for surplus reserve	V 39	–	–	9,583,985.77	–	(9,583,985.77)	–
3. Specific reserve	V 38						
– Accrued		–	–	–	93,946.60	–	93,946.60
– Utilised		–	–	–	(93,946.60)	–	(93,946.60)
Sub-total		–	–	9,583,985.77	–	86,255,871.95	95,839,857.72
III. Balance as at 31 December 2020		799,847,800.00	128,513,590.23	213,520,367.52	–	311,583,839.14	1,453,465,596.89

	Note	Share capital	Capital reserve	Surplus reserve	Specific reserve	Retained earnings	Total equity
I. Balance as at 1 January 2019		799,847,800.00	210,546,645.59	191,938,695.80	–	253,322,919.63	1,455,656,061.02
II. Changes in equity for the year							
1. Total comprehensive income		–	–	–	–	119,976,859.51	119,976,859.51
2. Shareholders' contributions							
– Effect of business combination under common control	V 36	–	(82,033,055.36)	–	–	–	(82,033,055.36)
3. Appropriation of profits							
– Appropriation for surplus reserve	V 39	–	–	11,997,685.95	–	(11,997,685.95)	–
– Distributions to shareholders	V 40	–	–	–	–	(135,974,126.00)	(135,974,126.00)
4. Specific reserve	V 38						
– Accrued		–	–	–	226,004.69	–	226,004.69
– Utilised		–	–	–	(226,004.69)	–	(226,004.69)
Sub-total		–	(82,033,055.36)	11,997,685.95	–	(27,994,952.44)	(98,030,321.85)
III. Balance as at 31 December 2019		799,847,800.00	128,513,590.23	203,936,381.75	–	225,327,967.19	1,357,625,739.17

The notes on pages 120 to 352 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

I. COMPANY STATUS

Guangdong Yueyun Transportation Company Limited (the “Company”) was established on 28 December 1999 as a limited company under the name of Guangdong Yuedi Communications Company Limited (“Yuedi Communications”) by Guangdong Provincial Highway Construction Company Limited, Guangdong Communication Enterprise Investment Company Limited, Guangdong Province Road & Bridge Construction Development Company Limited, Guangdong Weisheng Transportation Enterprise Company Limited and Guangdong Guantong Expressway Assets Management Company Limited. On 25 December 2000, Guangdong Yuedi Communications Company Limited was converted to a joint stock limited company under the approval of the People’s Government of Guangdong Municipality Yue Ban Han [2000] No. 685 and Economic and Trade Commission of Guangdong Province Yue Jing Mao Jian Du [2000] No. 1057. On 1 April 2002, under the approval of Administration of Industry and Commerce of Guangdong Province, Guangdong Yuedi Communications Company Limited was renamed as Guangdong South China Logistics Enterprise Limited. The registered capital of the Company was RMB292,187,322.00. On 5 August 2013, under the approval of Administration of Industry and Commerce of Guangdong Province, Guangdong South China Logistics Enterprise Limited was renamed as Guangdong Yueyun Transportation Company Limited.

In 2005, according to the shareholders’ resolution of year 2004 and the revised Company’s Memorandum and Articles, and being approved by State-owned Assets Supervision and Administration Commission of the State Council Guo Zi Gai Ge [2005] No. 62 and China Securities Regulatory Commission Zheng Jian Guo He Zi [2005] No. 21, the Company initially offered 138,000,000 H shares with a nominal value of RMB1 per H share on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”), including 125,454,545 new H shares, and 12,545,455 H shares converted from domestic shares. The registered capital of the Company was changed to RMB417,641,867.00 after the placing and public offer.

According to the resolution of the Annual General Meeting held on 11 June 2015, the Company issued two bonus shares for every 10 shares by way of the capitalisation of the retained earnings and three shares for every 10 shares by way of the capitalisation of the share premium based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014. The registered capital of the Company was changed to RMB626,462,800.00 accordingly.

On 24 March 2016, Guangdong Provincial Communication Group Company Limited (“GCGC”) executed the conversion of the Perpetual Subordinated Convertible Securities (“PSCS”) held by it with a principal amount of RMB281,810,000.00 into domestic ordinary shares of the Company, which resulted in an increase of the Company’s ordinary shares of 173,385,000. The registered capital of the Company was changed to RMB799,847,800.00 accordingly.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

I. COMPANY STATUS *(CONTINUED)*

The Company and its subsidiaries (the “Group”) is a comprehensive transportation service group in Guangdong Province. The principal business of the Group mainly include travel service including road passenger transportation, auxiliary services and expressway service zones operation services. In addition, the Group also engaged in construction material supply and logistics service and other business in the reporting period.

The parent of the Company and its ultimate holding company is GCGC. The registered office is 8th floor, No.1731-1735 Airport Road, Guangzhou, the PRC. The legal representative of the Company is Mr. Xuan Zongmin.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group’s accounting policies for the recognition and measurement of allowance for expected credit loss for receivables, recognition of cost of inventories, depreciation of fixed assets, amortisation of intangible assets, recognition and measurement of government grant and revenue, are adopted according to the specific characteristics of the Group’s operations. Please refer to the relevant notes to the accounting policies.

1 Basis of preparation of financial statement

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

As at 31 December 2020, the Group’s current liabilities exceeded their current assets by RMB538,103,815.23. As of 31 December 2020, the Group have obtained the unutilised general facility of RMB2,580,250,841.00 granted by financial institutions, including the unutilised general facility under contract of RMB1,973,933,500.00 granted by financial institutions, and the Group are expected to have sufficient financial support to pay off debts in the next 12 months, so the financial statements are still prepared on the basis of going concern.

The financial statements have been prepared in accordance with the requirements of Accounting Standard for Business Enterprises issued by the Ministry of Finance (“MOF”) of the PRC. These financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

2 Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards (“CAS”). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2020, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

3 Accounting period

The Group has adopted the calendar year as its accounting year, from 1 January to 31 December.

4 Functional currency

Renminbi (“RMB”) is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company’s overseas subsidiaries choose Hong Kong dollar as their functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to present its financial statements, and the financial statements of foreign subsidiaries have been translated based on the accounting policy as set out in Note II. 9.

5 Accounting treatments for business combinations involving enterprises under and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

5 Accounting treatments for business combinations involving enterprises under and not under common control *(Continued)*

When the set of assets the group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

(1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

The assets acquired and liabilities assumed are measured on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Any costs directly attributable to the combination are recognised in profit or loss for the current period when occurred.

The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

5 Accounting treatments for business combinations involving enterprises under and not under common control *(Continued)*

(2) Business combinations involving enterprises not under common control and goodwill

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note V.15). If (1) is less than (2), the difference is recognised in profit or loss for the current period. Acquisition-related costs are expensed when incurred. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognised by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

Where a business combination involving enterprises not under common control is achieved in stages, the Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income for the current period. The amount recognised in other comprehensive income relating to the previously-held equity interest in the acquiree (see Note II.12(2)(b)) is reclassified as investment income for the current period when the acquisition takes place.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. On disposal of an asset group or a set of asset groups, any attributable amount of the purchased goodwill is written off and included in the calculation of the profit or loss on disposal. Goodwill is tested for impairment at least at the end of each year.

For the calculation and recognition of impairment of goodwill, please refer to Note II.19.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

6 Preparation of consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests. Changes in the interest in a subsidiary without a change in control are accounted for as equity transactions.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

6 Preparation of consolidated financial statements *(Continued)*

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amount of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognised as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognised as investment income for the current period.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

7 Interests in a joint operation

Joint operation is a joint arrangement whereby the parties that have joint control (the definition of joint control is set out in Note II.12(3)) of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group as a joint operator (i.e. a party to a joint operation that has joint control of the arrangement), shall recognise in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

8 Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term and highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9 Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates on the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

9 Foreign currency transactions and translation of financial statements denominated in foreign currencies *(Continued)*

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition or construction of qualifying assets. Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

In translating the financial statements of a foreign operation, assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the balance sheet date. Equity items, excluding retained earnings and translation differences arising from translation of foreign currency financial statements recognised in other comprehensive income, are translated to RMB at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to RMB at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The cumulative amount of the translation differences accumulated in shareholders' equity with respect to a foreign operation is transferred to profit or loss when the foreign operation is disposed.

10 Financial instruments

Financial instruments include cash at bank and on hand, investments in equity securities other than those classified as long-term equity investments (see Note II.12), receivables, payables, loans and borrowings, debentures payable, share capital and etc.

(1) Recognition and initial measurement of financial assets and financial liabilities

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

A financial assets (unless it is an accounts receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. An accounts receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price according to Note II.22.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

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

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

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(2) Classification and subsequent measurement of financial assets *(Continued)*

(a) Classification of financial assets (Continued)

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(2) Classification and subsequent measurement of financial assets *(Continued)*

(b) Subsequent measurement of financial assets

– Financial assets at FVTPL

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

– Financial assets at amortised cost

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

– Equity investments at FVOCI

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(3) Classification and subsequent measurement of financial liabilities

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

- Financial liabilities at FVTPL

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

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

- Financial liabilities at amortised cost

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

(4) Offsetting

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

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(5) Derecognition of financial assets and financial liabilities

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

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(6) Impairment

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

- financial assets measured at amortised cost; and
- lease receivables.

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

Measurement of ECLs

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

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(6) Impairment *(Continued)*

Measurement of ECLs (Continued)

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

- If the financial instrument is determined to have low credit risk at the balance sheet date; or
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

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

Significant increases in credit risk

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

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(6) Impairment *(Continued)*

Significant increases in credit risk (Continued)

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. Unless the Group is able to obtain reasonable and well-founded information at no cost or effort to demonstrate that credit risk has not increased significantly since the initial recognition, although it exceeded the payment term agreed upon in the contract for 30 days.

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

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit-impaired financial assets

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10 Financial instruments *(Continued)*

(6) Impairment *(Continued)*

Presentation of allowance for ECL

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

Write-off

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

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

(7) Equity instrument

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

11 Inventories

(1) Classification and initial recognition

The Group's inventories mainly include goods on hand, construction materials, spare parts, low-value consumables and packaging materials.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

(2) Cost of inventories transferred out

Cost of inventories transferred out is calculated using the weighted average method.

(3) Amortisation method for low-value consumables and packaging materials

Consumables including low-value consumables and packaging materials are charged to profit or loss upon receipt.

(4) Basis for determining the net realisable value and provisioning methods for impairment losses of inventories

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet date events. Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

(5) Inventory count system

The Group maintains a perpetual inventory system.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

12 Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

The initial investment cost of a long-term equity investment obtained through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statement of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to share premium in the capital reserve, with any excess adjusted against retained earnings.

For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

Where a business combination involving enterprises not under common control is achieved in stages, the cost of combination is the aggregate of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree.

(b) Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

12 Long-term equity investments *(Continued)*

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

In the Group's consolidated financial statements, subsidiaries are accounted for in accordance with the policies described in Note II.6.

(b) Investment in joint ventures and associates

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

An associate is an enterprise over which the Group has significant influence.

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

12 Long-term equity investments *(Continued)*

(2) Subsequent measurement of long-term equity investment *(Continued)*

(b) Investment in joint ventures and associates (Continued)

The Group makes the following accounting treatments when using the equity method:

- Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.
- After the acquisition of the investment in joint ventures and associates, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses and other comprehensive income and distributions to shareholders ("other changes in owners' equity"), and recognises the corresponding adjustment in shareholders' equity.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associates or joint venture. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

12 Long-term equity investments *(Continued)*

(2) Subsequent measurement of long-term equity investment *(Continued)*

(b) Investment in joint ventures and associates (Continued)

- The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group makes provision for impairment of investments in joint ventures and associates in accordance with the principles described in Note II.19.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is that the Group has power to participate in the financial and operational policy decisions of an investee but does not have control or joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

13 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Specifically exemplify as a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out.

An investment property is measured initially at cost. Subsequently expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Investment properties are accounted for using the cost model. The Group adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings or land use rights.

For the impairment of the investment properties, please refer to Note II.19.

When an investment property is sold, transferred, disposed or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss.

14 Fixed assets

(1) Recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of over one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the expenditures will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

14 Fixed assets *(Continued)*

(2) Depreciation of each category of fixed assets

Depreciation of a fixed asset begins in the next month when it is available for use. A fixed asset is depreciated over its useful life using the straight-line method. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings and structures	10 – 60	0 – 5	1.58 – 10.00
Building improvement	3 – 5	0	20.00 – 33.33
Transportation vehicle	3 – 8	0 – 5	11.88 – 33.33
Machinery and equipment	5 – 12	0 – 5	7.92 – 20.00
Electronic equipment, office equipment and others	3 – 10	0 – 5	9.50 – 33.33

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year end.

(3) For the method of impairment testing and measurement of fixed assets, refer to Note II.19.

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised when the fixed asset is on disposal or no future economic benefit is expected to be generated from its use or disposal. When a fixed asset is sold, transferred, disposed or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

15 Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for its intended use.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note II.19).

16 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

17 Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.19). When an intangible asset with a finite useful life is available for use, its original cost less estimated residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

Estimated useful life of intangible assets are as follows:

Category	Amortization period (years)
Land use rights	20 – 70/Indefinite
Joint operating earning rights	10
Software	5 – 10
Passenger service licenses	Indefinite
Station franchise operating rights	38
Toll bridge franchise operating rights	28
Trade mark rights	10
Route license use rights	3 – 20
Others	2 – 16.25

Useful lives and amortisation methods of intangible asset with finite useful life are reviewed at least at each year-end.

The Joint operation earning rights held by the Group was the line operation earning right cooperated with third party.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

17 Intangible assets *(Continued)*

The Passenger service licenses held by the Group was the passenger transportation license bought from third party to provide passenger transportation service in Hong Kong area.

The Station franchise operating rights held by the Group is the Xintang Passenger Station franchise operating right obtained from government authority. The Group is entitled to the right to charge fees from customers of relevant public services during the concession period, however, the right does not constitute an unconditional right to receive cash and the fee amounts to be received are not guaranteed. Therefore, the Group recognises the concession right as intangible asset and amortises it over the concession period using straight-line method.

The toll bridge franchise operating rights held by the Group is Tai Ping Interchange franchise operating right which was injected by a shareholder and was granted to the shareholder by government authority previously. The Group is entitled to the right to charge toll fees to users of relevant public services, however, the right does not constitute an unconditional right to receive cash and the toll fee amounts to be received are not guaranteed. Therefore, the Group recognises the concession right as intangible asset and amortises it over the concession period of 28 years using straight-line method.

Expenditure on an internal research and development project of the Group is classified into expenditure on the research phase and expenditure on the development phase.

Expenditure on the research phase is recognised in profit or loss when incurred. Expenditure on the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note II.19). Other development expenditure is recognised as an expense in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

18 Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

Long-term deferred expenses are amortised using the straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

Category	Amortisation period (years)
Leasehold improvements	5 – 10
Others	2 – 23

For the method of impairment testing and measurement of long-term deferred expenses, refer to Note II.19.

19 Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- Right-of-use assets
- intangible assets
- investment properties measured using a cost model
- long-term deferred expenses
- long-term equity investments
- goodwill
- other non-current assets

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

19 Impairment of assets other than inventories and financial assets *(Continued)*

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset (or asset group, set of asset groups, as below), is the higher of its fair value (see Note II.20) less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups, are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

20 Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as below:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

21 Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

When all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provisions.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

22 Revenue

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

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

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The stand-alone selling price is the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group considers all information that is reasonably available to the entity, maximises the use of observable inputs to estimate the stand-alone selling price.

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

22 Revenue *(Continued)*

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

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

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

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

22 Revenue *(Continued)*

The Group determines whether it is a principal or an agent, depending on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is the established amount or proportion.

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

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

(1) Road passenger transportation and auxiliary services

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

22 Revenue *(Continued)*

(2) Sales of convenience store goods, petroleum and gasoline

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

(3) Taiping interchange assets operation revenue

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

(4) Sales of construction materials

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

23 Government grants

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 non-monetary asset, it is measured at fair value.

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 included in other income, non-operating income, or offset against related expenses in the periods in which the expenses or losses are recognised. Otherwise, the grant is recognised as other income, non-operating income, or offset against related expenses directly.

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

24 Specific reserve

The Group recognises a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the expenses. When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilisation of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognised, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognised in accumulated depreciation with respect to the related fixed assets. As a consequence, such fixed assets are not depreciated in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

25 Income tax

The income tax expenses include current income tax and deferred income tax.

(1) Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

(2) Deferred tax assets and deferred tax liabilities

For temporary differences arise from the differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

25 Income tax *(Continued)*

(2) Deferred tax assets and deferred tax liabilities *(Continued)*

At the balance sheet date, deferred tax assets and liabilities are measured at the applicable tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

26 Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate lease components from non-lease components and account for the lease and non-lease components as a single lease component. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The lessor allocates the consideration in the contract in accordance with the accounting policy in Note II.22.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

26 Leases *(Continued)*

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note II.19.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

26 Leases *(Continued)*

(1) As a lessee *(Continued)*

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

26 Leases *(Continued)*

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. The derecognition and impairment of the finance lease receivable are recognised in accordance with the accounting policy in Note II.10. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

27 Employee benefits

(1) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Company and its domestic subsidiaries participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Company and its domestic subsidiaries makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Pursuant to the relevant laws and regulations of Hong Kong, subsidiaries of the Company in Hong Kong make contributions to the Mandatory Provident Fund Schemes for all Hong Kong employees at the lower of 5% of the monthly employee benefits or the cap (which is adjusted annually). The contributions are recognised as part of the cost of assets or charged to profit or loss when incurred.

(3) Post-employment benefits – defined benefit plans

The qualified retired employees and early retired employees (until formal retirement) of the Group are entitled to certain amount of allowance for a period of time.

In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.

The Group attributes benefit obligations under a defined benefit plan to periods of service provided by respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss or recognised as part of the cost of assets, and remeasurements of the defined benefit liability are recognised in other comprehensive income.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

27 Employee benefits *(Continued)*

(4) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

When the provision are not expected to be settled wholly within twelve months after the end of the reporting period, and the financial impact is material, the obligation shall be measured on a discounted basis using a appropriate discount rate.

28 Profit distributions to shareholders

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

29 Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

30 Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

31 Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes II. 13, 14, 17, 18, 26 and 23 contain information about the accounting estimates relating to depreciation and amortisation of assets such as investment properties, fixed assets, intangible assets, long-term deferred expenses, right-of-use assets and recognition of government subsidies. Notes V. 3, 4, 5, 6, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18 and 59 contain information about the accounting estimates relating to provisions for impairment of various types of assets. Other significant accounting estimate is as follows:

- (i) Note V.32: Retirement benefits of defined benefit plans

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

32 Changes in significant accounting policies

(1) Description and reasons of changes in accounting policies

The following accounting standards take effect for annual periods beginning on or after 1 January 2020 and are relevant to the Group:

- CAS Bulletin No.13 (Caikuai [2019] No.21)
- The Accounting Treatment of COVID-19-Related Rent Concessions (Caikuai [2020] No.10)

(a) CAS Bulletin No.13

CAS Bulletin No.13 has amended the three elements of constituting a business, provides specific guidance on the determination of a business, and introduces an optional concentration test when the acquirer determine whether an acquired set of assets that not involving enterprises under common control constitute a business.

In addition, CAS Bulletin No.13 has further clarified that related parties of an entity also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc.

CAS Bulletin No.13 takes effect on 1 January 2020. The Group has adopted the accounting policy change prospectively. The adoption of CAS Bulletin No.13 does not have any significant effect on the financial position, financial performance or related party disclosures of the Group.

(b) Caikuai [2020] No.10

Caikuai [2020] No.10 provides a practical expedient under certain conditions for rent concessions occurring as a direct consequence of the COVID-19 pandemic. If an entity elects to apply the practical expedient, the entity does not need to assess whether a lease modification has occurred or to reassess the lease classification. As the Group is listed abroad and the financial statements are prepared in accordance with the requirements of Accounting Standards for Business Enterprises, the practical expedient is not applicable to the Group as a lessor. As a lessee, the Group elects to apply the practical expedient. The Group treats the reduced or exempted rent as a variable lease payment, and when entering into a reduction agreement or releasing the obligation to pay the original rent, offsets the relevant asset costs or expenses with the undiscounted amount or discounted amount at the discount rate before concession, and adjusts the lease liabilities accordingly.

Caikuai [2020] No.10 takes effect on 24 June 2020 (the implementation date). The entity is allowed to adjust the related rent concessions that occurred between 1 January 2020 and the implementation date. The adoption of Caikuai [2020] No.10 does not have any significant effect on the financial position or financial performance of the Group.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

III. TAXATION

(1) Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value added tax (VAT)	Income from sale of goods (Note 1, 5)	16% or 13%, 10% or 9%
VAT	Transportation income (Note 1, 5, 6, 7)	10% or 9%, 3% or 1%, 0%, exempted
VAT	Income from cargo storage and rescue service (Note 6)	6%
VAT	Service income derived from highway facilities and other auxiliary services (Note 1, 5)	10% or 9%, 6%, 5%
VAT	Income from construction contracts and toll income (Note 1, 7)	10% or 9%, 3% or 1%
City maintenance and construction tax	VAT paid (Note 5, 6)	7%, 5%
Education surcharge and local education surcharge	VAT paid (Note 5, 6)	3%, 2%
Cultural construction fee	Income from advertisements (Note 2)	3%
Land appreciation tax	Appreciation amount on property sold and applicable tax rate	40%, 60%
Corporate income tax	Taxable profit (Note 3)	25%, 20%
Hong Kong profits tax	Assessable profit (Note 4)	16.5%

Note 1: According to “The Announcement on deepening VAT reform” (Announcement [2019] No.39) issued by MOF, National Tax Bureau and General Administration of Customs, the applicable tax rates for the sales or import of goods have been changed from 16% and 10% to 13% and 9% respectively since 1 April 2019.

Note 2: According to “The Announcement of adjustment on some government funds Policy by MOF” (Cai shui [2019] No.46), the payable amount of cultural construction fee belonging to the central revenue shall be reduced by 50%; for the cultural construction fee belonging to the local income, the financial and party committee propaganda departments of all provinces (districts and cities) can reduce the payable amount within the range of 50% in combination with the local economic development level, the development of propaganda, ideological and cultural undertakings and other factors, from 1 July 2019 to 31 December 2024. According to “The Announcement of reduction on cultural construction fee Policy” (Yue cai shui [2019] No.8) issued by Department of Finance of Guangdong Province and National Tax Bureau of Guangdong Provincial, the payable amount of cultural construction fee belonging to the local income shall be reduced by 50%, from 1 July 2019 to 31 December 2024. According to “The Announcement of tax supporting Policy for film and other industries” (Announcement [2020] No.25) issued by MOF and National Tax Bureau, cultural construction fee is exempted from 1 January 2020 to 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

III. TAXATION *(CONTINUED)*

(1) Main types of taxes and corresponding tax rates *(Continued)*

Note 3: Pursuant to Caishui [2019] No. 13, "The Announcement of implementation on inclusive tax relief policy of Small-scaled minimal profit enterprise" issued by MOF and National Tax Bureau on 17 January 2019, the Small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 25% exemption of taxable income and application of income tax rate as 20%; the Small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of income tax rate as 20%, from 1 January 2019 to 31 December 2021.

The Group's subsidiaries Guangdong Gangtong Vehicles Transportation Company Limited, Guangdong Province Transportation Engineering Company Limited, Yangchun Langri Fuels Co., Ltd., Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd., Yangjiang City Xinyi Advertising Co., Ltd., Guangdong Yangjiang Vehicles Transportation Group Co., Ltd., Meizhou Vehicle Materials Supply Co., Ltd., Dapu Yueyun Motor Inspection Co., Ltd., Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd., Yangshan County Yueyun Motor Inspection Co., Ltd. and Zhuhai Gongqi Taxi Co., Ltd. meet the conditions of small-scaled minimal profit enterprise.

Except for the above mentioned companies, the income tax rate applicable to the Company and each of its mainland subsidiaries is 25% for both 2020 and 2019.

Note 4: The applicable Hong Kong profits tax rate for the year of 2020 and 2019 is 16.5% for the four subsidiaries: Yueyun Transportation (HK) Company Limited, The Motor Transport Company of Guangdong and Hong Kong Limited, Gang Tong (HK) Motor Transport Company Limited and Guangdong Yue Li Jia Passenger Transport Company (Hong Kong).

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 4 March 2020, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 100% exemption of profit tax in 2020 with the maximum of HK\$20,000.

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 27 February 2019, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 75% exemption of profit tax in 2019 with the maximum of HK\$20,000.

According to Hong Kong tax policies, losses made in an accounting year are to be carried forward and set off against future profits of that trade.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

III. TAXATION *(CONTINUED)*

(1) Main types of taxes and corresponding tax rates *(Continued)*

Note 5: According to “The Announcement on deepening VAT reform” (Announcement [2019] No.39) issued by MOF, National Tax Bureau and General Administration of Customs, taxpayers of production and living services are allowed to add 10% of the deductible input tax of the current period to offset the tax payable from 1 April 2019 to 31 December 2021. According to “The Announcement on further supporting self employment and employment of retired soldiers” (Caisui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans, from 1 January 2019 to 31 December 2021, for enterprise which recruits retired soldiers for self employment and signs a labor contract with them for more than one year and pays social insurance premiums in accordance with the law, the value-added tax, city maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted successively according to the actual number of recruits within three years from the month when the labor contract is signed and social insurance is paid.

Note 6: According to “The Announcement on tax revenue policies for supporting COVID-19 prevention and control” (Announcement [2020] No. 8) issued by MOF and National Tax Bureau, the longest carrying forward period of the losses made by the enterprises in difficult industries which were greatly affected by COVID-19 in 2020 will be extended from 5 years to 8 years. VAT is exempted for income obtained from providing public transportation services, living services and providing express delivery services for residents of essential living since 1 January 2020. According to “The Announcement on the implementation period of tax policies for supporting COVID-19 prevention and control” (Announcement [2020] No.28) issued by MOF and National Tax Bureau, the preferential tax policies stipulated in the Announcement [2020] No.8 issued by MOF and National Tax Bureau shall be implemented until 31 December 2020.

According to “The Announcement on tax collection management policies for supporting COVID-19 prevention and control” (Announcement [2020] No.4) issued by National tax Bureau, taxpayers applied to the preferential income of VAT exemption according to Announcement No.8 and shall be exempted from city maintenance and construction tax, education surcharge and local education surcharge since 10 February 2020.

Note 7: According to “The Announcement on VAT policies for supporting individual businesses to resume work and business” (Announcement [2020] No. 13) issued by MOF and National Tax Bureau, except for in Hubei Province, small-scale VAT taxpayers in other provinces, autonomous regions and centrally-administered municipalities may pay VAT at the reduced levy rate of 1% for taxable income subject to a levy rate of 3%; small-scale VAT taxpayers may also prepay VAT at the reduced pre-levy rate of 1% for the pre-payment VAT items subject to a pre-levy rate of 3%, from 1 March 2020 to 31 May 2020. According to “The Announcement on extending the implementation period of VAT reduction and exemption policy for VAT small-scale taxpayers” (Announcement [2020] No.24) issued by MOF and National Tax Bureau, the preferential tax policies stipulated in the Announcement [2020] No.13 issued by MOF and National Tax Bureau shall be extended to 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1 The subsidiaries of the Group as at the end of 2020 and 2019

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
1	Guangdong Highway Media Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Expressway services	RMB 33,000,000.00	100.00	100.00	Established
2	Yueyun Transportation (HK) Company Limited	Overseas subsidiary	Hong Kong China	Hong Kong China; incorporated corporation	Material Logistics services	HKD 1,500,000.00	100.00	100.00	Established
3	Guangdong Top-E Expressway Service Zone Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Expressway services	RMB 100,000,000.00	95.56	95.56	Business combinations involving enterprises under common control
4	Guangdong Tongyi Landscape Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Expressway services	RMB 20,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
5	Guangdong Jindaoda Expressway Economic Development Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Expressway services	RMB 10,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
6	The Motor Transport Company of Guangdong and Hong Kong Limited (Note 1)	Overseas subsidiary	Hong Kong China	Hong Kong China; incorporated corporation	Cross-border transportation services	HKD 9,000,000.00	62.00	71.43	Business combinations involving enterprises under common control
7	Gang Tong (HK) Motor Transport Company Limited	Overseas subsidiary	Hong Kong China	Hong Kong China; limited liability company	Cross-border transportation services	HKD 500,000.00	100.00	100.00	Business combinations involving enterprises under common control
8	Guangdong Yue Li Jia Passenger Transport Company (Hong Kong)	Overseas subsidiary	Hong Kong China	Hong Kong China; limited liability company	Cross-border transportation services	HKD 10,000.00	70.00	70.00	Business combinations involving enterprises under common control
9	The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Cross-border transportation services	HKD 25,000,000.00	62.00	71.43	Business combinations involving enterprises under common control
10	Shenzhen Yuegang Transport Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Cross-border transportation services	HKD 10,500,000.00	100.00	100.00	Business combinations involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
11	Guangdong Yue Li Jia Passenger Transport Company (Guangzhou)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Cross-border transportation services	HKD 3,500,000.00	70.00	70.00	Business combinations involving enterprises under common control
12	Guangdong Province Transportation Engineering Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Real Estate leasing	RMB 17,040,000.00	100.00	100.00	Business combinations involving enterprises under common control
13	Guangdong Vehicles Transportation Group Co., Ltd. ("GVTG")	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Investment and domestic transportation	RMB 10,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
14	Foshan City Yueyun Public Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 20,000,000.00	51.00	100.00	Business combinations involving enterprises under common control
15	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 100,000,000.00	59.62	59.62	Business combinations involving enterprises under common control
16	Foshan City Sanshui District Yueyun Traffic Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 20,000,000.00	51.00	100.00	Business combinations involving enterprises under common control
17	Guangdong Yueyun Traffic Rescue Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Traffic Rescue	RMB 60,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
18	Shenzhen City Shenwei Lighter Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 12,000,000.00	55.00	55.00	Business combinations involving enterprises under common control
19	Guangdong Yueyun Langri Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; incorporated corporation	Domestic transportation	RMB 156,750,000.00	51.00	51.00	Business combinations involving enterprises under common control
20	Yangchun Langri Fuels Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Fuel retail	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
21	Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Station services	RMB 500,000.00	60.00	100.00	Business combinations involving enterprises under common control
22	Yangjiang City Yueyun Langri Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 74,824,000.00	65.00	65.00	Business combinations involving enterprises under common control
23	Yangchun City's Third Motor Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 580,000.00	70.00	100.00	Business combinations involving enterprises under common control
24	Yangchun City Yueyun Langri Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 150,000.00	100.00	100.00	Business combinations involving enterprises under common control
25	Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
26	Yangxi County Yueyun Langri Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 20,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
27	Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 1,682,600.00	51.00	51.00	Business combinations involving enterprises under common control
28	Zhongshan City Eastern Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Station services	RMB 630,000.00	100.00	100.00	Business combinations involving enterprises under common control
29	Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 1,000,000.00	70.00	70.00	Business combinations involving enterprises under common control
30	Guangzhou City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 503,000.00	51.00	51.00	Business combinations involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
31	Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Station services	RMB 30,000,000.00	60.00	60.00	Business combinations involving enterprises under common control
32	Heyuan City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 10,000,000.00	55.28	55.28	Business combinations involving enterprises under common control
33	Foshan City Yueyun Hexing Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Station services	RMB 1,020,408.00	51.00	51.00	Business combinations involving enterprises under common control
34	Yangjiang City Yueyun Langri Fuels Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Fuel retail	RMB 3,000,000.00	100.00	100.00	Established
35	Guangdong Gangtong Vehicles Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Cross-border transportation services	HKD 5,000,000.00	100.00	100.00	Established
36	Yangjiang City Yueyun Langri International Travel Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Tourism services	RMB 500,000.00	100.00	100.00	Established
37	Heyuan City Chengnan Freight Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Station services	RMB 19,500,000.00	100.00	100.00	Established
38	Guangzhou Yueyun Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 58,000,000.00	100.00	100.00	Established
39	Heyuan City Yueyun Tongxing Travel Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
40	Heyuan City Yueyun Lvdu Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 58,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
41	Yangjiang City Yangzha New Image Public Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 1,000,000.00	77.25	77.25	Business combinations involving enterprises not under common control
42	Yangjiang City Xinyi Advertising Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Advertising Services	RMB 3,000,000.00	100.00	100.00	Established
43	Dongyuan County Dengta Town Yueyun Property Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Property Management	RMB 500,000.00	100.00	100.00	Established
44	Qingyuan Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 50,000,000.00	61.75	61.75	Business combinations involving enterprises not under common control
45	Yangshan County Yueyun Motor Inspection Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Vehicle Inspection	RMB 400,000.00	100.00	100.00	Business combinations involving enterprises not under common control
46	Qingyuan City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 3,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
47	Shaoguan Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 142,779,951.08	59.69	59.69	Business combinations involving enterprises not under common control
48	Shaoguan Polycor Motor Vehicles Driving Training Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Motor Driver Training	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
49	Shaoguan City Yueyun Travel Agency Co., Ltd. (Former name: Shaoguan City Xi'an Traffic Travel Agency Co., Ltd.)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Tourism Services	RMB 300,000.00	100.00	100.00	Business combinations involving enterprises not under common control
50	Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 110,000.00	100.00	100.00	Business combinations involving enterprises not under common control

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
51	Zhaoqing Yueyun Travel Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Tourism Services	RMB 1,000,000.00	100.00	100.00	Established
52	Yangjiang Yueyun Langri Vehicles Driving Training Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Motor Driver Training	RMB 3,000,000.00	100.00	100.00	Established
53	Shanwei Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 35,000,000.00	51.00	51.00	Business combinations involving enterprises not under common control
54	Lufeng Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 40,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
55	Haifeng Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 30,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
56	Shanwei City Yueyun New Energy Vehicles Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Station Service	RMB 5,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
57	Shanwei City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 580,000.00	85.00	85.00	Business combinations involving enterprises not under common control
58	Guangdong Yueyun Development Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Commercial Service	RMB 13,000,000.00	100.00	100.00	Established
59	Haifeng Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 20,000,000.00	100.00	100.00	Established
60	Luhe Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 20,000,000.00	100.00	100.00	Established

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
61	Lufeng Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 10,000,000.00	100.00	100.00	Established
62	Qingyuan Qingxin District Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 2,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
63	Qingyuan Qingxin District Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 3,000,000.00	100.00	100.00	Business combinations involving enterprises not under common control
64	Yangjiang City Hailing Yueyun Langri Travel Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 10,000,000.00	65.00	65.00	Established
65	Foshan Nanhai Yueyun Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 10,000,000.00	70.00	70.00	Established
66	Guangdong Yangjiang Vehicles Transportation Group Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 47,321,932.19	100.00	100.00	Business combinations involving enterprises under common control
67	Huaiji County Yueyun City-Village Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 2,930,700.00	100.00	100.00	Business combinations involving enterprises not under common control
68	Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 18,000,000.00	51.00	51.00	Established
69	Shaoguan City Guangshao Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 5,000,000.00	51.00	51.00	Established
70	Meizhou Yueyun Vehicles Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 38,000,000.00	100.00	100.00	Business combinations involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
71	Meizhou Vehicles Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 4,500,000.00	100.00	100.00	Business combinations involving enterprises under common control
72	Xingning Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 4,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
73	Dapu Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 3,200,000.00	100.00	100.00	Business combinations involving enterprises under common control
74	Wuhua Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 4,500,000.00	100.00	100.00	Business combinations involving enterprises under common control
75	Pingyuan Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 3,200,000.00	100.00	100.00	Business combinations involving enterprises under common control
76	Jiaoling Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 2,600,000.00	100.00	100.00	Business combinations involving enterprises under common control
77	Meizhou Jiangnan Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 2,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
78	Meizhou Vehicle Materials Supply Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Sales of vehicle spare parts	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
79	Dapu Yueyun Motor Inspection Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Vehicle Testing	RMB 5,000,000.00	51.00	51.00	Business combinations involving enterprises under common control
80	Shenzhen City Man Kam To Bus station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Property management	RMB 500,000.00	100.00	100.00	Established
81	Chaozhou City Yueyun Vehicle Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 40,000,000.00	100.00	100.00	Business combinations involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2020 and 2019 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
82	Raoping Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 100,000.00	100.00	100.00	Business combinations involving enterprises under common control
83	Chaozhou City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 18,983,000.00	100.00	100.00	Business combinations involving enterprises under common control
84	Chaozhou City Yueyun Junma Tourism Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 1,000,000.00	55.00	55.00	Business combinations involving enterprises under common control
85	Chaozhou Hongyun Travel Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Tourism Services	RMB 500,000.00	51.28	51.28	Business combinations involving enterprises under common control
86	Chaozhou Changyun Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Hotel service	RMB 887,000.00	100.00	100.00	Business combinations involving enterprises under common control
87	Zhuhai Gongyun Coach Terminal Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 4,800,000.00	100.00	100.00	Business combinations involving enterprises under common control
88	Zhuhai Gongqi Taxi Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 4,500,000.00	100.00	100.00	Business combinations involving enterprises under common control
89	Zhuhai Qiguan Sightseeing Bus Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 800,000.00	100.00	100.00	Business combinations involving enterprises under common control
90	Shaoguan Jitongtu Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 16,180,000.00	100.00	100.00	Business combinations involving enterprises not under common control
91	Guangdong FLY-E Logistics Technology Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Business service	RMB 16,830,000.00	50.72	50.72	Business combinations involving enterprises not under common control

Note 1: According to shareholders' agreements, the Group's percentage of voting right is more than the percentage of direct and indirect holdings.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Subsidiaries acquired through business combination not under common control during the year

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Actual capital contribution at the end of the year	Shareholding percentage	Voting rights percentage
1	Guangdong Zhong Yue Tong Oil Products Operation Company Limited ("Zhong Yue Tong")	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Expressway services	RMB 30,612,300.00	RMB 30,612,300.00	51.00	51.00

3 Business combinations involving enterprises not under common control during the year

Acquisition of Zhong Yue Tong

On the acquisition date of 9 January 2020, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, injected capital of RMB2,634,500.00 to Zhong Yue Tong. After the capital injection, the total registered and paid-in capital of Zhong Yue Tong is RMB30,612,300.00. The Group's total investment of RMB52,293,689.37 represented the 51% of total equity interest of Zhong Yue Tong and the Group obtained the control over Zhong Yue Tong. After the acquisition date, Zhong Yue Tong becomes a subsidiary of the Group and is no longer a joint venture of the Group.

The fair value of Zhong Yue Tong's identifiable net assets acquired by the Group was RMB50,652,373.15 at the acquisition date. RMB1,641,316.22 of the shortfall of the fair value below acquisition cost is recognised as goodwill.

Zhong Yue Tong was established in Guangzhou, Guangdong Province on 24 October 2005. It is mainly engaged in the operation and management of gas stations, retail of vehicle fuel (for end users) and gas, etc. Before the acquisition date, Zhong Yue Tong was a joint venture of the Group.

The main financial information of Zhong Yue Tong is set out as follows:

	From 9 January 2020 (Acquisition date) to 31 December 2020 RMB
Revenue	666,172,178.63
Net profit	83,113,655.82
Net cash inflow	56,893,839.66

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3 Business combinations involving enterprises not under common control during the year (Continued)

Acquisition of Zhong Yue Tong (Continued)

Identifiable assets and liabilities:

	9 January 2020		31 December 2019
	Book value RMB	Fair value RMB	Book value RMB
Cash at bank and on hand	40,010,343.25	40,010,343.25	37,375,843.25
Accounts receivable	22,216,507.76	22,216,507.76	22,216,507.76
Other current assets	10,214,998.72	10,214,998.72	10,362,339.85
Fixed assets	22,220,507.96	24,107,102.42	22,220,507.96
Other non-current assets	23,367,199.21	23,367,199.21	22,826,837.28
Current liabilities	(9,904,131.72)	(9,904,131.72)	(9,380,401.62)
Non-current liabilities	(10,693,640.91)	(10,693,640.91)	(10,361,573.89)
Identifiable net assets	97,431,784.27	99,318,378.73	95,260,060.59

4 Former subsidiaries that ceased to be consolidated during the year

In 2020, the Group disposed all of its investments in its subsidiaries, including Zijin County Yueyun Property Lease Co., Ltd and Lianping County Zhongxin Town Yueyun Property Leasing Co., Ltd., and these subsidiaries were no longer included in the scope of consolidation. The operating results and cash flow of the above companies prior to the disposal of the investments have been included in the consolidated income statement and consolidated cash flow statement of the Group.

Eight subsidiaries of the Group ceased operation, and were deregistered in 2020 and excluded from the consolidation scope, which include Guangdong Province Yangjiang City Guangyang High-Speed Railway Co., Ltd., Yangjiang City Tongguwan Vehicles Comprehensive Performance Testing Co., Ltd., Long Chuan County Public Transportation Co., Ltd., Heyuan Yue Payment Technology Co., Ltd., Guangdong Yuntong Passenger Traffic Co., Ltd., Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd., Guangdong Yueyun Second Transportation Co., Ltd., and Guangdong Province Guangshen High Speed Coach Co., Ltd. The operating results and cash flows of the above companies before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Material non-controlling interests

Ownership interests held by non-controlling interests ("NCI") of the Company's subsidiaries that are material to the Group are set out as follows:

2020

Name of the subsidiary	Proportion of ownership interest held by NCI	Profit or loss allocated to NCI during the year RMB	Dividends paid to NCI during the year RMB	Other changes during the year RMB	Accumulated NCI at the end of the year RMB
The Motor Transport Company of Guangdong and Hong Kong Limited	38.00%	(26,190,892.07)	–	(6,310,049.91)	104,664,990.76
Foshan City Yueyun Public Transportation Co., Ltd.	49.00%	1,649,378.38	(6,998,760.35)	1,341,970.67	149,660,909.36
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	40.38%	(39,372,150.14)	(4,037,940.00)	(91,105.37)	89,042,894.77
Guangdong Yueyun Langri Co., Ltd.	49.00%	(12,916,565.98)	–	(2,365,631.85)	155,373,183.69
Heyuan City Yueyun Motor Transportation Co., Ltd.	44.72%	(32,467,659.75)	–	(278,567.30)	59,184,092.44
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	38.25%	(2,844,640.54)	–	(1,623,762.85)	187,739,946.15
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.	40.31%	(137,078.54)	(6,035,278.24)	(1,414,987.02)	112,842,640.82
Zhong Yue Tong	49.00%	40,528,827.13	(10,000,000.00)	48,666,005.58	79,194,832.71

2019

Name of the subsidiary	Proportion of ownership interest held by NCI	Profit or loss allocated to NCI during the year RMB	Dividends paid to NCI during the year RMB	Other changes during the year RMB	Accumulated NCI at the end of the year RMB
The Motor Transport Company of Guangdong and Hong Kong Limited	38.00%	13,335,141.42	(3,875,143.06)	2,729,232.90	137,165,932.74
Foshan City Yueyun Public Transportation Co., Ltd.	49.00%	9,966,424.74	(6,900,737.75)	4,737.10	153,668,320.66
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	40.38%	6,137,224.98	(6,056,910.00)	(157,865.92)	132,544,090.28
Guangdong Yueyun Langri Co., Ltd.	49.00%	12,666,279.20	(5,032,300.00)	859,236.36	170,655,381.52
Heyuan City Yueyun Motor Transportation Co., Ltd.	44.72%	(12,543,291.52)	–	(5,245,161.73)	91,930,319.49
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	38.25%	16,399,838.88	–	(1,267,478.98)	192,208,349.54
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.	40.31%	7,925,286.92	(3,330,085.57)	(1,933,078.99)	120,429,984.62

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Material non-controlling interests (Continued)

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made in light of the fair value at the consolidation date and difference in accounting policies:

	2020							
		The Motor Transport Company of Guangdong and Zhong Hong Kong Yue Tong RMB	Foshan City Yueyun Public Transportation Co., Ltd. RMB	Zhaoqing City Yueyun Motor Transportation Co., Ltd. RMB	Guangdong Yueyun Langri Co., Ltd. RMB	Heyuan City Yueyun Motor Transportation Co., Ltd. RMB	Qingyuan Yueyun Vehicles Transportation Co., Ltd. RMB	Shaoguan Vehicles Transportation Group Co., Ltd. RMB
Current assets	149,772,825.11	171,055,837.94	149,890,722.36	87,440,235.81	141,668,946.93	88,884,414.02	186,551,723.76	102,967,263.84
Non-current assets	46,354,076.00	195,325,333.40	634,953,173.63	344,170,936.57	508,508,653.32	429,014,689.89	706,593,662.03	393,573,882.38
Total assets	196,126,901.11	366,381,171.34	784,843,895.99	431,611,172.38	650,177,600.25	517,899,103.91	893,145,385.79	496,541,146.22
Current liabilities	25,708,007.68	80,624,656.33	99,306,588.07	104,054,703.18	244,684,341.76	244,358,399.17	196,613,948.40	155,479,792.95
Non-current liabilities	9,873,453.34	6,014,194.85	380,331,974.65	110,832,076.31	112,052,810.46	144,596,015.50	205,545,705.88	81,893,106.68
Total liabilities	35,581,461.02	86,638,851.18	479,638,562.72	214,886,779.49	356,737,152.22	388,954,414.67	402,159,654.28	237,372,899.63
Operating income	666,172,178.63	34,388,025.97	322,018,901.21	179,606,328.62	279,520,612.02	115,497,493.29	355,078,927.40	196,834,087.58
Net profit/(loss) for the year	83,113,655.82	(67,855,435.18)	3,383,071.44	(97,505,535.35)	(24,311,742.42)	(72,606,972.19)	(7,437,649.29)	1,070,793.77
Total comprehensive income	83,113,655.82	(87,806,044.98)	3,383,071.44	(97,505,535.35)	(24,311,742.42)	(72,606,972.19)	(6,308,795.33)	746,320.85
Net cash inflow/ (outflow) from operating activities	90,340,689.40	(46,922,816.41)	98,113,033.50	(32,898,279.20)	39,478,302.10	4,255,397.66	85,180,487.57	11,616,711.18

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Material non-controlling interests (Continued)

	2019						
	The Motor Transport Company of Guangdong and Hong Kong Limited RMB	Foshan City Yueyun Public Transportation Co., Ltd. RMB	Zhaoqing City Yueyun Motor Transportation Co., Ltd. RMB	Guangdong Yueyun Langri Co., Ltd. RMB	Heyuan City Yueyun Motor Transportation Co., Ltd. RMB	Qingyuan Yueyun Vehicles Transportation Co., Ltd. RMB	Shaoguan Vehicles Transportation Group Co., Ltd. RMB
Current assets	238,164,354.83	92,999,734.00	108,404,571.41	174,516,972.50	98,440,155.00	197,361,648.01	103,897,415.54
Non-current assets	233,928,523.86	642,366,563.13	326,269,536.12	522,494,316.04	457,683,690.82	670,418,578.20	392,203,810.64
Total assets	472,092,878.69	735,366,297.13	434,674,107.53	697,011,288.54	556,123,845.82	867,780,226.21	496,101,226.18
Current liabilities	97,187,718.96	145,441,363.92	42,408,261.72	296,626,602.37	218,163,786.59	150,834,118.33	127,460,985.50
Non-current liabilities	9,447,150.76	276,558,202.63	67,810,294.20	77,805,294.60	135,785,441.65	214,277,206.94	94,403,292.90
Total liabilities	106,634,869.72	421,999,566.55	110,218,555.92	374,431,896.97	353,949,228.24	365,111,325.27	221,864,278.40
Operating income	315,760,059.36	373,523,115.68	365,110,114.63	499,282,677.76	209,526,491.94	532,099,005.70	285,569,702.60
Net profit/(loss) for the year	31,384,085.84	20,372,744.79	15,198,900.88	27,735,285.08	(27,885,664.96)	42,879,319.37	20,495,998.07
Total comprehensive income	39,063,454.92	20,372,744.79	15,198,900.88	27,735,285.08	(27,885,664.96)	45,145,043.74	20,210,809.86
Net cash inflow from operating activities	114,575,814.57	101,280,726.12	54,106,203.95	102,437,999.85	52,603,764.64	115,939,080.79	106,286,511.66

6 Exchange rate used for major items in the financial statements of overseas operating entities

As at 31 December 2020, overseas subsidiaries translate all asset and liability items in their balance sheet by applying the spot exchange rate at the year end as HKD1 against RMB0.8416; and all items in the income statement and items reflecting the distributions of profits are translated by applying the average exchange rate during the year as HKD1 against RMB0.8687.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS

1 Cash at bank and on hand

The Group

	31 December 2020			31 December 2019		
	Original currency	Exchange rate	Amount in RMB	Original currency	Exchange rate	Amount in RMB
Cash on hand						
RMB	–	–	7,250,210.70	–	–	9,263,471.57
HKD	160,809.79	0.8416	135,337.52	124,351.37	0.8958	111,393.96
Deposits with banks						
RMB	–	–	561,592,046.84	–	–	517,997,498.95
USD	1,554,687.42	6.5249	10,144,179.93	2,732,549.00	6.9762	19,062,808.31
HKD	141,167,420.71	0.8416	118,806,501.27	145,590,216.35	0.8958	130,419,715.81
Deposits in GCG Finance (Note 1)						
RMB	–	–	543,623,211.15	–	–	486,625,676.94
Other monetary funds (Note 2)						
RMB	–	–	12,608,740.81	–	–	13,846,451.89
HKD	3,600,000.00	0.8416	3,029,760.00	3,600,000.00	0.8958	3,224,880.00
Total			1,257,189,988.22			1,180,551,897.43

The Company

	31 December 2020			31 December 2019		
	Original currency	Exchange rate	RMB	Original currency	Exchange rate	RMB
Deposits with banks						
RMB	–	–	234,704,567.49	–	–	209,636,531.69
Deposits in GCG Finance (Note 1)						
RMB	–	–	425,628,388.22	–	–	366,262,781.14
Total			660,332,955.71			575,899,312.83

Note 1: Deposits in Guangdong Provincial Communication Group Finance Company Limited (“GCG Finance”) refer to deposits in GCG Finance, a wholly-owned subsidiary of GCGC (Note VI.6(1)(a)). GCG Finance is a company incorporated in the PRC and a non-banking financial institution with the financial institution licence issued by the China Banking Regulatory Commission.

Note 2: Other monetary funds comprise pledge deposits, performance bond, tourism quality deposits, margin loans, security deposits for letter of guarantee, property maintenance funds and bank acceptance bond.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Bills receivable

(1) Classification of bills receivable:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Bank acceptance bills	300,000.00	678,800.00	—	—

- (2) The Group and the Company had no pledged bank acceptance bills, undue discounted bank acceptance bills or acceptance bills transferred to accounts receivable due to drawers' nonperformance on 31 December 2020 and 31 December 2019. The bills receivable above are due within one year. As at 31 December 2020, the Group and the Company had undue endorsed bank acceptance bills of RMB300,000.00.

3 Accounts receivable

(1) Accounts receivable by customer type:

Customer type	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Amounts due from related parties	54,046,129.06	27,249,818.94	11,887,647.62	14,176,184.93
Amounts due from third parties	402,874,190.98	412,233,114.95	96,552,188.60	145,823,970.98
Sub-total	456,920,320.04	439,482,933.89	108,439,836.22	160,000,155.91
Less: Provision for bad and doubtful debts	(59,785,956.95)	(56,735,460.36)	(25,060,744.92)	(30,261,492.09)
Total	397,134,363.09	382,747,473.53	83,379,091.30	129,738,663.82

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Accounts receivable (Continued)

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

Ageing	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Within 3 months (inclusive)	285,019,526.90	318,208,984.86	45,832,864.62	127,254,275.82
Over 3 months but within 6 months (inclusive)	39,969,433.48	29,945,983.46	18,298,295.56	1,005,480.87
Over 6 months but within 1 year (inclusive)	74,387,495.49	36,325,149.01	18,685,302.01	793,361.52
Over 1 year but within 2 years (inclusive)	16,547,549.90	11,208,215.40	972,188.28	404,481.77
Over 2 years but within 3 years (inclusive)	6,374,421.18	5,881,650.41	—	—
Over 3 years	34,621,893.09	37,912,950.75	24,651,185.75	30,542,555.93
Sub-total	456,920,320.04	439,482,933.89	108,439,836.22	160,000,155.91
Less: Provision for bad and doubtful debts	(59,785,956.95)	(56,735,460.36)	(25,060,744.92)	(30,261,492.09)
Total	397,134,363.09	382,747,473.53	83,379,091.30	129,738,663.82

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

(3) The analysis of the movements of provision for bad and doubtful debts for the year is as follows:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Balance at the beginning of the year	(56,735,460.36)	(50,215,718.11)	(30,261,492.09)	(27,105,775.28)
Charge into income statement during the year	(1,915,180.67)	(7,694,568.46)	5,200,747.17	(3,155,716.81)
Written-off during the year	—	573,180.99	—	—
(Additions)/deductions resulting from consolidation scope change	(1,173,235.60)	606,524.45	—	—
Foreign currency financial statement translation differences	37,919.68	(4,879.23)	—	—
Balance at the end of the year	(59,785,956.95)	(56,735,460.36)	(25,060,744.92)	(30,261,492.09)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Prepayments

(1) The ageing analysis of prepayments is as follows:

The Group

	31 December 2020				31 December 2019			
	Amount	Percentage	Provision for	Carrying	Amount	Percentage	Provision for	Carrying
	RMB	(%)	impairment	amount	RMB	(%)	impairment	amount
			RMB	RMB			RMB	RMB
Within 1 year (inclusive)	194,989,539.43	29.05	–	194,989,539.43	263,246,381.98	35.69	–	263,246,381.98
Over 1 year but within								
2 years (inclusive)	6,852,002.27	1.02	–	6,852,002.27	4,129,733.58	0.56	–	4,129,733.58
Over 2 years but within								
3 years (inclusive)	141,858.94	0.02	–	141,858.94	304,449.83	0.04	–	304,449.83
Over 3 years	469,343,121.49	69.91	(468,767,440.30)	575,681.19	470,004,881.28	63.71	(468,768,532.00)	1,236,349.28
Total	671,326,522.13	100.00	(468,767,440.30)	202,559,081.83	737,685,446.67	100.00	(468,768,532.00)	268,916,914.67

The Company

	31 December 2020				31 December 2019			
	Amount	Percentage	Provision for	Carrying	Amount	Percentage	Provision for	Carrying
	RMB	(%)	impairment	amount	RMB	(%)	impairment	amount
			RMB	RMB			RMB	RMB
Within 1 year (inclusive)	17,997,297.99	3.69	–	17,997,297.99	46,967,324.00	9.10	–	46,967,324.00
Over 1 year but within								
2 years (inclusive)	1,233,290.34	0.25	–	1,233,290.34	–	–	–	–
Over 2 years but within								
3 years (inclusive)	–	–	–	–	–	–	–	–
Over 3 years	468,764,363.80	96.06	(468,764,363.80)	–	469,110,521.36	90.90	(468,764,363.80)	346,157.56
Total	487,994,952.13	100.00	(468,764,363.80)	19,230,588.33	516,077,845.36	100.00	(468,764,363.80)	47,313,481.56

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Prepayments (Continued)

(2) Prepayments by nature

Nature	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Prepayment for goods	552,790,554.44	612,054,689.05	481,539,676.95	514,748,026.13
Prepayment for fuel purchase	30,660,469.93	27,317,509.27	–	–
Prepayment for insurance premium	53,237,835.58	66,240,345.23	–	–
Others	34,637,662.18	32,072,903.12	6,455,275.18	1,329,819.23
Sub-total	671,326,522.13	737,685,446.67	487,994,952.13	516,077,845.36
Less: Provision	(468,767,440.30)	(468,768,532.00)	(468,764,363.80)	(468,764,363.80)
Total	202,559,081.83	268,916,914.67	19,230,588.33	47,313,481.56

- (3) As at 31 December 2020, individually significant prepayments aged over 3 years mainly include a payment for purchase of materials of RMB468,764,363.80. The Company has filed a lawsuit and prevailed in previous year, and made full provision for the prepayment in previous year in view of the poor financial condition of the debtors.

5 Other receivables

Items		The Group		The Company	
		31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Dividends receivable	(1)	15,276,787.31	13,500,000.00	21,537,487.31	19,117,700.00
Others	(2)	513,969,016.18	505,710,319.87	135,249,846.27	143,626,644.76
Total		529,245,803.49	519,210,319.87	156,787,333.58	162,744,344.76

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other receivables (Continued)

(1) Dividends receivable

Investees	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Shaoguan Libao Technology Company Limited	–	1,000,000.00	–	–
Southern United Assets and Equity Exchange Company Limited	15,276,787.31	12,500,000.00	15,276,787.31	12,500,000.00
The Motor Transport Company of Guangdong and Hong Kong (Hong Kong) Limited	–	–	1,023,000.00	1,023,000.00
Zhongshan Yueyun Tongxing Transportation Company Limited	–	–	–	357,000.00
Guangdong Yueyun Langri Company Limited	–	–	5,237,700.00	5,237,700.00
Total	15,276,787.31	13,500,000.00	21,537,487.31	19,117,700.00

As at 31 December 2019, dividends receivable aged over 1 year of RMB1,000,000.00 is due from Shaoguan Libao Technology Company Limited. As at 31 December 2020, dividends receivable aged over 1 year of RMB1,000,000.00 which was due from Shaoguan Libao Technology Company Limited were received.

(2) Others

(a) Analysis by customer type is as follows:

Customer type	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Amounts due from related parties	43,646,104.20	47,394,057.97	122,778,698.75	118,106,306.40
Amounts due from third parties	608,951,056.78	571,045,487.56	46,466,976.27	60,292,734.54
Sub-total	652,597,160.98	618,439,545.53	169,245,675.02	178,399,040.94
Less: Provision for bad and doubtful debts	(138,628,144.80)	(112,729,225.66)	(33,995,828.75)	(34,772,396.18)
Total	513,969,016.18	505,710,319.87	135,249,846.27	143,626,644.76

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other receivables (Continued)

(2) Others (Continued)

(b) The ageing analysis is as follows:

Ageing	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Within 1 year (inclusive)	359,417,621.40	346,304,940.17	23,803,539.19	68,289,213.65
Over 1 year but within 2 years (inclusive)	60,739,777.79	48,957,983.62	37,795,119.24	13,811,713.80
Over 2 years but within 3 years (inclusive)	35,752,430.09	31,262,648.19	11,349,801.45	22,098,569.84
Over 3 years	196,687,331.70	191,913,973.55	96,297,215.14	74,199,543.65
Sub-total	652,597,160.98	618,439,545.53	169,245,675.02	178,399,040.94
Less: Provision for bad and doubtful debts	(138,628,144.80)	(112,729,225.66)	(33,995,828.75)	(34,772,396.18)
Total	513,969,016.18	505,710,319.87	135,249,846.27	143,626,644.76

(c) The analysis of the movements of provision for bad and doubtful debts for the year is as follows:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Balance at the beginning of the year	(112,729,225.66)	(122,813,395.21)	(34,772,396.18)	(35,393,452.46)
Charge into income statement during the year	(26,063,105.93)	(5,236,415.50)	776,567.43	621,056.28
Written-off during the year	6,800.00	4,393,090.87	—	—
Deductions resulting from consolidation scope change	157,386.79	10,927,494.18	—	—
Balance at the end of the year	(138,628,144.80)	(112,729,225.66)	(33,995,828.75)	(34,772,396.18)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other receivables (Continued)

(2) Others (Continued)

(d) Other receivables by nature:

Nature	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Amount due from related parties				
Amount due from subsidiaries	–	–	114,678,547.92	109,960,537.22
Deposits	28,662,192.03	29,310,360.59	8,003,895.41	8,003,895.41
Others	14,983,912.17	18,083,697.38	96,255.42	141,873.77
Amount due from third parties				
Deposits	85,965,713.02	82,896,668.67	8,553,895.44	8,831,898.10
Government grants	293,298,923.23	255,660,517.54	–	–
Staff advances	15,545,561.93	10,803,905.60	–	–
Insurance compensation relating to traffic accidents	5,849,432.75	12,899,578.43	–	–
Others	208,291,425.85	208,784,817.32	37,913,080.83	51,460,836.44
Sub-total	652,597,160.98	618,439,545.53	169,245,675.02	178,399,040.94
Less: Provision for bad and doubtful debts	(138,628,144.80)	(112,729,225.66)	(33,995,828.75)	(34,772,396.18)
Total	513,969,016.18	505,710,319.87	135,249,846.27	143,626,644.76

6 Inventories

Nature	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Raw materials	18,631,457.31	20,184,902.26	–	–
Finished goods	97,253,958.56	74,247,937.54	90,723.73	260,508.51
Others	1,578,153.74	1,636,822.23	–	–
Sub-total	117,463,569.61	96,069,662.03	90,723.73	260,508.51
Less: Provision for impairment of inventories	(1,021,439.56)	(370,373.44)	–	–
Total	116,442,130.05	95,699,288.59	90,723.73	260,508.51

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Other current assets

Nature	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Deductable input VAT	49,828,563.01	50,664,155.48	—	—
Prepaid corporate income tax	396,780.04	11,216,248.27	—	9,123,326.08
Prepaid business tax and surcharges	1,598,649.45	1,592,258.65	54,176.99	—
Sub-total	51,823,992.50	63,472,662.40	54,176.99	9,123,326.08
Less: Provision for impairment	—	—	—	—
Total	51,823,992.50	63,472,662.40	54,176.99	9,123,326.08

8 Long-term receivables

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Finance leases	645,022.00	2,394,399.68	—	—
Less: Unearned finance income	(35,473.07)	(553,468.31)	—	—
Payment on behalf of third parties	—	—	49,200,000.00	50,600,000.00
Sub-total	609,548.93	1,840,931.37	49,200,000.00	50,600,000.00
Less: Due within one year	(609,548.93)	(1,269,554.64)	—	—
Provision for bad and doubtful debts	—	—	—	—
Total	—	571,376.73	49,200,000.00	50,600,000.00

An analysis of the above finance leases receivable is as follows:

The Group		
	31 December 2020 RMB	31 December 2019 RMB
Amount due from lessees	645,022.00	2,394,399.68
Less: Unearned finance income	(35,473.07)	(553,468.31)
Finance leases	609,548.93	1,840,931.37

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Long-term receivables (Continued)

The total future minimum lease receipts under finance leases after the balance sheet date are as follows:

The Group		
	31 December 2020 RMB	31 December 2019 RMB
Within 1 year (inclusive)	645,022.00	1,749,377.68
Over 1 year but within 2 years (inclusive)	–	645,022.00
Sub-total	645,022.00	2,394,399.68
Less: Unearned finance income	(35,473.07)	(553,468.31)
Total	609,548.93	1,840,931.37

9 Long-term equity investments

The Group			The Company		
	Note	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Investments in subsidiaries	(1)	–	–	1,734,800,854.81	1,714,576,476.52
Investments in joint ventures	(2)	115,869,973.58	173,000,538.52	6,710,953.40	6,555,133.61
Investments in associates	(3)	245,259,648.04	256,893,070.19	73,800,935.40	93,912,269.83
Sub-total		361,129,621.62	429,893,608.71	1,815,312,743.61	1,815,043,879.96
Less: Provision for impairment					
– Investments in subsidiaries		–	–	(8,046,462.29)	–
– Investments in associates		(1,163,296.01)	(930,000.00)	–	–
Total		359,966,325.61	428,963,608.71	1,807,266,281.32	1,815,043,879.96

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(1) As at 31 December 2020, the Company's investments in subsidiaries were as follows:

Investee	Investment cost RMB	Balance at the beginning of the year RMB	Increase/ (decrease) RMB	Balance at the end of the year RMB	Shareholding percentage %	Voting rights percentage %	Cash dividend for the year RMB
Guangdong Top-E Expressway Service Zone Company Limited	98,831,192.00	98,831,192.00	20,224,378.29	119,055,570.29	95.56%	95.56%	120,175,387.72
Guangdong Highway Media Company Limited	19,800,000.00	19,800,000.00	-	19,800,000.00	60.00%	60.00%	7,630,174.10
The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited	25,319,234.10	25,319,234.10	-	25,319,234.10	62.00%	71.43%	-
The Motor Transport Company of Guangdong and Hong Kong Limited	120,196,428.59	120,196,428.59	-	120,196,428.59	62.00%	71.43%	13,610,943.72
Yueyun Transportation (HK) Company Limited	1,323,750.00	1,323,750.00	-	1,323,750.00	100.00%	100.00%	-
GVTG	72,506,914.89	78,241,097.70	-	78,241,097.70	100.00%	100.00%	-
Meizhou City Yueyun Motor Transportation Co., Ltd.	143,779,032.69	143,779,032.69	-	143,779,032.69	100.00%	100.00%	7,799,776.16
Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	9,180,000.00	9,180,000.00	-	9,180,000.00	51.00%	51.00%	-
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	175,702,676.32	175,702,676.32	-	175,702,676.32	59.69%	59.69%	7,804,585.12
Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	3,403,136.63	3,403,136.63	-	3,403,136.63	51.00%	51.00%	306,000.00
Foshan City Yueyun Public Transportation Co., Ltd.	128,000,000.00	128,000,000.00	-	128,000,000.00	51.00%	100.00%	7,284,424.04
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	101,009,712.00	101,009,712.00	-	101,009,712.00	59.62%	59.62%	5,962,060.40
Yangjiang Yueyun Langri Vehicles Driving Training Co., Ltd.	78,580,658.61	78,580,658.61	-	78,580,658.61	51.00%	51.00%	-
Guangdong Yueyun Traffic Rescue Co., Ltd.	60,000,000.00	60,000,000.00	-	60,000,000.00	100.00%	100.00%	9,478,975.30
Foshan City Sanshui District Yueyun Traffic Co., Ltd.	20,579,475.24	20,579,475.24	-	20,579,475.24	51.00%	100.00%	2,256,467.56
Heyuan City Yueyun Motor Transportation Co., Ltd.	164,623,493.41	164,623,493.41	-	164,623,493.41	55.28%	55.28%	-
Guangzhou Yueyun Vehicles Transportation Co., Ltd.	58,000,000.00	58,000,000.00	-	58,000,000.00	100.00%	100.00%	-
Qingyuan Qingxin District Yueyun Vehicles Transportation Co., Ltd.	267,307,909.96	267,307,909.96	-	267,307,909.96	61.75%	61.75%	-
Shanwei Yueyun Vehicles Transportation Co., Ltd.	67,334,634.63	67,334,634.63	-	67,334,634.63	51.00%	51.00%	-
Chaozhou Yueyun Automobile Transportation Co., Ltd.	103,789,700.00	49,627,064.35	-	49,627,064.35	100.00%	100.00%	-
Zhuhai Gongyun Coach Terminal Co., Ltd.	71,607,400.00	43,736,980.29	-	43,736,980.29	100.00%	100.00%	-
Total	1,790,875,349.07	1,714,576,476.52	20,224,378.29	1,734,800,854.81			182,308,794.12

Detailed information about the subsidiaries is set out in Note IV.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) As at 31 December 2020, the Group's investments in joint ventures were as follows:

Name of investee	Investment cost RMB	Balance at the beginning of the year RMB	Increase/ (decrease) RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights percentage (%)	Cash dividend for the year RMB
(i) Material joint ventures							
Zhong Yue Tong (Note 1)	15,000,000.00	48,546,275.30	(48,546,275.30)	–	Not applicable	Not applicable	–
Guangdong Zhongyou Top-E Energy Trading Company Limited ("Zhongyou Top-E Energy")	30,000,000.00	31,391,767.45	3,382,412.09	34,774,179.54	50.00%	50.00%	1,000,000.00
Zhuhai Yuegong Xinhai Transportation Co., Ltd. ("Zhuhai Yuegong Xinhai") (Note 2)	64,451,675.67	78,588,109.62	(11,704,498.56)	66,883,611.06	49.00%	49.00%	–
Sub-total	109,451,675.67	158,526,152.37	(56,868,361.77)	101,657,790.60			1,000,000.00
(ii) Immaterial joint ventures							
Guangdong Roadnet Innovalues Media Information and Technology Co., Ltd. ("Roadnet Innovalues Media")	5,906,850.00	4,273,723.32	(113,165.48)	4,160,557.84	50.00%	50.00%	–
Guangdong Yuehuahui Business Management Co., Ltd. ("Guangdong Yuehuahui") (Note 3)	9,000,000.00	6,555,133.61	155,819.79	6,710,953.40	50.00%	50.00%	–
Shaoguan Yuehong Bus Station Company Limited	4,000,000.00	3,577,313.70	(393,290.85)	3,184,022.85	50.00%	50.00%	–
Others	1,500,000.00	68,215.52	88,433.37	156,648.89	50.00%	50.00%	–
Sub-total	20,406,850.00	14,474,386.15	(262,203.17)	14,212,182.98			–
Total	129,858,525.67	173,000,538.52	(57,130,564.94)	115,869,973.58			1,000,000.00

Note 1: On 9 January 2020, the acquisition date, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, injected capital of RMB2,634,500.00 to Zhong Yue Tong. After the capital injection, the Group total represented the 51% of total equity interest of Zhong Yue Tong and the Group obtained the control over Zhong Yue Tong. After the acquisition date, Zhong Yue Tong is not a joint venture of the Group.

Note 2: At the end of this year, the Group held 49% equity interests in Zhuhai Yuegong Xinhai. According to the articles of association of Zhuhai Yuegong Xinhai, the resolution of the shareholders' meeting must be accepted unanimously by the shareholders. Consequently, Zhuhai Yuegong Xinhai is a joint venture of the Group.

Note 3: At the end of this year, the Group held 50% equity interests in Guangdong Yuehuahui. According to the articles of association of Guangdong Yuehuahui, the shareholders exercises their voting rights in proportion to their contributions in the shareholders' meeting. The board of directors consists of five directors, three of whom are sent by the Group and two by third-party shareholders. The decision of the board of meetings shall be unanimously agreed by 2/3 of the board members. As a result, Guangdong Yuehuahui was recognized as a joint venture of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) As at 31 December 2020, the Group's investments in joint ventures were as follows: (Continued)

As at 31 December 2020, the Company's investment in a joint venture was as follows:

Name of investee	Investment cost RMB	Balance at the beginning of the year RMB	Increase RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights percentage (%)	Cash dividend for the year RMB
Guangdong Yuehuahui	9,000,000.00	6,555,133.61	155,819.79	6,710,953.40	50.00%	50.00%	-

All joint ventures of the Group and the Company are non-listed companies. As at 31 December 2020, the ability to transfer fund from above joint ventures to the Group is not restricted (2019: Nil).

(i) Details of the Group's material joint ventures are as follows:

Name of enterprise	Principal place of business	Registered place	Registered capital RMB	Shareholding percentage	Business nature	Strategic to the Group's activities
Zhongyou Top-E Energy	Guangdong China	Guangdong China	60,000,000.00	50.00%	Wholesale of oil	Yes
Zhuhai Yuegong Xinhai	Guangdong China	Guangdong China	10,000,000.00	49.00%	Road transportation	Yes

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) As at 31 December 2020, the Group's investments in joint ventures were as follows: (Continued)

(i) Details of the Group's material joint ventures are as follows: (Continued)

The following table sets out the key financial information of the Group's material joint venture, adjusted for fair value adjustments at the time of acquisition and the differences in accounting policies of the Group. The table also reconciles the key financial information to the carrying amount of the Group's investment in the joint venture when using the equity method:

Zhongyou Top-E Energy		
	31 December 2020 RMB	31 December 2019 RMB
Current assets	75,759,808.98	55,269,236.70
Including: Cash and cash equivalents	47,809,177.35	35,639,415.53
Non-current assets	13,441,204.95	16,142,345.69
Total assets	89,201,013.93	71,411,582.39
Current liabilities	(19,652,654.85)	(8,628,047.49)
Total liabilities	(19,652,654.85)	(8,628,047.49)
Net assets	69,548,359.08	62,783,534.90
Group's share of net assets	34,774,179.54	31,391,767.45
Carrying amount of interests in joint venture	34,774,179.54	31,391,767.45

	2020 RMB	2019 RMB
Operating income	169,276,568.67	127,540,545.09
Net financial income	(1,085,590.35)	(987,878.03)
Income tax expense	2,393,905.09	1,026,708.39
Net income	8,764,824.18	2,921,704.94
Other comprehensive income	—	—
Total comprehensive income	8,764,824.18	2,921,704.94
Dividends received from joint ventures	1,000,000.00	—

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) As at 31 December 2020, the Group's investments in joint ventures were as follows: (Continued)

(i) Details of the Group's material joint ventures are as follows: (Continued)

	Zhuhai Yuegong Xinhai	
	31 December 2020 RMB	31 December 2019 RMB
Current assets	28,114,858.03	4,316,975.38
Including: Cash and cash equivalents	4,302,259.18	4,316,975.38
Non-current assets	113,948,383.28	156,183,921.81
Total assets	142,063,241.31	160,500,897.19
Current liabilities	(5,566,075.88)	(117,000.01)
Total liabilities	(5,566,075.88)	(117,000.01)
Net assets	136,497,165.43	160,383,897.18
Group's share of net assets	66,883,611.06	78,588,109.62
Carrying amount of interests in joint venture	66,883,611.06	78,588,109.62

	2020 RMB	2019 RMB
Operating income	—	—
Net financial income	(288.20)	(7,970.41)
Income tax expense	5,449,175.10	110.83
Net (loss)/income	(15,528,648.28)	23,430,053.53
Other comprehensive income	(8,358,083.47)	—
Total comprehensive income	(23,886,731.75)	23,430,053.53
Dividends received from joint ventures	—	—

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) As at 31 December 2020, the Group's investments in joint ventures were as follows: (Continued)

(ii) Details of immaterial joint ventures accounted for using the equity method is summarised as follows:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Aggregate carrying amount of investments	14,212,182.98	14,474,386.15	6,710,953.40	6,555,133.61

Aggregate amount of share of

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
– Net (loss)/income	(262,203.16)	(2,928,568.01)	155,819.79	(831,305.89)
– Other comprehensive income	–	–	–	–
– Total comprehensive income	(262,203.16)	(2,928,568.01)	155,819.79	(831,305.89)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(3) As at 31 December 2020, the Group's investments in associates were as follows:

Investee	Investment cost RMB	Balance at the beginning of the year RMB	Increase/ (decrease) RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights (%)	Cash dividend for the year RMB
(i) Material associates							
Southern United Assets & Equity Exchange Co., Ltd.	20,000,000.00	67,804,725.72	373,091.83	68,177,817.55	25.00%	25.00%	15,276,787.31
Shenzhen Yueyun Investment Development Company Limited	48,590,602.00	47,814,215.14	417,685.44	48,231,900.58	20.00%	20.00%	–
Guangzhou City Tianhe Coach Terminal Co., Ltd.	2,000,000.00	27,698,749.60	2,500,168.91	30,198,918.51	20.00%	20.00%	–
Shantou City Automobile Passenger Traffic Center Co., Ltd.	25,206,264.00	23,640,633.75	(328,641.59)	23,311,992.16	35.00%	35.00%	–
CNPC Yueyun Natural Gas Co. Ltd.	12,000,000.00	15,443,059.60	(2,727,150.61)	12,715,908.99	24.00%	24.00%	2,315,126.98
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	20,329,088.00	27,197,203.78	(4,906,830.24)	22,290,373.54	20.00%	20.00%	–
Sub-total	128,125,954.00	209,598,587.59	(4,671,676.26)	204,926,911.33			17,591,914.29
(ii) Immaterial associates							
Shaoguan Danxia Mountain Travel Bus Co., Ltd.	9,721,622.64	12,258,716.46	(955,222.26)	11,303,494.20	49.00%	49.00%	–
Guangdong Guangye Yueyun Natural Gas Co., Ltd.	6,000,000.00	11,242,856.59	(1,235,774.15)	10,007,082.44	30.00%	30.00%	900,000.00
Zhuhai Wandatong Hongkong-Zhuhai-Macao Bridge Port Passenger Service Co., Ltd.	9,000,000.00	5,877,877.84	218,926.46	6,096,804.30	30.00%	30.00%	–
Guangdong South Passenger Network Center Co., Ltd. ("Nanyuetong") (Note 1)	8,000,000.00	6,002,744.21	(842,401.78)	5,160,342.43	16.00%	16.00%	–
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	3,400,000.00	1,458,984.41	(528,984.41)	930,000.00	34.00%	34.00%	–
Lufeng Shenshan Expressway Company Limited	450,000.00	3,213,495.10	(779,731.33)	2,433,763.77	45.00%	45.00%	–
Shaoguan Libao Technology Co., Ltd.	1,418,462.00	1,329,854.73	223,528.27	1,553,383.00	42.00%	42.00%	147,000.00
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	800,000.00	1,613,541.75	(453,514.34)	1,160,027.41	40.00%	40.00%	–
Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd. (Note 2)	–	808,467.35	(808,467.35)	–	42.00%	42.00%	–
Others	4,431,127.20	3,487,944.16	(1,800,105.00)	1,687,839.16			399,602.00
Sub-total	43,221,211.84	47,294,482.60	(6,961,745.89)	40,332,736.71			1,446,602.00
Total	171,347,165.84	256,893,070.19	(11,633,422.15)	245,259,648.04			19,038,516.29

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(3) As at 31 December 2020, the Group's investments in associates were as follows: (Continued)

As at 31 December 2020, the Company's investments in associates were as follows:

Investee	Investment cost RMB	Balance at the beginning RMB	Increase/ (decrease) RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights (%)	Cash dividend for the year RMB
(i) Material associates							
Southern United Assets and Equity Exchange Company Limited	20,000,000.00	67,804,725.72	373,091.83	68,177,817.55	25.00%	25.00%	15,276,787.31
Zhong Yue Tong (Note 3)	6,250,000.00	20,224,378.29	(20,224,378.29)	–	Not applicable	Not applicable	–
Sub-total	26,250,000.00	88,029,104.01	(19,851,286.46)	68,177,817.55			15,276,787.31
(ii) Immaterial associates							
Nanyuetong (Note 1)	6,000,000.00	4,502,058.16	(631,801.34)	3,870,256.82	12.00%	12.00%	–
Guangdong Yueyun Development Co., Ltd.	4,000,000.00	1,381,107.66	371,753.37	1,752,861.03	20.00%	20.00%	–
Sub-total	10,000,000.00	5,883,165.82	(260,047.97)	5,623,117.85			–
Total	36,250,000.00	93,912,269.83	(20,111,334.43)	73,800,935.40			15,276,787.31

Note 1: At the end of this year, the Company and Zhuhai Gongyun, a subsidiary of the Company, held 12% and 4% equity interests in Nanyuetong. According to the shareholders' agreement, the Company have rights of participation and decision in the board of director of Nanyuetong. Consequently, the Company have significant influence to Nanyuetong, and Nanyuetong is an associate of the Group and the Company.

Note 2: On April 16, 2020, Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd. completed the industrial and commercial cancellation and was no longer a joint venture of the Group. The Group has recovered all the initial investment costs of RMB420,000.00, and confirmed the liquidation gains of RMB573.03 in this period.

Note 3: Before January 9, 2020, Zhong Yue Tong is a joint venture of the Company. On January 9, 2020, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, injected capital of RMB2,634,500.00 to Zhong Yue Tong. After the capital injection, the Company and Guangdong Top-E Expressway Service Zone Company Limited hold 20.83% and 30.17% of the equity respectively. The total equity of Zhong Yue Tong held by the Company directly and indirectly is 51%, and the Company obtained the control over Zhong Yue Tong. Therefore, Zhong Yue Tong is a subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(3) As at 31 December 2020, the Group's investments in associates were as follows: (Continued)

Note 4: The Group equity account for the investments in associates. The Group ceased recognising its share of losses of the associates due to excess losses of the investee. As at 31 December 2020, the unrecognised share of losses of associates is as follows:

Investee	Accumulated unrecognised share of losses at the beginning of the year RMB	Recognised share of net losses during the year RMB	Reduced share due to disposal during the year RMB	Accumulated unrecognised share of losses at the end of the year RMB
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	329,802.20	673,616.04	–	1,003,418.24
Qingyuan Kuaitong Car Lease Co., Ltd.	210,043.95	–	(210,043.95)	–
Heyuan City Yueyun New Energy Co., Ltd.	–	40,592.32	–	40,592.32
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	–	160,019.55	–	160,019.55
Total	539,846.15	874,227.91	(210,043.95)	1,204,030.11

Note 5: All associates of the Group and the Company are non-listed companies. As at 31 December 2020, the ability to transfer fund from the above associates to the Group is not restricted (2019: Nil).

(i) Details of the Group's material associates are as follows:

The Group

Name of associates	Principal pace of business	Registered place	Registered capital	Shareholding percentage	Business nature	Strategic to the Group's activities
Southern United Assets and Equity Exchange Company Limited	Guangdong China	Guangdong China	RMB 80,000,000.00	25.00%	Property Exchange	Yes
Shenzhen Yueyun Investment Development Company Limited	Guangdong China	Guangdong China	RMB 30,000,000.00	20.00%	Passenger Terminal Operation	Yes
Shantou City Automobile Terminal Co., Ltd.	Guangdong China	Guangdong China	RMB 7,575,000.00	35.00%	Passenger Terminal Operation	Yes
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	RMB 10,000,000.00	20.00%	Station Services	Yes
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	Hong Kong China	Hong Kong China	HKD 1,000,000.00	20.00%	Transportation	Yes
CNPC Yueyun Natural Gas Co. Ltd.	Guangdong China	Guangdong China	RMB 50,000,000.00	24.00%	Gas Wholesale and Retail	Yes

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

- (3) As at 31 December 2020, the Group's investments in associates were as follows: (Continued)
- (i) Details of the Group's material associates are as follows: (Continued)

The Company

The material associates of the Company include Southern United Assets & Equity Exchange Co., Ltd.. Detailed information of Southern United Assets and Equity Exchange Company Limited. is set out below.

	Southern United Assets and Equity Exchange Company Limited		Shenzhen Yueyun Investment Development Company Limited		Guangzhou City Tianhe Coach Terminal Co., Ltd.		Shantou City Automobile Terminal Co., Ltd.		CNPC Yueyun Natural Gas Co., Ltd.		Hong Kong Zhilai-Macao Bridge Shuttle Bus Co., Ltd.		Total
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Current assets	282,459,685.35	273,551,280.96	24,304,352.97	16,213,652.66	167,374,412.69	151,573,251.73	5,111,773.45	4,967,776.90	40,992,965.46	58,004,764.79	26,580,586.67	9,252,403.19	513,563,130.23
Non-current assets	60,996,482.93	60,925,328.44	227,100,019.59	233,568,533.61	98,229,446.46	100,198,583.57	76,020,052.14	79,129,428.14	23,160,721.60	24,538,178.48	84,902,716.95	126,747,052.38	625,106,104.62
Total assets	343,456,168.28	334,476,609.40	251,404,372.56	249,782,186.27	265,604,059.15	251,771,835.30	81,131,825.59	84,096,205.04	64,153,687.06	82,542,943.27	111,483,303.62	135,999,455.57	1,138,669,234.85
Current liabilities	(70,244,898.08)	(62,757,706.52)	(102,444,869.66)	(107,711,110.57)	(114,609,466.60)	(113,278,087.30)	(14,526,133.70)	(16,379,037.18)	(11,707,732.94)	(18,196,861.60)	(31,437.92)	(13,436.67)	(221,336,239.84)
Non-current liabilities	(500,000.00)	(500,000.00)	-	-	-	-	-	(172,500.00)	-	-	-	-	(672,500.00)
Total liabilities	(70,744,898.08)	(63,257,706.52)	(102,444,869.66)	(107,711,110.57)	(114,609,466.60)	(113,278,087.30)	(14,526,133.70)	(16,551,537.18)	(11,719,465.88)	(18,196,861.60)	(31,475.84)	(13,470.24)	(221,998,739.84)
Net assets	272,711,270.20	271,218,902.88	241,159,502.90	239,071,075.70	150,994,592.55	138,493,748.00	66,605,691.89	67,544,667.86	52,443,221.12	64,346,081.67	111,451,867.70	135,986,018.90	916,660,495.01
Group's share of net assets	68,177,817.55	67,804,725.72	48,231,900.58	47,814,215.14	30,198,918.51	27,698,749.60	23,311,992.16	23,640,633.75	12,715,908.99	15,443,059.60	22,290,373.54	27,197,203.78	209,598,587.59
Carrying amount of interests in associates	68,177,817.55	67,804,725.72	48,231,900.58	47,814,215.14	30,198,918.51	27,698,749.60	23,311,992.16	23,640,633.75	12,715,908.99	15,443,059.60	22,290,373.54	27,197,203.78	209,598,587.59
Operating income	116,736,096.69	83,705,182.20	20,310,513.86	29,769,472.06	-	-	10,492,110.16	7,136,062.64	63,549,206.64	73,021,093.18	-	-	193,631,810.08
Net profit/(loss)	62,599,516.56	46,148,400.76	2,088,427.20	3,530,454.93	12,500,844.55	16,519,059.90	(938,975.97)	(499,150.63)	(1,716,765.13)	(4,034,329.46)	(17,637,335.83)	23,342,211.60	85,006,647.10
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	(6,896,815.37)	2,714,462.16	2,714,462.16
Total comprehensive income	62,599,516.56	46,148,400.76	2,088,427.20	3,530,454.93	12,500,844.55	16,519,059.90	(938,975.97)	(499,150.63)	(1,716,765.13)	(4,034,329.46)	(24,534,151.20)	26,056,673.76	87,721,109.26
Dividends received from associates for the year	15,276,787.31	7,500,000.00	-	-	-	-	-	-	2,315,126.98	1,200,000.00	-	-	17,591,914.29
	8,700,000.00												

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(3) As at 31 December 2020, the Group's investments in associates were as follows: (Continued)

(ii) Details of immaterial associates accounted for using the equity method are summarised as follows:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Aggregate carrying amount of investments	40,332,736.71	47,294,482.60	5,623,117.85	5,883,165.82

Aggregate amount of share of

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
– Net (loss)/profit	(4,685,117.59)	(3,948,704.74)	(1,660,047.97)	77,465.74
– Other comprehensive income	(21,558.95)	16,635.74	–	–
– Total comprehensive income	(4,706,676.54)	(3,932,069.00)	(1,660,047.97)	77,465.74

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Investments in other equity instruments

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd.	308,228.22	308,228.22	—	—
Puning City Yueyun Development Co., Ltd.	309,360.00	309,360.00	—	—
Zhongdao Tourism Industry Development Co., Ltd.	600,000.00	600,000.00	600,000.00	600,000.00
Zhuhai Gongyun Automobile Transportation Co., Ltd	2,880,000.00	2,880,000.00	—	—
Guangdong Jindaoda Expressway Economic Development Company Limited	—	—	777,412.45	777,412.45
Guangdong Southern Container Transport Union Company	—	—	—	—
Huadu Golden Road Economic Development Co., Ltd.	—	—	—	—
Others	126,460.00	126,460.00	—	—
Total	4,224,048.22	4,224,048.22	1,377,412.45	1,377,412.45

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Investments in other equity instruments (Continued)

(1) Investments in other equity instruments:

The Group

Item	Reason for being designated at fair value through other comprehensive income	Dividend income recognised for the year	Accumulated gains or losses recognised in other comprehensive income	Amount transferred from comprehensive income to retained earnings
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. (Note 1)	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Puning City Yueyun Development Co., Ltd. (Note 1)	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Zhongdao Tourism Industry Development Co., Ltd. ("Zhongdao Tourism") (Note 2)	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Guangdong Southern Container Transport Union Company (Note 3)	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Huadu Golden Road Economic Development Co., Ltd. (Note 3)	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Zhuhai Gongyun Automobile Transportation Co., Ltd (Note 4)	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Others	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Total		-	-	-

Note 1: Guangdong Yueyun Langri Co., Ltd. holds 30% equity interests in Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. and Guangzhou Yueyun Transportation Co., Ltd. holds 40% equity interests in Puning City Yueyun Development Co., Ltd. As the operations of these investees are contracted by other parties or individuals, Guangzhou Yueyun Transportation Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. do not have a significant impact on these companies. Hence, the investments was recognized as investments in other equity instruments.

Note 2: Zhongdao tourism was founded on 17 April 2018 by 30 companies with registered capital of RMB30 million. The Group holds 1% equity interests and therefore does not have a significant impact on the management decisions of Zhongdao Tourism, and the investments was recognized as investments in other equity instruments.

Note 3: As at 31 December 2020, the Group held 14.11% and 10% equity interests in Guangdong Southern Container Transport Union Company and Huadu Golden Road Economic Development Co., Ltd., respectively. Guangdong Southern Container Transportation Co., Ltd. ceased its operation for years and Huadu Jindaoda Expressway Economic Development Co., Ltd., suffered operating loss for years. On 31 December 2020, the fair value of the two instruments available for sale is zero.

Note 4: Zhuhai Gongyun automobile transportation Co., Ltd. was established by two companies on February 11, 2003, with a registered capital of RMB500,000. In 2019, the registered capital increased by the same proportion of shareholders to RMB28,000,000 from the original RMB500,000. The group only holds 10% of the shares, which has no significant impact on the operation decision of Zhuhai Gongyun automobile transportation Co., Ltd. The investments was recognized as investments in other equity instruments.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Investments in other equity instruments (Continued)

(1) Investments in other equity instruments: (Continued)

The Company

Item	Reason for being designated at fair value through other comprehensive income	Dividend income recognised for the year	Accumulated gains or losses recognised in other comprehensive income	Amount transferred from comprehensive income to retained earnings
Guangdong Jindaoda Expressway Economic Development Company Limited	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Zhongdao tourism	With the intention of maintaining a long-term investment for strategic reasons	-	-	-
Total		-	-	-

At the end of the year, The Company and Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, holds 5% and 95% equity interests of Guangdong Jindaoda Expressway Economic Development Company Limited respectively, and the Group holds 100% equity interests in total.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS

11 Investment properties

The Group

	Buildings RMB	Land use rights RMB	Total RMB
Cost			
Balance as at 1 January 2019	91,723,224.13	39,579,718.68	131,302,942.81
Additions during the year			
Transfer from fixed assets	3,678,028.67	–	3,678,028.67
Decrease during the year			
Disposals	(38,968.05)	–	(38,968.05)
Transfer to fixed assets	(9,898,191.90)	–	(9,898,191.90)
Foreign currency financial statement translation differences	71,256.27	317,888.10	389,144.37
Balance as at 31 December 2019	85,535,349.12	39,897,606.78	125,432,955.90
Additions during the year			
Transfer from fixed assets	1,963,326.19	–	1,963,326.19
Transfer from intangible assets	–	752,159.18	752,159.18
Decrease during the year			
Deductions resulting from consolidation scope change	(3,602,878.54)	(21,783,514.02)	(25,386,392.56)
Transfer to fixed assets	(859,622.99)	–	(859,622.99)
Foreign currency financial statement translation differences	(197,173.90)	(879,631.13)	(1,076,805.03)
Balance as at 31 December 2020	82,838,999.88	17,986,620.81	100,825,620.69
Accumulated depreciation or amortisation			
Balance as at 1 January 2019	(6,207,466.52)	(6,285,649.44)	(12,493,115.96)
Additions during the year			
Charge for the year	(2,528,700.89)	(843,970.47)	(3,372,671.36)
Transfer from fixed assets	(369,329.60)	–	(369,329.60)
Decrease during the year			
Disposals	25,572.97	–	25,572.97
Transfer to fixed assets	2,853,682.66	–	2,853,682.66
Foreign currency financial statement translation differences	(63,691.51)	(73,902.69)	(137,594.20)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Investment properties (Continued)

The Group (Continued)

	Buildings RMB	Land use rights RMB	Total RMB
Balance as at 31 December 2019	(6,289,932.89)	(7,203,522.60)	(13,493,455.49)
Additions during the year			
Charge for the year	(2,378,499.62)	(810,079.22)	(3,188,578.84)
Transfer from fixed assets	(157,308.44)	–	(157,308.44)
Transfer from intangible assets	–	(179,085.55)	(179,085.55)
Decrease during the year			
Deductions resulting from consolidation scope change	1,536,916.33	3,749,889.30	5,286,805.63
Transfer to fixed assets	106,548.84	–	106,548.84
Foreign currency financial statement translation differences	179,933.09	217,229.64	397,162.73
Balance as at 31 December 2020	(7,002,342.69)	(4,225,568.43)	(11,227,911.12)
Carrying amounts			
As at 31 December 2020	75,836,657.19	13,761,052.38	89,597,709.57
As at 31 December 2019	79,245,416.23	32,694,084.18	111,939,500.41

Note 1: The remaining period of amortisation of land use rights is 21 to 62 years.

Note 2: As at 31 December 2020 and 31 December 2019, no investment properties were pledged for loans.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets

The Group

	Buildings and structures RMB	Building improvements RMB	Machinery and equipment RMB	Electronic equipment, office equipment and others RMB	Transportation vehicles RMB	Total RMB
Cost						
Balance as at 1 January 2019	1,532,599,844.82	189,680,156.46	96,794,914.86	337,433,747.22	3,605,630,854.15	5,762,139,517.51
Additions during the year						
– Purchases	38,575,533.00	25,076,532.95	6,528,388.76	29,952,532.66	234,804,003.41	334,936,990.78
– Transfer from investment properties	9,898,191.90	–	–	–	–	9,898,191.90
– Transfer from construction in progress	352,028,703.31	61,370,489.46	23,532,537.12	14,753,426.78	923,343,169.39	1,375,028,326.06
– Additions resulting from consolidation scope change	–	–	–	416,912.48	11,743,792.41	12,160,704.89
Reductions during the year						
– Disposals or adjustment upon completion during the year	(6,989,455.56)	(3,813,918.32)	(5,336,661.56)	(17,667,799.65)	(383,468,307.12)	(417,276,142.21)
– Transfer to investment properties	(3,678,028.67)	–	–	–	–	(3,678,028.67)
– Deductions resulting from consolidation scope change	–	–	–	(346,083.00)	(21,019,390.74)	(21,365,473.74)
– Transfer to right-of-use assets	–	–	–	–	(149,605,200.00)	(149,605,200.00)
Foreign currency financial statement translation differences	859,660.66	–	25,113.45	160,063.21	5,665,166.86	6,710,004.18
Balance as at 31 December 2019	1,923,294,449.46	272,313,260.55	121,544,292.63	364,702,799.70	4,227,094,088.36	6,908,948,890.70
Additions during the year						
– Purchases	80,243,881.63	–	3,710,457.60	37,605,549.56	60,889,934.53	182,449,823.32
– Transfer from investment properties	859,622.99	–	–	–	–	859,622.99
– Transfer from construction in progress	102,038,453.24	19,157,121.16	26,628,952.60	5,339,814.04	648,743,175.84	801,907,516.88
– Additions resulting from consolidation scope change (Note 1)	15,039,566.30	–	7,603,564.00	1,666,549.85	426,287.08	24,735,967.23
Reductions during the year						
– Disposals or adjustment upon completion during the year	(52,276,803.57)	(2,184,836.64)	(10,668,637.82)	(11,828,972.52)	(631,928,398.68)	(708,887,649.23)
– Transfer to investment properties	(1,963,326.19)	–	–	–	–	(1,963,326.19)
– Transfer to right-of-use assets	–	–	–	–	(241,412,547.20)	(241,412,547.20)
Foreign currency financial statement translation differences	(2,378,775.01)	–	(69,491.67)	(445,636.36)	(15,906,559.63)	(18,800,462.67)
Balance as at 31 December 2020	2,064,857,068.85	289,285,545.07	148,749,137.34	397,040,104.27	4,047,905,980.30	6,947,837,835.83

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets (Continued)

The Group (Continued)

	Buildings and structures RMB	Building improvements RMB	Machinery and equipment RMB	Electronic equipment, office equipment and others RMB	Transportation vehicles RMB	Total RMB
Less: Accumulated depreciation						
Balance as at 1 January 2019	(370,716,456.62)	(114,508,926.58)	(33,613,598.60)	(232,823,868.19)	(1,991,084,778.15)	(2,742,747,628.14)
Charge for the year	(68,696,800.25)	(5,275,300.82)	(10,123,525.22)	(48,557,138.54)	(501,607,057.43)	(634,259,822.26)
Transfer from investment properties	(2,853,682.66)	–	–	–	–	(2,853,682.66)
Written off on disposal	2,326,704.52	98,852.88	850,874.56	16,651,405.45	317,921,244.72	337,849,082.13
Transfer to investment properties	369,329.60	–	–	–	–	369,329.60
Deductions resulting from consolidation scope change	–	–	–	287,932.50	11,245,046.30	11,532,978.80
Transfer to right-of-use assets	–	–	–	–	15,428,040.60	15,428,040.60
Foreign currency financial statement translation differences	(326,402.02)	–	(23,970.21)	(113,865.15)	(4,275,710.52)	(4,739,947.90)
Balance as at 31 December 2019	(439,897,307.43)	(119,685,374.52)	(42,910,219.47)	(264,555,533.93)	(2,152,373,214.48)	(3,019,421,649.83)
Charge for the year	(82,023,320.53)	(26,000,578.99)	(17,450,536.34)	(23,218,423.97)	(530,533,169.68)	(679,226,029.51)
Transfer from investment properties	(106,548.84)	–	–	–	–	(106,548.84)
Written off on disposal	715,044.16	6,636,596.67	2,728,594.87	7,955,858.66	578,371,967.44	596,408,061.80
Transfer to investment properties	157,308.44	–	–	–	–	157,308.44
Foreign currency financial statement translation differences	1,041,321.38	–	66,428.04	277,547.87	12,156,727.35	13,542,024.64
Transfer to right-of-use assets	–	–	–	–	15,907,351.60	15,907,351.60
Balance as at 31 December 2020	(520,113,502.82)	(139,049,356.84)	(57,565,732.90)	(279,540,551.37)	(2,076,470,337.77)	(3,072,739,481.70)
Less: Provision for impairment						
Balance as at 1 January 2019	–	–	–	–	(5,700,682.06)	(5,700,682.06)
Charge for the year	–	–	–	–	(993,002.59)	(993,002.59)
Written off on disposal	–	–	–	–	5,615,175.79	5,615,175.79
Balance as at 31 December 2019	–	–	–	–	(1,078,508.86)	(1,078,508.86)
Charge for the year	(4,669,116.00)	–	(629,650.00)	(88,356.00)	(4,388,480.84)	(9,775,602.84)
Written off on disposal	4,669,116.00	–	629,650.00	88,356.00	994,865.48	6,381,987.48
Balance as at 31 December 2020	–	–	–	–	(4,472,124.22)	(4,472,124.22)
Carrying amounts						
As at 31 December 2020	1,544,743,566.03	150,236,188.23	91,183,404.44	117,499,552.90	1,966,963,518.31	3,870,626,229.91
As at 31 December 2019	1,483,397,142.03	152,627,886.03	78,634,073.16	100,147,265.77	2,073,642,365.02	3,888,448,732.01

Note 1: As mentioned in Note 3 (2), the additions of fixed assets due to acquisition of subsidiaries are included in the additions resulting from consolidation scope change in 2020.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets (Continued)

The Group (Continued)

As at 31 December 2020, fixed assets of the Group with carrying amount of RMB385,514,759.00 (31 December 2019: RMB403,898,449.23) were pledged for bank loans, among which, RMB355,714,159.01 (31 December 2019: RMB355,884,996.26) were pledged for long-term loans and RMB29,800,599.99 (31 December 2019: RMB48,013,452.97) were pledged for short-term loans.

As at 31 December 2020, certain buildings and structures of the Group in Guangzhou, Qingyuan, Foshan, Shaoguan, Zhaoqing, Shanwei, Meizhou and Heyuan etc. have not yet obtained the certificates of title due to historical reasons. As at 31 December 2020, the carrying amount of such buildings was RMB212,209,594.92 (31 December 2019: RMB342,296,838.19).

Except for the above, there are no other restricted fixed assets at the end of the year.

As at 31 December 2020, transportation vehicles with carrying amount of RMB18,953,674.25 (31 December 2019: RMB22,106,005.10) were leased out under operating leases.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets (Continued)

The Company

	Transportation vehicles RMB	Electronic equipment office equipment and others RMB	Buildings and structures RMB	Total RMB
Cost				
Balances as at 1 January 2019	7,044,804.68	13,077,476.08	3,424,779.00	23,547,059.76
Additions during the year				
– Purchases	369,347.62	1,147,446.00	–	1,516,793.62
– Transfer from construction in progress	–	960,000.00	–	960,000.00
Disposals during the year	–	(2,790,376.65)	–	(2,790,376.65)
Balances as at 31 December 2019	7,414,152.30	12,394,545.43	3,424,779.00	23,233,476.73
Additions during the year				
– Purchases	–	156,971.18	–	156,971.18
– Transfer from construction in progress	–	91,000.00	–	91,000.00
Balances as at 31 December 2020	7,414,152.30	12,642,516.61	3,424,779.00	23,481,447.91
Less: Accumulated depreciation				
Balances as at 1 January 2019	(6,484,767.46)	(9,317,155.36)	(488,031.12)	(16,289,953.94)
Charge for the year	(135,167.12)	(1,568,373.54)	(176,233.46)	(1,879,774.12)
Written off on disposals	–	2,751,165.09	–	2,751,165.09
Balances as at 31 December 2019	(6,619,934.58)	(8,134,363.81)	(664,264.58)	(15,418,562.97)
Charge for the year				
Written off on disposals	(151,048.08)	(987,886.39)	(162,677.04)	(1,301,611.51)
Balances as at 31 December 2020	(6,770,982.66)	(9,122,250.20)	(826,941.62)	(16,720,174.48)
Carrying amount				
As at 31 December 2020	643,169.64	3,520,266.41	2,597,837.38	6,761,273.43
As at 31 December 2019	794,217.72	4,260,181.62	2,760,514.42	7,814,913.76

As at 31 December 2020 and 2019, the Company had no restricted fixed assets and had no buildings and structures without certificate or title of which had not been officially transferred to the Company.

As at 31 December 2020 and 2019, the Company had no fixed asset acquired under finance lease and no fixed asset leased out under operating lease.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Construction in progress

	The Group RMB	The Company RMB
Cost		
Balance as at 1 January 2019	721,688,638.52	2,708,095.26
Additions during the year	1,130,755,102.97	4,286,126.15
Transfer to fixed assets	(1,375,028,326.06)	(960,000.00)
Other decrease	(69,764,071.13)	(1,469,373.00)
Balance as at 31 December 2019	407,651,344.30	4,564,848.41
Additions during the year	668,578,549.86	1,438,927.27
Transfer to fixed assets	(801,907,516.88)	(91,000.00)
Other decrease	(162,844,913.02)	(169,251.60)
Balance as at 31 December 2020	111,477,464.26	5,743,524.08
Less: Provision for impairment		
Balance as at 1 January 2019 and balance as at 31 December 2019 and 31 December 2020	(451,957.10)	—
Carrying amount		
As at 31 December 2020	111,025,507.16	5,743,524.08
As at 31 December 2019	407,199,387.20	4,564,848.41

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Construction in progress (Continued)

Top ten items of construction in progress of the Group as at 31 December 2020 are outlined below:

	Balances at the beginning of the year RMB	Additions during the year RMB	Decreases during the year RMB	Balances at the end of the year RMB
Purchase of vehicles	260,873,284.31	406,562,644.69	(648,743,175.84)	18,692,753.16
Reconstruction project of "Three Old"	14,878,562.56	–	–	14,878,562.56
Commercial transformation of service zones	11,237,440.08	110,230,358.38	(106,737,470.57)	14,730,327.89
Tianxin village construction	2,035,252.29	9,020,029.95	–	11,055,282.24
Yuexing & Yueyun Application and its infrastructure	4,592,900.00	3,035,300.00	(1,310,000.00)	6,318,200.00
Digital Media Project	5,603,242.00	–	–	5,603,242.00
Bus station reconstruction	212,931.25	5,436,832.38	(1,105,784.32)	4,543,979.31
Yueyun transportation office Renovation	2,245,448.41	1,281,716.27	(169,251.60)	3,357,913.08
Construction of self-owned service building	29,266,652.53	21,666,636.16	(48,075,016.95)	2,858,271.74
Parking lot project	2,247,421.45	–	–	2,247,421.45
Total	333,193,134.88	557,233,517.83	(806,140,699.28)	84,285,953.43

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Intangible assets

The Group

	Land use rights RMB	Joint operation earning rights RMB	Computer software RMB	Passenger service licenses RMB	Station and toll bridge franchise operating rights RMB	Line license use rights and route operation rights RMB	Trademark rights and others RMB	Total RMB
Cost								
Balances as at 1 January 2019	866,645,154.86	42,747,190.60	58,475,491.77	38,397,151.83	387,478,456.26	218,740,494.78	4,246,379.48	1,616,730,319.58
Additions during the year	18,384,934.79	–	12,575,913.36	–	–	47,872,864.73	188,679.24	79,022,392.12
Additions resulting from consolidation								
scope change	–	–	2,011,000.00	–	–	3,518,485.97	–	5,529,485.97
Disposals during the year	(2,288,045.18)	–	–	–	–	(98,500.00)	–	(2,386,545.18)
Foreign currency financial statement								
translation differences	846,061.14	–	–	858,041.81	–	–	–	1,704,102.95
Balances as at 31 December 2019	883,588,105.61	42,747,190.60	73,062,405.13	39,255,193.64	387,478,456.26	270,033,345.48	4,435,058.72	1,700,599,755.44
Additions during the year	1.00	–	18,120,454.55	–	–	3,767,299.91	–	21,887,755.46
Transfer to investment properties	(752,159.18)	–	–	–	–	–	–	(752,159.18)
Disposals during the year	(3,810,285.89)	–	–	–	–	–	(113,100.00)	(3,923,385.89)
Foreign currency financial statement								
translation differences	(2,341,143.64)	–	–	(2,374,295.46)	–	–	–	(4,715,439.10)
Balances as at 31 December 2020	876,684,517.90	42,747,190.60	91,182,859.68	36,880,898.18	387,478,456.26	273,800,645.39	4,321,958.72	1,713,096,526.73

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Intangible assets (Continued)

The Group (Continued)

	Land use rights	Joint operation earning rights	Computer software	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Accumulated amortisation								
Balances as at 1 January 2019	(132,003,530.26)	(15,607,120.68)	(30,416,504.75)	–	(248,805,230.09)	(112,441,166.91)	(1,292,520.02)	(540,566,072.71)
Charge for the year	(17,935,911.31)	(1,950,890.09)	(8,436,373.49)	–	(18,127,980.38)	(21,961,503.49)	(250,920.43)	(68,663,579.19)
Written off on disposal	–	–	–	–	–	98,500.00	–	98,500.00
Foreign currency financial statement translation differences	(313,692.46)	–	–	–	–	–	–	(313,692.46)
Balances as at 31 December 2019	(150,253,134.03)	(17,558,010.77)	(38,852,878.24)	–	(266,933,210.47)	(134,304,170.40)	(1,543,440.45)	(609,444,844.36)
Charge for the year	(19,724,935.87)	(1,950,890.09)	(9,651,629.04)	–	(18,127,980.38)	(21,764,835.39)	(95,011.16)	(71,315,281.93)
Written off on disposal	1,088,150.20	–	–	–	–	25,057.20	–	1,113,207.40
Transfer to investment properties	179,085.55	–	–	–	–	–	–	179,085.55
Foreign currency financial statement translation differences	915,900.22	–	–	–	–	–	–	915,900.22
Balances as at 31 December 2020	(167,794,933.93)	(19,508,900.86)	(48,504,507.28)	–	(285,061,190.85)	(156,043,948.59)	(1,638,451.61)	(678,551,933.12)
Carrying amount								
As at 31 December 2020	708,889,583.97	23,238,289.74	42,678,352.40	36,880,898.18	102,417,265.41	117,756,696.80	2,683,507.11	1,034,544,593.61
As at 31 December 2019	733,334,971.58	25,189,179.83	34,209,526.89	39,255,193.64	120,545,245.79	135,729,175.08	2,891,618.27	1,091,154,911.08

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Intangible assets (Continued)

The Group (Continued)

As at 31 December 2020, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right (Toll bridge franchise operating rights) with carrying amount of RMB57,618,606.46 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Group as mentioned in Note V. 30 (31 December 2019: RMB74,529,760.30). In addition, land use rights with carrying amount of RMB192,175,047.58 (31 December 2019: RMB242,768,866.37) were pledged for bank loans, among which, RMB102,354,103.08 (31 December 2019: RMB152,570,542.04) were pledged for long-term loans and RMB89,820,944.50 (31 December 2019: RMB90,198,324.33) were pledged for short-term loans. As at 31 December 2020, land use rights with carrying amount of RMB931,902.00 (31 December 2019: RMB931,902.00) were pledged for long-term payables. As at 31 December 2020, there were no other restricted intangible assets of the Group.

In addition to the land that are in the process of applying for the certificates of title, certain pieces of land of the Group located in the cities of Heyuan, Shanwei, Shaoguan and Yangjiang have not yet obtained the certificates of ownership. As at 31 December 2020, the carrying amount of land use rights without certificate of title for the Group was RMB10,736,440.28 (31 December 2019: RMB10,994,860.20).

As at 31 December 2020, land use rights with carrying amounts of RMB87,705,163.22 (31 December 2019: RMB88,503,568.31) were obtained through allocation.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Intangible assets (Continued)

The Company

	Computer Software RMB	Toll bridge franchise operating rights RMB	Total RMB
Cost			
Balances as at 1 January 2019	43,576,400.83	334,103,442.14	377,679,842.97
Additions during the year	4,406,688.00	–	4,406,688.00
Balances as at 31 December 2019	47,983,088.83	334,103,442.14	382,086,530.97
Balances as at 31 December 2020	47,983,088.83	334,103,442.14	382,086,530.97
Accumulated amortisation			
Balances as at 1 January 2019	(26,507,373.26)	(242,662,528.00)	(269,169,901.26)
Charges for the year	(5,215,993.00)	(16,911,153.84)	(22,127,146.84)
Balances as at 31 December 2019	(31,723,366.26)	(259,573,681.84)	(291,297,048.10)
Charges for the year	(4,558,892.35)	(16,911,153.84)	(21,470,046.19)
Balances as at 31 December 2020	(36,282,258.61)	(276,484,835.68)	(312,767,094.29)
Carrying amount			
As at 31 December 2020	11,700,830.22	57,618,606.46	69,319,436.68
As at 31 December 2019	16,259,722.57	74,529,760.30	90,789,482.87

As at 31 December 2020, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right (Toll bridge franchise operating rights) with carrying amount of RMB57,618,606.46 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Company as mentioned in Note V. 30 (31 December 2019: RMB74,529,760.30). As at 31 December 2020, there were no other restricted intangible assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Goodwill

(1) Changes in goodwill

Name of investee from which goodwill arising	Balance as at 1 January RMB	Additions during the year RMB	Balance as at 31 December RMB
Cost			
Heyuan City Yueyun Motor Transportation Co., Ltd.	28,559,728.57	–	28,559,728.57
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	23,391,155.86	–	23,391,155.86
Guangdong Yueyun Langri Co., Ltd.	23,198,978.67	–	23,198,978.67
Guangdong Yangjiang Vehicles Transportation Group Co., Ltd.	7,558,101.69	–	7,558,101.69
Yangjiang City Yangzha New Image Public Transportation Co., Ltd.	5,416,461.97	–	5,416,461.97
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	–	2,100,000.00
Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd.	12,010,932.57	–	12,010,932.57
Guangdong FLY-E Logistics Technology Co., Ltd.	6,809,901.49	–	6,809,901.49
Zhong Yue Tong	–	1,641,316.22	1,641,316.22
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	1,402,500.00	–	1,402,500.00
Zhongshan Yueyun Tongxing Transportation Co. Ltd	528,466.69	–	528,466.69
Sub-total	110,976,227.51	1,641,316.22	112,617,543.73
Provision for impairment			
Heyuan City Yueyun Motor Transportation Co., Ltd.	–	(8,046,462.29)	(8,046,462.29)
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	–	(2,100,000.00)	(2,100,000.00)
Guangdong FLY-E Logistics Technology Co., Ltd.	–	(3,796,869.59)	(3,796,869.59)
Sub-total	–	(13,943,331.88)	(13,943,331.88)
Carrying amounts	110,976,227.51	(12,302,015.66)	98,674,211.85

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Goodwill (Continued)

(2) Provision for impairment of goodwill

The above-mentioned investees are mainly engaged in passenger transportation services and bus station operations service alone or at the same time, and a few investees are engaged in other businesses.

Before 2020, the Group identified the above-mentioned subsidiary businesses as separate asset groups, and allocated goodwill to each relevant asset group for impairment testing.

In 2020, for the investees of the Group that operate multiple businesses, the business model of the passenger transportation service and bus station operations service has undergone major changes. The Group has moved a step forward from its traditional business that is awaiting customers in nature and pushed forward its non-station group passenger business, which include its existing chartered coach services, shuttle bus, scheduled services, customized passenger services, online car-hailing services and leasing services. By developing the model of "Passenger Transportation + Internet", the Group has achieved upgrading of road passenger transportation service in the era of mobile traffic. The interdependence between the passenger transportation service and bus station operations service dropped significantly, and the asset groups corresponding to the two businesses can generate cash inflows separately. Based on this, the Group made changes to the allocation of asset groups: For investees that operate a single business, the Group considers their operations-related assets as a group of assets related to goodwill; for investees that operate multiple businesses, the assets related to goodwill are divided into vehicle asset group and bus station asset group, based on the main business types. Goodwill is allocated to each asset group which is expected to benefit from the synergies of the combination. Details of each asset group are as follows:

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Goodwill (Continued)

(2) Provision for impairment of goodwill (Continued)

	Note	2020 RMB
Heyuan City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	(a)	22,241,351.46
Heyuan City Yueyun Motor Transportation Co., Ltd. Bus Station Assets Group	(b)	6,318,377.11
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group	(a)	18,470,990.30
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Bus Station Assets Group	(b)	4,920,165.56
Guangdong Yueyun Langri Co., Ltd. Vehicle Assets Group	(a)	15,111,760.91
Guangdong Yueyun Langri Co., Ltd. Bus Station Assets Group	(b)	8,087,217.76
Guangdong Yangjiang Vehicles Transportation Group Co., Ltd. Bus Station Assets Group	(b)	7,558,101.69
Yangjiang City Yangzha New Image Public Transportation Co., Ltd. Vehicle Assets Group	(a)	5,416,461.97
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group	(a)	2,100,000.00
Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	(a)	12,010,932.57
Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Assets Group	(a)	6,809,901.49
Zhongyuetong Gas Station Assets Group	(a)	1,641,316.22
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	(a)	1,219,286.93
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Bus Station Assets Group	(b)	183,213.07
Zhongshan Yueyun Tongxing Transportation Co. Ltd Vehicle Assets Group	(a)	528,466.69
Total		112,617,543.73

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Goodwill (Continued)

(2) Provision for impairment of goodwill (Continued)

(a) Vehicle Assets Group, Software Platform Assets Group and Gas Station Assets Group

For the above mentioned asset groups, the recoverable amount is determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the most recent five-year financial budgets approved by management and a discount rate (weighted average cost of capital) of 11%~15%. The expected growth rate of cash flows beyond the five-year budget period were assumed to be 2%.

As at December 31 2020, according to the estimated recoverable amount of Heyuan City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group, Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group and Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Assets Group, the Group made provision of RMB8,046,462.29, RMB2,100,000.00 and RMB3,796,869.59 respectively.

Based on the estimated recoverable amount, no impairment loss was recognised of the remaining vehicle assets group and gas station assets group. However, as key assumptions on which management has made in respect of future cash projections are subject to change, an adverse change in the assumptions could cause the carrying amount to exceed its recoverable amount.

The calculation of present value of expected future cash flows of the above-mentioned asset group was based on operating income growth rate and profit margin as the key assumption, which was determined by management on the basis of past performance up to the budget period.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Goodwill (Continued)

(2) Provision for impairment of goodwill (Continued)

(a) Vehicle Assets Group, Software Platform Assets Group and Gas Station Assets Group (Continued)

	Average income growth rate during the forecast period	Average profit margin during the forecast period
Heyuan City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	10.04%	8.04%
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group	5.34%	7.16%
Guangdong Yueyun Langri Co., Ltd. Vehicle Assets Group	10.47%	16.57%
Yangjiang City Yangzha New Image Public Transportation Co., Ltd. Vehicle Assets Group	5.44%	14.57%
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group	-1.78%	-23.38%
Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	6.39%	12.40%
Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Asset Group	14.09%	-1.00%
Zhongyuetong Gas Station Asset Group	2.78%	10.25%
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	8.06%	10.57%
Zhongshan Yueyun Tongxing Transportation Co. Ltd Vehicle Assets Group	4.59%	6.39%

(b) Bus Station Assets Group

For the above-mentioned bus station assets group, the recoverable amount is determined by fair value less costs to sell. In the related asset group, the fair value of land and houses is determined according to the bidding, auction and listing transaction price of similar lots or recent related evaluation reports; the fair value of other assets such as equipment is determined according to the replacement cost method. Disposal costs consider transaction listing costs, intermediary agency fees, and transaction taxes. As at December 31 2020, based on the estimated recoverable amount of bus station assets group, no impairment loss was recognised.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Long-term deferred expenses

The Group

31 December 2020

Items	Balance at the beginning of the year RMB	Additions during the year RMB	Decrease during the year RMB	Balance at the end of the year RMB
Leasehold improvements	145,729,467.63	150,070,360.70	(49,403,666.15)	246,396,162.18
Others	11,435,508.72	8,000,086.91	(4,647,254.34)	14,788,341.29
Sub-total	157,164,976.35	158,070,447.61	(54,050,920.49)	261,184,503.47
Less: Provision for impairment Leasehold improvements	(7,162,543.22)	—	—	(7,162,543.22)
Total	150,002,433.13	158,070,447.61	(54,050,920.49)	254,021,960.25

31 December 2019

Items	Balance at the beginning of the year RMB	Additions during the year RMB	Decrease during the year RMB	Balance at the end of the year RMB
Leasehold improvements	96,079,957.54	80,747,384.05	(31,097,873.96)	145,729,467.63
Others	14,886,550.03	3,693,255.20	(7,144,296.51)	11,435,508.72
Sub-total	110,966,507.57	84,440,639.25	(38,242,170.47)	157,164,976.35
Less: Provision for impairment Leasehold improvements	(7,162,543.22)	—	—	(7,162,543.22)
Total	103,803,964.35	84,440,639.25	(38,242,170.47)	150,002,433.13

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Long-term deferred expenses (Continued)

The Company

31 December 2020

	Balance at the beginning of the year RMB	Additions during the year RMB	Decrease during the year RMB	Balance at the end of the year RMB
Leasehold improvements	6,945,696.32	1,600,478.02	(39,858.51)	8,506,315.83
Others	576,007.16	–	(127,769.07)	448,238.09
Sub-total	7,521,703.48	1,600,478.02	(167,627.58)	8,954,553.92
Less: Provision for impairment leasehold improvements	(7,162,543.22)	–	–	(7,162,543.22)
Total	359,160.26	1,600,478.02	(167,627.58)	1,792,010.70

31 December 2019

	Balance at the beginning of the year RMB	Additions during the year RMB	Decrease during the year RMB	Balance at the end of the year RMB
Leasehold improvements	7,169,757.36	–	(224,061.04)	6,945,696.32
Others	758,678.28	112,231.03	(294,902.15)	576,007.16
Sub-total	7,928,435.64	112,231.03	(518,963.19)	7,521,703.48
Less: Provision for impairment leasehold improvements	(7,162,543.22)	–	–	(7,162,543.22)
Total	765,892.42	112,231.03	(518,963.19)	359,160.26

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Deferred tax assets and deferred tax liabilities

(1) An analysis of the movements of deferred tax assets and deferred tax liabilities is as follows:

The Group

	Deferred tax assets					
	Amount of temporary differences at the beginning of the year RMB	Balances at the beginning of the year RMB	Current year increase/ (decrease) charge to profit or loss RMB	Other changes during the year RMB	Balances at the end of the year RMB	Amount of temporary differences at the end of the year RMB
Deferred tax assets:						
Provision for bad and doubtful debts	117,599,834.96	29,399,958.74	8,211,575.36	–	37,611,534.10	150,446,136.40
Including: Accounts receivable	48,490,397.68	12,122,599.42	522,278.89	–	12,644,878.31	50,579,513.24
Other receivables	69,109,437.28	17,277,359.32	7,689,296.47	–	24,966,655.79	99,866,623.16
Provision for impairment of assets	472,878,740.40	118,219,685.10	1,377,270.92	–	119,596,956.02	478,387,824.08
Including: Inventories	343,518.56	85,879.64	–	–	85,879.64	343,518.56
Prepayment	462,938,376.36	115,734,594.09	1,456,496.87	–	117,191,090.96	468,764,363.84
Other non-current assets	9,596,845.48	2,399,211.37	(79,225.95)	–	2,319,985.42	9,279,941.68
Accrued Expenses	19,357,571.72	4,839,392.93	(897,596.51)	–	3,941,796.42	15,767,185.68
Employee benefits payable	34,942,686.68	8,735,671.67	925,779.89	–	9,661,451.56	38,645,806.24
Amortisation of intangible assets	13,700,304.12	3,425,076.03	(2,986,018.91)	–	439,057.12	1,756,228.48
Unrealised profits arising from transactions within the Group	3,825,797.00	956,449.25	(115,387.53)	–	841,061.72	3,364,246.88
Long-term employee benefits payable	31,889,706.56	7,972,426.64	141,651.97	–	8,114,078.61	32,456,314.44
Deductible tax losses	100,220,110.92	25,055,027.73	815,508.33	–	25,870,536.06	103,482,144.24
Deferred revenue	69,410,329.28	17,352,582.32	3,292,548.38	–	20,645,130.70	82,580,522.80
Lease expense	242,757,466.28	60,689,366.57	15,338,301.97	–	76,027,668.54	304,110,674.16
Others	133,999.93	33,499.98	1,509,435.54	–	1,542,935.52	6,171,742.08
Sub-total	1,106,716,547.85	276,679,136.96	27,613,069.41	–	304,292,206.37	1,217,168,825.48
Amount of offsetting	(136,441,909.44)	(34,110,477.36)			(34,876,109.27)	(139,504,437.08)
Balance after offsetting	970,274,638.41	242,568,659.60			269,416,097.10	1,077,664,388.40

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Deferred tax assets and deferred tax liabilities (Continued)

(1) An analysis of the movements of deferred tax assets and deferred tax liabilities is as follows: (Continued)

The Group (Continued)

	Deferred tax assets					
	Amount of temporary differences at the beginning of the year	Balances at the beginning of the year	Current year increase/ (decrease) charge to profit or loss	Other changes during the year	Balances at the end of the year	Amount of temporary differences at the end of the year
	RMB	RMB	RMB	RMB	RMB	RMB
Deferred tax liabilities:						
Assets appraisal appreciation	(96,883,594.88)	(24,220,898.72)	(2,033,213.63)	–	(26,254,112.35)	(105,016,449.40)
Debit difference of long-term equity investments	(17,456,492.68)	(4,364,123.17)	114,845.35	–	(4,249,277.82)	(16,997,111.28)
Investment income	(19,797,958.16)	(4,949,489.54)	1,416,594.47	–	(3,532,895.07)	(14,131,580.28)
Depreciation of fixed assets	(201,656,705.60)	(50,414,176.40)	(4,588,348.59)	(209,683.74)	(55,212,208.73)	(220,848,834.92)
Government grants	(79,673,088.96)	(19,918,272.24)	(1,104,794.91)	–	(21,023,067.15)	(84,092,268.60)
Sub-total	(415,467,840.28)	(103,866,960.07)	(6,194,917.31)	(209,683.74)	(110,271,561.12)	(441,086,244.48)
Amount of offsetting	136,441,909.44	34,110,477.36			34,876,109.27	139,504,437.08
Balance after offsetting	(279,025,930.84)	(69,756,482.71)			(75,395,451.85)	(301,581,807.40)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Deferred tax assets and deferred tax liabilities (Continued)

(1) An analysis of the movements of deferred tax assets and deferred tax liabilities is as follows: (Continued)

The Company

	Deferred tax assets				
	Amount of temporary differences at the beginning of the year RMB	Balances at the beginning of the year RMB	Current year (decrease)/ increase charge to profit or loss RMB	Balances at the end of the year RMB	Amount of temporary differences at the end of the year RMB
Deferred tax assets:					
Provision for bad and doubtful debts	58,607,015.73	14,651,753.93	112,389.49	14,764,143.42	59,056,573.67
Including: Accounts receivable	28,571,619.41	7,142,904.85	(877,718.62)	6,265,186.23	25,060,744.92
Other receivables	30,035,396.32	7,508,849.08	990,108.11	8,498,957.19	33,995,828.75
Provision for impairment of assets	462,937,284.63	115,734,321.16	1,456,769.79	117,191,090.95	468,764,363.80
Including: Prepayments	462,937,284.63	115,734,321.16	1,456,769.79	117,191,090.95	468,764,363.80
Accrued expenses	460,230.12	115,057.53	–	115,057.53	460,230.12
Employee benefits payable	16,737,943.57	4,184,485.89	–	4,184,485.89	16,737,943.57
Amortisation of intangible assets	11,784,191.36	2,946,047.84	(2,946,047.84)	–	–
Provision for impairment against non-current assets	7,162,543.28	1,790,635.82	–	1,790,635.82	7,162,543.28
Rental cost	649,898.66	162,474.67	(5,901.29)	156,573.38	626,293.52
Total	558,339,107.35	139,584,776.84	(1,382,789.85)	138,201,986.99	552,807,947.96

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Deferred tax assets and deferred tax liabilities (Continued)

- (2) Deductible tax losses and temporary differences not recognised as deferred tax assets

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Deductible tax losses	837,219,050.30	370,242,745.26	95,797,138.56	–
Deductible temporary differences	217,948,062.90	209,800,163.52	8,046,462.29	–
Total	1,055,167,113.20	580,042,908.78	103,843,600.85	–

The Group and the Company consider that it is not probable that sufficient taxable profits will be available in future periods to offset the above deductible temporary differences and deductible losses. Therefore, no deferred tax assets are recognised on the above deductible tax losses and temporary differences.

The tax losses which are not recognised as deferred tax assets by the Group and the Company at 31 December 2020 will be expired during the period from 31 December 2021 to 31 December 2028. (The tax losses which are not recognised as deferred tax assets as at 31 December 2019 would be expired during the period from 31 December 2020 to 31 December 2024.)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Other non-current assets

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Prepayments for land use rights	57,261,226.31	92,613,079.14	—	—
Pending deduct input VAT	75,846,508.80	70,272,404.84	—	—
Prepayments for long-term assets	43,007,482.61	25,883,617.25	—	90,000.00
Revaluation increment of asset value of Guangdong Yueyun Langri Co., Ltd. (Note)	16,997,111.33	17,456,492.72	—	—
Prepaid taxes	10,830,533.11	12,805,452.89	—	—
Others	9,600,000.00	9,600,000.00	—	—
Total	213,542,862.16	228,631,046.84	—	90,000.00

Note: This other non-current asset represents revaluation increment of net identifiable asset value of Guangdong Yueyun Langri Co. Ltd. as at 23 November 2007, the date on which GVTG, the company's subsidiary, acquired their equity interests. GVTG adopted CAS since 1 January 2009, and pursuant to the provision of "the Experts' view on implementation issues of CAS" in relation to the treatment on the balance of the debit difference of long-term equity investments in subsidiaries arising from combination of companies held by the acquirer which are not under a business combination involving enterprises under common control, if the acquirer can determine the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date, the balance of the differences between the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date and their carrying amounts, net of amortisation, as at the initial implementation date, shall be allocated to each of identifiable assets and liabilities of the acquire in a reasonable method, and shall be depreciated and amortised over the remaining useful life of identifiable assets of the acquire. Such depreciation and amortisation is included under the investment income item in the consolidated income statement; in case such balance could not be allocated to each of identifiable assets and liabilities of the acquire, it shall be amortised evenly over the remaining amortisation period of differences of original equity investments and shall be included under the investment income item in the consolidated income statement. Balance that is not amortised completely shall be included in the consolidated balance sheet as other non-current asset. Since GVTG could not allocate the balance of such valuation increment to identifiable assets and liabilities of Guangdong Yueyun Langri Co., Ltd., thus GVTG accounts for the balance of such valuation increment as other non-current assets. Amortisation period is from the acquisition date to the termination date of operation that is from November 2007 to October 2057.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Assets with restricted ownership or right of use

		The Group			
	Note V	Balance as at 1 January 2020 RMB	Addition during the year RMB	Decrease during the year RMB	Balance as at 31 December 2020 RMB
Assets pledged as collateral					
– Fixed assets	12	403,898,449.23	317,398,458.63	(335,782,148.86)	385,514,759.00
– Intangible assets	14	243,700,768.37	22,870,177.01	(73,463,995.80)	193,106,949.58
– Right to use assets	59	272,390,927.87	254,649,516.13	(84,576,346.19)	442,464,097.81
Sub-total		919,990,145.47	594,918,151.77	(493,822,490.85)	1,021,085,806.39
Assets pledged as counter guarantee					
– Intangible assets	14	74,529,760.30	–	(16,911,153.84)	57,618,606.46
Sub-total		74,529,760.30	–	(16,911,153.84)	57,618,606.46
Assets with restrictions arising from other reasons					
– Cash at bank and on hand	1	17,071,331.89	1,029,384.23	(2,462,215.31)	15,638,500.81
Sub-total		17,071,331.89	1,029,384.23	(2,462,215.31)	15,638,500.81
Total		1,011,591,237.66	595,947,536.00	(513,195,860.00)	1,094,342,913.66

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Assets with restricted ownership or right of use (Continued)

		The Group			
	Note V	Balance as at 1 January 2019 RMB	Addition during the year RMB	Decrease during the year RMB	Balance as at 31 December 2019 RMB
Assets pledged as collateral					
– Investment properties	11	21,606,802.16	–	(21,606,802.16)	–
– Fixed assets	12	232,177,152.14	243,091,300.96	(71,370,003.87)	403,898,449.23
– Intangible assets	14	172,321,660.04	77,506,000.40	(6,126,892.07)	243,700,768.37
– Right to use assets	59	180,656,935.41	149,605,200.00	(57,871,207.54)	272,390,927.87
Sub-total		606,762,549.75	470,202,501.36	(156,974,905.64)	919,990,145.47
Assets pledged as counter guarantee					
– Intangible assets	14	91,440,914.14	–	(16,911,153.84)	74,529,760.30
Sub-total		91,440,914.14	–	(16,911,153.84)	74,529,760.30
Assets with restrictions arising from other reasons					
– Cash at bank and on hand	1	28,885,883.12	7,415,736.66	(19,230,287.89)	17,071,331.89
Sub-total		28,885,883.12	7,415,736.66	(19,230,287.89)	17,071,331.89
Total		727,089,347.01	477,618,238.02	(193,116,347.37)	1,011,591,237.66

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Assets with restricted ownership or right of use (Continued)

The Company					
		Balance as	Addition	Decrease	Balance as at
		at 1 January	during	during	31 December
Note V		2020	the year	the year	2020
		RMB	RMB	RMB	RMB
Assets pledged as counter guarantee					
– Intangible assets	14	74,529,760.30	–	(16,911,153.84)	57,618,606.46

The Company					
		Balance as at 1 January 2019 RMB	Addition during the year RMB	Decrease during the year RMB	Balance as at 31 December 2019 RMB
	Note V				
Assets pledged as counter guarantee					
– Intangible assets	14	91,440,914.14	–	(16,911,153.84)	74,529,760.30

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Short-term loans

	Note	The Group		The Company	
		31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Unsecured loans		373,514,500.18	109,900,000.00	95,000,000.00	95,000,000.00
Including: Loans from banks		373,514,500.18	109,900,000.00	95,000,000.00	95,000,000.00
Loans secured					
by mortgages	(1)	190,096,898.32	74,000,000.00	–	–
Guaranteed and mortgaged loans	(2)	–	19,174,050.00	–	–
Pledged loan	(3)	30,000,000.00	18,000,000.00	–	–
Total		593,611,398.50	221,074,050.00	95,000,000.00	95,000,000.00

- (1) For the details of assets pledged for secured loans as at 31 December 2020, please refer to Note V. 12 and 14.
- (2) As at 31 December 2019, the loans borrowed by Qingyuan City Qingxin District Yueyun Public Transport Co., Ltd. with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.
- (3) As at 31 December 2020, the pledged loan was pledged by Qingyuan Yueyun Automobile Transportation Co., Ltd., a subsidiary of the Company, with a deposit of RMB300,000.00. As at 31 December 2019, the pledged loan was pledged by Shanwei Yueyun Public Transport Co., Ltd., Haifeng Yueyun Public Transport Co., Ltd., Lufeng Yueyun Public Transport Co., Ltd. and Luhe Yueyun Public Transport Co., Ltd., which are the Company's subsidiaries, with its 2017 and 2018 central financial energy saving and new energy bus operation subsidy funds as the pledged assets. The short-term loan was borrowed from Shanwei Rural Commercial Bank Co., Ltd. by Shanwei Yueyun Transport Co., Ltd..
- (4) As at 31 December 2020, the Group's short-term loans were borrowings from banks or other financial institutions within 1 year, which bear interest rates ranging from 2.05% – 6.50 % per annum (31 December 2019: 3.92% – 4.35%). The Group had no overdue short-term loans as at 31 December 2020 (31 December 2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Bills payable

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Bank acceptance bills	–	55,300,000.00	–	55,300,000.00

The above bills are all due within one year.

22 Accounts payable

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

Items	The Group		Items	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Materials payable	78,182,040.26	124,936,917.01	12,962,802.65	39,729,045.70
Transportation fee payable	149,499,203.59	138,390,269.64	2,881,928.12	–
Contract payments for cars	108,076,092.31	232,314,668.13	–	–
Expressway service zones contracts fee payable	41,132,664.15	28,360,195.34	–	–
Progress payments for constructions	233,591,336.02	226,731,189.62	1,344,931.00	2,789,804.19
Fuel expenses payable	28,660,721.82	16,180,306.84	–	–
Service fees payable	10,573,529.03	10,459,400.98	–	–
Others	28,890,164.43	35,118,332.80	11,566,818.37	4,572,215.78
Total	678,605,751.61	812,491,280.36	28,756,480.14	47,091,065.67

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22 Accounts payable (Continued)

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

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Within 3 months (inclusive)	501,908,790.64	605,456,947.56	16,513,354.62	40,424,488.58
Over 3 months but within 6 months (inclusive)	22,360,911.53	60,316,091.60	1,278,158.88	2,374,888.40
Over 6 months but within 1 year (inclusive)	45,402,092.56	33,621,111.41	30,226.39	610,787.32
Over 1 year but within 2 years (inclusive)	46,547,145.73	84,670,027.84	7,367,224.67	1,543,400.77
Over 2 years but within 3 years (inclusive)	51,979,008.85	5,143,292.29	1,430,015.45	0.47
Over 3 years	10,407,802.30	23,283,809.66	2,137,500.13	2,137,500.13
Total	678,605,751.61	812,491,280.36	28,756,480.14	47,091,065.67

(3) Significant accounts payable with ageing of more than one year:

As at 31 December 2020, the Group's accounts payable with ageing over one year is contract payments for cars, among which, individual amount over RMB10 million are as follows:

Item	Balance RMB	Nature and reasons for unsettlement
Maoming Dianbai Eryun Transportation Co., Ltd.	22,100,294.00	Contract payments for cars undue.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Advances from customers

- (1) The nature of advances from customers is as follows:

The Group

	31 December 2020 RMB	31 December 2019 RMB
Advances from contractors	76,893,390.79	90,434,158.98
Advances for advertising space rental fee	19,360,668.06	16,502,640.21
Other advances	7,871,744.02	12,095,410.87
Total	104,125,802.87	119,032,210.06

- (2) The ageing analysis of advances from customers is as follows:

The Group

	31 December 2020 RMB	31 December 2019 RMB
Within 1 year (inclusive)	95,303,854.90	115,493,509.37
Over 1 year but within 2 years (inclusive)	6,467,736.07	1,424,348.68
Over 2 years but within 3 years (inclusive)	247,297.30	970,545.73
Over 3 years	2,106,914.60	1,143,806.28
Total	104,125,802.87	119,032,210.06

- (3) As at 31 December 2020, the Group and the Company had no advances from customers with ageing over one year and individual amount over RMB10 million.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Contract liabilities

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Advances payments for transportation fees	5,449,361.14	7,189,251.36	–	–
Advances payments for goods	43,099,347.29	22,619,311.01	29,618,046.02	16,356,988.35
Advances payments for services fee	5,564,839.84	4,881,775.38	–	–
Total	54,113,548.27	34,690,337.75	29,618,046.02	16,356,988.35

25 Employee benefits payable

		The Group		The Company	
	Note	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Short-term employee benefits	(1)	167,759,340.27	169,182,080.01	16,520,786.90	16,071,794.58
Post-employment benefits					
– defined contribution plans	(2)	23,673,210.70	12,888,156.43	45,521.13	1,023,580.02
Termination benefits		9,726,140.33	3,039,610.12	2,173,877.04	2,173,877.04
Long-term employee benefits due within one year (Note V. 32)		16,492,724.25	8,617,239.40	–	–
Total		217,651,415.55	193,727,085.96	18,740,185.07	19,269,251.64

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(1) Short-term employee benefits

	The Group			
	Balance at 1 January 2020 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2020 RMB
Salaries, bonuses, allowances	150,829,611.72	1,458,927,915.36	(1,458,273,605.15)	151,483,921.93
Staff welfare	95,236.56	76,182,472.60	(76,176,010.95)	101,698.21
Social insurance	4,997,262.20	73,690,348.29	(74,822,683.94)	3,864,926.55
Including: Medical insurance	4,513,837.30	63,131,188.79	(64,449,863.39)	3,195,162.70
Work-related injury insurance	359,144.45	1,077,238.30	(936,918.66)	499,464.09
Maternity insurance	121,980.59	9,124,061.82	(9,136,260.40)	109,782.01
Others	2,299.86	357,859.38	(299,641.49)	60,517.75
Housing fund	4,016,568.71	87,835,503.87	(87,995,936.17)	3,856,136.41
Labor union fee, staff and workers' education fee	7,892,723.99	26,865,887.37	(27,036,245.41)	7,722,365.95
Other short-term employee benefits	1,350,076.83	6,104,246.26	(6,732,581.87)	721,741.22
Labor protection fee	600.00	13,471,533.00	(13,463,583.00)	8,550.00
Labor service charge	–	29,918,314.01	(29,918,314.01)	–
Total	169,182,080.01	1,772,996,220.76	(1,774,418,960.50)	167,759,340.27

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(1) Short-term employee benefits (Continued)

	The Group			
	Balance at 1 January 2019 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2019 RMB
Salaries, bonuses, allowances	138,434,742.25	1,555,810,789.17	(1,543,415,919.70)	150,829,611.72
Staff welfare	106,385.48	72,375,958.95	(72,387,107.87)	95,236.56
Social insurance	4,105,474.97	84,953,244.53	(84,061,457.30)	4,997,262.20
Including: Medical insurance	3,797,549.32	72,864,411.87	(72,148,123.89)	4,513,837.30
Work-related injury insurance	241,369.53	3,347,899.56	(3,230,124.64)	359,144.45
Maternity insurance	64,256.26	8,511,322.44	(8,453,598.11)	121,980.59
Others	2,299.86	229,610.66	(229,610.66)	2,299.86
Housing fund	3,432,555.69	82,076,535.97	(81,492,522.95)	4,016,568.71
Labor union fee, staff and workers' education fee	8,731,104.57	28,113,594.75	(28,951,975.33)	7,892,723.99
Other short-term employee benefits	958,019.17	4,367,421.42	(3,975,363.76)	1,350,076.83
Labor protection fee	450.00	12,308,778.08	(12,308,628.08)	600.00
Labor service charge	—	50,055,261.31	(50,055,261.31)	—
Total	155,768,732.13	1,890,061,584.18	(1,876,648,236.30)	169,182,080.01

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(1) Short-term employee benefits (Continued)

	The Company			
	Balance at 1 January 2020 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2020 RMB
Salaries, bonuses, allowances	12,863,620.33	35,270,711.59	(35,270,711.59)	12,863,620.33
Staff welfare	–	2,249,244.68	(2,249,244.68)	–
Social insurance	1,465,150.31	1,785,751.15	(1,778,711.96)	1,472,189.50
Including: Medical insurance	1,464,312.70	1,488,364.99	(1,482,333.22)	1,470,344.47
Work-related injury insurance	488.57	2,069.28	(2,069.28)	488.57
Maternity insurance	349.04	256,584.72	(255,684.34)	1,249.42
Others	–	38,732.16	(38,625.12)	107.04
Housing fund	249,335.00	3,622,306.00	(3,609,595.00)	262,046.00
Labor union fee, staff and workers' education fee	1,453,075.85	1,253,278.92	(824,036.79)	1,882,317.98
Other short-term employee benefits	40,613.09	313,600.00	(313,600.00)	40,613.09
Labor service charge	–	74,160.72	(74,160.72)	–
Total	16,071,794.58	44,569,053.06	(44,120,060.74)	16,520,786.90

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(1) Short-term employee benefits (Continued)

	The Company			
	Balance at 1 January 2019 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2019 RMB
Salaries, bonuses, allowances	12,507,419.73	35,342,772.63	(34,986,572.03)	12,863,620.33
Staff welfare	–	1,939,101.86	(1,939,101.86)	–
Social insurance	1,465,150.31	2,078,443.31	(2,078,443.31)	1,465,150.31
Including: Medical insurance	1,464,312.70	1,708,530.04	(1,708,530.04)	1,464,312.70
Work-related injury insurance	488.57	23,162.33	(23,162.33)	488.57
Maternity insurance	349.04	243,059.39	(243,059.39)	349.04
Others	–	103,691.55	(103,691.55)	–
Housing fund	249,335.00	3,427,768.00	(3,427,768.00)	249,335.00
Labor union fee, staff and workers' education fee	1,228,808.96	1,229,413.67	(1,005,146.78)	1,453,075.85
Other short-term employee benefits	40,613.09	336,000.00	(336,000.00)	40,613.09
Labor service charge	–	56,214.28	(56,214.28)	–
Total	15,491,327.09	44,409,713.75	(43,829,246.26)	16,071,794.58

(2) Post-employment benefits – defined contribution plans

	The Group			
	Balance at 1 January 2020 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2020 RMB
Basic pension insurance	9,808,985.16	57,254,261.99	(45,831,765.83)	21,231,481.32
Unemployment insurance	305,849.07	1,459,170.28	(1,123,336.80)	641,682.55
Annuity	2,773,322.20	11,183,293.39	(12,156,568.76)	1,800,046.83
Mandatory provident fund	–	988,282.02	(988,282.02)	–
Total	12,888,156.43	70,885,007.68	(60,099,953.41)	23,673,210.70

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(2) Post-employment benefits – defined contribution plans (Continued)

The Group				
	Balance at 1 January 2019 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2019 RMB
Basic pension insurance	8,559,416.37	143,232,579.09	(141,983,010.30)	9,808,985.16
Unemployment insurance	222,556.82	2,609,686.10	(2,526,393.85)	305,849.07
Annuity	1,008,351.18	13,021,718.22	(11,256,747.20)	2,773,322.20
Mandatory provident fund	–	1,198,462.20	(1,198,462.20)	–
Total	9,790,324.37	160,062,445.61	(156,964,613.55)	12,888,156.43

The Company				
	Balance at 1 January 2020 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2020 RMB
Basic pension insurance	36,683.46	287,759.50	(287,759.50)	36,683.46
Unemployment insurance	8,807.67	7,875.27	(7,845.27)	8,837.67
Annuity	978,088.89	2,643,087.61	(3,621,176.50)	–
Total	1,023,580.02	2,938,722.38	(3,916,781.27)	45,521.13

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(2) Post-employment benefits – defined contribution plans (Continued)

	The Company			
	Balance at 1 January 2019 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2019 RMB
Basic pension insurance	36,683.46	3,448,177.00	(3,448,177.00)	36,683.46
Unemployment insurance	8,807.67	125,317.33	(125,317.33)	8,807.67
Annuity	400,952.11	3,716,548.00	(3,139,411.22)	978,088.89
Total	446,443.24	7,290,042.33	(6,712,905.55)	1,023,580.02

According to the regulations issued by the Ministry of Human Resources and Social Security, MOF and National Tax Bureau on the phased reduction and exemption of enterprise social insurance (Ministry of human resources and social security of the people's Republic of China [2020] No. 11), the guidance of the State Health Insurance Bureau, MOF and National Tax Bureau on the phased reduction of basic medical insurance premiums for employee (Medicare [2020] No. 6), and the notice of the Ministry of human resources and social security of the People's Republic of China, MOF and National Tax Bureau on the phased reduction of enterprise social insurance premiums (Ministry of human resources and social security [2020] No. 49), the Group's subsidiaries, which belong to medium- scaled and small-scaled minimal profit enterprises, are exempted of payment of the basic pension insurance, unemployment insurance and work-related injury insurance premium paid by enterprises from February to December of 2020, while the Group's subsidiaries, which belong to large enterprises, are exempted of payment of basic pension insurance, unemployment insurance and work-related injury insurance premium paid by enterprises from February to June of 2020. In addition, from February to June of 2020, the Group will halve the payment of medical insurance for employee.

The Group and the Company paid termination benefits amounting to RMB37,689,339.41 and RMB0.00 respectively in 2020 (The Group and the Company paid termination benefits amounting to RMB10,114,354.23 and RMB0.00 respectively in 2019).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 Taxes payable

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Corporate income tax	59,260,139.75	64,773,986.95	—	—
VAT	16,166,525.77	18,004,756.08	2,503,568.59	5,579,760.27
Land appreciation tax	9,489,806.68	7,771,408.70	—	—
Property tax	7,341,027.49	6,494,054.43	—	—
Land use tax	2,435,041.28	2,270,023.21	—	—
Individual income tax	2,211,873.03	2,196,837.12	—	—
Urban maintenance and construction tax	939,653.86	1,133,314.61	144,783.81	120,818.11
Education surcharges and local education surcharges	800,568.41	897,760.52	104,415.89	84,525.45
Others	4,265,768.06	4,697,337.31	1,063,442.69	1,021,261.68
Total	102,910,404.33	108,239,478.93	3,816,210.98	6,806,365.51

27 Other payables

		The Group		The Company	
	Note	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Interest payable	(1)	—	4,894,625.43	—	3,853,742.15
Dividends payable	(2)	44,586,341.78	61,030,050.23	—	—
Others	(3)	765,499,956.27	751,850,295.42	467,698,380.42	552,876,282.78
Total		810,086,298.05	817,774,971.08	467,698,380.42	556,730,024.93

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Other payables (Continued)

(1) Interest payable

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Interest payable for corporate bonds	–	3,853,742.15	–	3,853,742.15
Interest payable for bank loans	–	320,571.97	–	–
Interest payable for GCG Finance	–	720,311.31	–	–
Total	–	4,894,625.43	–	3,853,742.15

(2) Dividends payable

	The Group	
	31 December 2020 RMB	31 December 2019 RMB
Yangjiang City Yueyun Langri Hezheng Investment Consulting Service Company Limited	29,290,898.18	43,936,358.18
Shaoguan Jinye Development Company	3,033,393.13	4,732,161.38
Guangdong Heyuan Motor Vehicle Group Company Limited	407,318.63	407,318.63
Guangzhou Long-Distance Transportation Company	–	1,848,000.00
Individual shareholders of subsidiaries	10,725,369.12	9,092,489.32
Heyuan City Traffic Group Company Limited	43,362.72	43,362.72
Others	1,086,000.00	970,360.00
Total	44,586,341.78	61,030,050.23

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Other payables (Continued)

(3) Others

(a) Other payables by category:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Related Party	30,245,398.62	57,551,439.57	444,546,047.53	531,520,308.25
Third Party	735,254,557.65	694,298,855.85	23,152,332.89	21,355,974.53
Total	765,499,956.27	751,850,295.42	467,698,380.42	552,876,282.78

(b) Other payables by nature:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
<i>Related Parties</i>				
Equity Acquisition Payment	2,000,000.00	3,218,870.19	—	—
Others	28,245,398.62	54,332,569.38	444,546,047.53	531,520,308.25
<i>Third Parties</i>				
Deposits	306,145,621.77	278,167,343.50	10,944,778.13	7,253,486.12
Deposits received from drivers for safety management purposes	29,135,262.66	32,364,440.36	—	—
Amount paid on behalf of the Group	151,073,285.80	172,184,532.48	361,129.60	—
Construction payables	57,424,814.17	67,221,053.52	1,363,241.45	3,037,460.68
Accidents compensation payables	12,812,403.60	12,720,233.00	—	—
Professional Service Fee	12,690,963.28	19,007,291.10	5,481,499.05	5,454,899.05
Water, electricity and fuel charges	8,319,381.50	12,367,505.39	—	—
Others	157,652,824.87	100,266,456.50	5,001,684.66	5,610,128.68
Total	765,499,956.27	751,850,295.42	467,698,380.42	552,876,282.78

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Other payables (Continued)

(3) Others (Continued)

- (c) As at 31 December 2020, other payables of the Group with ageing over one year were Construction payables, land transferring fee and deposits. The following other payables to customers with ageing over one year and individual amount over RMB10 million:

The Group

	Amount owed RMB	Reasons for unsettlement
Shanwei City Land Resource Bureau	37,771,898.00	Land use planning is under negotiation with local government authority
Qingyuan City Jiafu Investment Co., Ltd.	30,409,189.52	Construction in progress, unbilled
China Petrochemical Sales Co., Ltd. Guangdong Branch	18,000,000.00	Deposit not yet due
Shenzhen BYD Automobile Co., Ltd.	19,300,000.00	Payment not yet required
Total	105,481,087.52	

As at 31 December 2020, the Company had no other payables with ageing over one year and individual amount over RMB10 million.

28 Non-current liabilities due within one year

		The Group		The Company	
	Note	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Long-term loans due within one year	29	242,524,331.63	445,062,584.81	22,784,500.00	4,000,000.00
Long-term payables due within one year	31	21,970,748.15	22,046,427.60	–	–
Lease liabilities due within one year	59	267,809,024.38	189,313,299.21	206,816.29	194,084.29
Bonds payable due within one year	30	–	339,334,228.04	–	339,334,228.04
Total		532,304,104.16	995,756,539.66	22,991,316.29	343,528,312.33

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 Long-term loans

The Group			
	Note	31 December 2020 RMB	31 December 2019 RMB
Unsecured loans		1,034,152,961.89	834,946,877.79
Including: Loans from banks		677,252,961.89	154,046,877.79
Loans from GCG Finance		356,900,000.00	680,900,000.00
Loans secured by mortgages	(1)	147,571,681.58	208,720,094.59
Guaranteed loans	(3)	–	38,336,138.31
Guaranteed and mortgaged loans	(4)	214,838,070.08	223,058,840.85
Credit and mortgaged loans	(5)	–	116,589,153.48
Pledged loan	(6)	162,780,884.71	–
Total		1,559,343,598.26	1,421,651,105.02
Less: long-term loans due within one year			
Including: Unsecured loans		(106,037,780.00)	(338,904,733.32)
Loans secured by mortgages		(52,509,803.55)	(43,767,244.84)
Guaranteed loans		–	(22,121,038.36)
Secured and guaranteed loans		(64,276,748.08)	(36,269,568.29)
Credit and mortgaged loans		–	(4,000,000.00)
Pledged loan		(19,700,000.00)	–
Sub-total (Note V. 28)		(242,524,331.63)	(445,062,584.81)
Long-term loans due after 1 year		1,316,819,266.63	976,588,520.21
Including: Due after 1 year but within 2 years		219,306,085.65	129,746,401.64
Due after 2 years but within 5 years		1,097,513,180.98	846,842,118.57

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 Long-term loans (Continued)

	The Company	
	31 December 2020 RMB	31 December 2019 RMB
Unsecured loans		
Including: Loans from banks	443,230,000.00	105,230,000.00
Loans from GCG Finance	68,000,000.00	40,000,000.00
Total	511,230,000.00	145,230,000.00
Less: long-term loans due within one year		
Including: Unsecured loans	(22,784,500.00)	(4,000,000.00)
Sub-total (Note V. 28)	(22,784,500.00)	(4,000,000.00)
Long-term loans due after 1 year	488,445,500.00	141,230,000.00
Including: Due after 1 year but within 2 years	89,307,500.00	17,484,500.00
Due after 2 years but within	399,138,000.00	123,745,500.00

- (1) For the details of assets pledged for secured loans as at 31 December 2020, please refer to Note V. 11, 12 and 14.
- (2) As at 31 December 2020, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 3.16% ~ 4.90% per annum (31 December 2019: 4.27% ~ 4.90%).
- (3) As at 31 December 2019, the Group's guaranteed loans were from the subsidiary Foshan City Yueyun Public Transportation Co., Ltd., which were guaranteed by Zhengzhou Anchi Bonding Co., Ltd..
- (4) As at 31 December 2020 and 31 December 2019, mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: Heyuan Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; and the loans borrowed by Zhaoqing City Yueyun Motor Transportation Co., Ltd., Shaoguan Yueyun Vehicles Transportation Co., Ltd., Meizhou Yueyun Motor Transportation Co., Ltd., Chaozhou Public Transport Co., Ltd., Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., Qingyuan Yueyun Public Transportation Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.
- (5) As at 31 December 2019, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, received loans on credit with additional guarantee by its land use rights and buildings.
- (6) As at 31 December 2020, pledged loans held by the Group include the loan borrowed by Foshan Yueyun Public Transport Co., Ltd. with RMB2,200,000.00 as the pledge deposit and the loan borrowed by Shanwei Yueyun Automobile Transport Co., Ltd. with the national subsidies of 2019 for energy saving and the operation of new energy vehicles as pledged assets.
- (7) As at 31 December 2020, there was no overdue borrowing by the Group (31 December 2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 Bonds payable

The Group and the Company

Item	Period	Issue date	Issuing amount RMB	Carrying amount as at 1 January 2020 RMB	Amortisation for the year RMB	Due within one year RMB	Carrying amount as at 31 December 2020 RMB
2014 corporate bond (first phase)	7 years	28/09/2015	400,000,000.00	398,161,553.41	3,066,072.76	(8,694,000.00)	392,533,626.17
2014 corporate bond (second phase)	5 years	17/12/2015	340,000,000.00	339,334,228.04	665,771.96	(340,000,000.00)	-
Less: bonds payable due within one year			340,000,000.00	339,334,228.04	665,771.96	(340,000,000.00)	-
Total			400,000,000.00	398,161,553.41	3,066,072.76	(8,694,000.00)	392,533,626.17

On 28 September 2015, the Company entrusted Morgan Stanley Huaxin Securities Company Limited as the lead underwriter and issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB400.00 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal will be returned upon maturity. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after five years of the issue date. On 28 September 2020, the Company redeemed the bonds with the amount of RMB8,694,000.00 of bond principal without adjusting the coupon rate. On 17 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB380.00 million with a term of 5 years. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after three years of the issue date. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum for the first three years (from 17 December 2015 to 16 December 2018), after three years of the issue date the Company exercised the option to raise the coupon rate to 4.50% per annum. On 17 December 2018, the Company redeemed the bonds with the amount of RMB40 million. On December 31, 2020, the Company redeemed the bonds (second phase) with the amount of RMB340 million.

In connection with the issuance of these bonds, GCGC provided an unconditional and irrecoverable joint liability guarantee in full on the principal and interest of the bonds. In the meantime, the Company provided counter guarantee to GCGC with a pledge of the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right. (Note V. 14)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 Long-term payables

The Group

	31 December 2020 RMB	31 December 2019 RMB
Payables for vehicles purchase	68,097,364.76	196,874,359.02
Station construction fees	23,638,866.00	24,038,866.00
Deposits	8,958,993.00	11,171,615.28
Others	360,263.06	110,263.06
Total	101,055,486.82	232,195,103.36
Less: Long-term payables due within one year		
Payables for purchasing vehicles	21,970,748.15	22,046,427.60
Sub-total (Note V.28)	21,970,748.15	22,046,427.60
Long-term payables due after one year	79,084,738.67	210,148,675.76

32 Long-term employee benefits payable

The Group

	Note V	2020 RMB	2019 RMB
Termination benefits		209,950,138.77	197,315,998.70
Less: Settled within one year	25	16,492,724.25	8,617,239.40
Total		193,457,414.52	188,698,759.30

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 Long-term employee benefits payable (Continued)

The above termination benefits are classified as post-employment benefits – defined contribution plans. The Group provides the staff in some of its subsidiaries with the following two kinds of defined contribution plans of post-employment benefits:

- (i) Retirement subsidy plan: retired staff are entitled to a supplementary monthly pension after meeting specific requirements. The pension amounts are determined at a level of a certain proportion of the respective staff's final wages before retirement. As of 31 December 2020, there was no adjustment to the retirement subsidy plan above made by the Group.
- (ii) Post-retirement medical care plan: purchase medical care insurance for retired staff for certain years.

The above defined benefit plans expose the Group to actuarial risk such as longevity risk and inflation risk. Disclosures are summarised as follows since defined benefit plans discussed above have same risks and characteristics:

- (a) Amounts recognised in the financial statements and related movements in liability of defined benefit plans are as follows:

	2020 RMB	2019 RMB
Balance at the beginning of the year	197,315,998.70	211,103,987.32
Included in profit or loss:		
– Current cost	36,293,245.87	12,045,409.87
– Net interest	5,275,723.00	4,799,754.35
Included in other comprehensive income:		
– Actuarial loss	(503,410.42)	(1,679,584.24)
Other movements		
– Benefits paid	(28,431,418.38)	(28,953,568.60)
Balance at the end of the year	209,950,138.77	197,315,998.70
Including: Retirement subsidy plan	204,672,575.31	191,918,765.72
Post-retirement medical benefits plan	5,277,563.46	5,397,232.98

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

32 Long-term employee benefits payable (Continued)

(ii) Post-retirement medical care plan: purchase medical care insurance for retired staff for certain years.
(Continued)

(b) Actuarial assumptions and sensitivity analysis

The following are the principal actuarial assumptions adopted by the Group to evaluate the present value of the defined benefit plan obligations:

	2020	2019
Discount rate	3.72% – 4.27%	3.72% – 4.42%
Average longevity expectancy	75 – 82.5 years	75 – 82.5 years

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, holding other assumptions constant, would have affected the defined benefit obligations of the Group by the amounts shown below:

2020:

	The Group	
	Increase RMB	Decrease RMB
Discount rate (changes 0.1%)	1,120,354.92	1,193,894.87
Average longevity expectancy (changes 1 year)	4,232,030.81	4,304,889.65

2019:

	The Group	
	Increase RMB	Decrease RMB
Discount rate (changes 0.1%)	1,005,452.50	1,002,001.90
Average longevity expectancy (changes 1 year)	2,955,004.77	3,266,074.20

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide the approximation of the sensitivity of the assumptions shown.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 Provisions

As at 31 December 2020 and 2019, the provision was made for compensations for pending lawsuits.

34 Deferred income

The Group

	31 December 2020 RMB	31 December 2019 RMB
Government grant		
– Government grant related to assets (Note V.55(1))	367,346,038.23	290,743,909.14
– Government grant related to income	3,617,509.32	–
Prepayments of contracts	225,369,156.42	253,820,560.48
Rental of stations and advertising sites	14,198,958.61	13,623,636.37
Total	610,531,662.58	558,188,105.99

35 Share capital

The Group and the Company

	1 January 2019, 31 December 2019 and 31 December 2020 RMB
I. Restricted tradable shares	
1. State-owned shares	–
2. State-owned representative shares	–
3. Other domestic-owned shares	–
Total restricted tradable shares	–
II. Tradable shares	
1. Ordinary shares denominated in RMB	592,847,800.00
2. Foreign-owned shares listed overseas	207,000,000.00
Total tradable shares	799,847,800.00
Total shares	799,847,800.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36 Capital Reserve

The Group

Items	Balance as at 1 January 2020 RMB	Additions during the year RMB	Reductions during the year RMB	Balance as at 31 December 2020 RMB
Other capital reserve	18,800,491.50	–	–	18,800,491.50

Items	Balance as at 1 January 2019 RMB	Additions during the year RMB	Reductions during the year RMB	Balance as at 31 December 2019 RMB
Share premium	148,751,040.22	15,661,367.54	(164,412,407.76)	–
Other capital reserve	18,800,491.50	–	–	18,800,491.50
Total	167,551,531.72	15,661,367.54	(164,412,407.76)	18,800,491.50

In 2019, the Group's share premium increased due to the capital invested by the original owners in business combination involving enterprises under common control was RMB15,661,367.54, and as a result of the common control transactions, the share premium, surplus reserve and the retained earnings of the Group decreased by RMB164,412,407.76, RMB1,098,469.22 and RMB9,886,223.02 respectively.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36 Capital Reserve (Continued)

The Company

Items	Balance as at 1 January 2020 RMB	Additions during the year RMB	Reductions during the year RMB	Balance as at 31 December 2020 RMB
Share premium	115,883,514.42	–	–	115,883,514.42
Other capital reserve	12,630,075.81	–	–	12,630,075.81
Total	128,513,590.23	–	–	128,513,590.23

Items	Balance as at 1 January 2019 RMB	Additions during the year RMB	Reductions during the year RMB	Balance as at 31 December 2019 RMB
Share premium	197,916,569.78	–	(82,033,055.36)	115,883,514.42
Other capital reserve	12,630,075.81	–	–	12,630,075.81
Total	210,546,645.59	–	(82,033,055.36)	128,513,590.23

37 Other comprehensive income

The Group				
	Balance at the beginning of the year attributable to shareholders of the Company RMB	Increase/ (decrease) during the year RMB	Less: Attributable to non-controlling interests RMB	Balance at the end of the year attributable to shareholders of the Company RMB
Remeasurement of defined benefit plan liability	(1,208,542.23)	503,410.42	300,966.69	(1,006,098.50)
Changes in fair value gains or losses on investments in other equity instruments	109,360.02	–	–	109,360.02
Translation differences of foreign currency financial statements	(16,227,677.07)	(22,505,454.40)	(7,104,385.26)	(31,628,746.21)
Total	(17,326,859.28)	(22,002,043.98)	(6,803,418.57)	(32,525,484.69)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38 Specific reserve

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Balance at the beginning of the year	23,523,945.80	50,934,741.35	—	—
Additions during the year	43,022,617.02	39,718,655.50	93,946.60	226,004.69
Reductions during the year	(46,106,763.41)	(46,568,355.70)	(93,946.60)	(226,004.69)
Other changes in business combination involving enterprises under common control	—	(20,561,095.35)	—	—
Loss of control over a subsidiary	(548,245.55)	—	—	—
Balance at the end of the year	19,891,553.86	23,523,945.80	—	—

According to the letter of the General Office of the Emergency Management Department on soliciting opinions on the Administration instruction on using and provision of enterprises' safety specific reserve (Draft for comments) (Emergency Department Letter [2019] 428) and Administration instruction of safely operation of Guangdong Yueyun Transportation Co., Ltd., transportation enterprises should provide safety reserve monthly based on last year's actual operating income, at the rates of 1% for ordinary freight transportation service and 1.5% for passengers transportation service, respectively. Enterprises serve for production and storage of hazardous goods should set provision of safety reserve monthly based on last year's actual operating income.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39 Surplus reserve

	The Group RMB	The Company RMB
Balance as at 1 January 2019	193,639,642.56	191,938,695.80
Additions during the year	11,997,685.95	11,997,685.95
Reduction due to the effect of a business combination involving enterprises under common control (Note V 36)	(1,098,469.22)	–
Reduction due to acquisition of non-controlling interests	(1,149,717.17)	–
Balance as at 31 December 2019	203,389,142.12	203,936,381.75
Additions during the year	9,583,985.77	9,583,985.77
Balance as at 31 December 2020	212,973,127.89	213,520,367.52

In 2019, as a result of the effect of a business combination involving enterprises under common control and acquisition of non-controlling interests, the surplus reserve of the Group decreased by RMB1,098,469.22 and RMB1,149,717.17 respectively.

Statutory surplus reserve can be used to make up for the losses, expand the production and operation or to be transferred to increase capital; when being transferred to capital, the statutory surplus reserve remained shall be no less than 25% of the Company's registered capital before the surplus reserve was transferred to increase capital.

40 Retained earnings

		The Group	
	Note	2020 RMB	2019 RMB
Retained earnings at the beginning of the year		1,291,081,241.71	1,174,583,143.55
Add: Net (loss)/profit for the year attributable to the shareholders of the Company		(229,193,291.25)	304,969,979.22
Less: Appropriation for statutory surplus reserve		(9,583,985.77)	(11,997,685.95)
Final dividends in respect of the previous financial year, approved and declared during the year	(1)	–	(135,974,126.00)
Business combinations under common control – consideration for business combination (Note V.36)		–	(9,886,223.02)
Business combinations under common control – other changes		–	(30,613,846.09)
Retained earnings at the end of the year	(2)	1,052,303,964.69	1,291,081,241.71

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

40 Retained earnings (Continued)

		The Company	
	Note	2020 RMB	2019 RMB
Retained earnings at the beginning of the year		225,327,967.19	253,322,919.63
Add: Net profit for the year		95,839,857.72	119,976,859.51
Less: Appropriation for statutory surplus reserve		(9,583,985.77)	(11,997,685.95)
Final dividends in respect of the previous financial year, approved and declared during the year	(1)	–	(135,974,126.00)
Retained earnings at the end of the year	(3)	311,583,839.14	225,327,967.19

- (1) In 2020, no dividend was declared by the Company (2019: RMB0.17 per share (tax included), amounting to RMB135,974,126.00 in total).
- (2) As at 31 December 2020, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB395,193,193.52 (31 December 2019: RMB389,514,799.05).
- (3) As of 31 December 2020, the Company's distributable profits is RMB311,583,839.14 (As of 31 December 2019, the Company's distributable profits amounted to RMB225,327,967.19).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 Operating income and operating costs

(1) Operating income and operating costs

The Group

	2020		2019	
	Operating income RMB	Operating cost RMB	Operating income RMB	Operating cost RMB
Operating income from principal activities	5,577,591,947.39	5,312,978,273.02	6,650,244,854.57	5,597,787,459.46
Other operating income	7,949,493.62	7,016,273.46	6,968,019.40	6,208,258.59
Total	5,585,541,441.01	5,319,994,546.48	6,657,212,873.97	5,603,995,718.05

The Company

	2020		2019	
	Operating income RMB	Operating cost RMB	Operating income RMB	Operating cost RMB
Operating income from principal activities	277,503,629.60	250,344,060.76	617,937,064.49	492,638,304.14

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 Operating income and operating costs (Continued)

(1) Operating income and operating costs (Continued)

Details of operating income are as follows:

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
1. Operating income from principal activities				
Road passenger transportation and auxiliary services (Note 1)	2,297,644,049.83	3,787,137,533.95	1,068,001.99	7,738,595.82
Expressway service zones services	3,003,512,269.95	2,252,908,851.95	–	–
Taiping interchange assets operation services	66,017,682.94	137,833,405.11	66,017,682.94	137,833,405.11
Material logistics services	210,417,944.67	472,365,063.56	210,417,944.67	472,365,063.56
Sub-total	5,577,591,947.39	6,650,244,854.57	277,503,629.60	617,937,064.49
2. Other operating income	7,949,493.62	6,968,019.40	–	–
Total	5,585,541,441.01	6,657,212,873.97	277,503,629.60	617,937,064.49

Note 1: Operating income of Foshan City Yueyun Public Transportation Company Limited, Foshan City Sanshui District Yueyun Transportation Company Limited and Guangzhou City Yueyun Motor Transportation Co., Ltd. includes income derived from their operations of public traffic community business (hereinafter referred to as “TC Business”). Pursuant to the Public Traffic Service Contracts signed by these companies and local transportation and city management bureau in Foshan and Zengcheng, these companies shall operate certain bus lines in designated areas and all fare income derived from routes operation shall be enjoyed by local transportation and city management bureau. The companies shall settle operating income with local transportation and city management bureau monthly based on actual operating mileages of each operating route under price per kilometre of each route method as agreed in the Public Traffic Service Contract. During the year, income derived from TC Business was RMB474,962,323.68, representing 8.50% of total operating income (2019: RMB589,578,703.24, representing 8.86% of total operating income).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 Operating income and operating costs (Continued)

(2) Details of operating income

Details of operating income of the Group in 2020 by principal products and services category and by principle operating area and the operating incomes of each segment (Note V, 56) are as follows:

Items	Note	2020				Total RMB
		Travel services RMB	Material logistics RMB	Other business RMB	Inter- segment elimination RMB	
Operating income from by principal products and services category	V.41(1)					
Road passenger transportation and auxiliary services		2,297,644,049.83	-	-	-	2,297,644,049.83
Expressway service zones services		3,003,512,269.95	-	-	-	3,003,512,269.95
Taiping interchange assets operation services		66,017,682.94	-	-	-	66,017,682.94
Material logistics services		-	210,417,944.67	-	-	210,417,944.67
Total		5,367,174,002.72	210,417,944.67	-	-	5,577,591,947.39
Operating income by principal operating area						
Mainland China		5,332,785,976.75	210,417,944.67	-	-	5,543,203,921.42
Hong Kong		34,388,025.97	-	-	-	34,388,025.97
Total		5,367,174,002.72	210,417,944.67	-	-	5,577,591,947.39
Other operating income	V.41(1)	-	-	14,826,648.76	(6,877,155.14)	7,949,493.62
Total		5,367,174,002.72	210,417,944.67	14,826,648.76	(6,877,155.14)	5,585,541,441.01

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 Operating income and operating costs (Continued)

(2) Details of operating income (Continued)

Items	Note	Travel services RMB	Material logistics RMB	2019		Total RMB
				Other business RMB	Inter-segment elimination RMB	
Operating income from by principal products and services category	V.41(1)					
Road passenger transportation and auxiliary services		3,787,137,533.95	–	–	–	3,787,137,533.95
Expressway service zones services		2,252,908,851.95	–	–	–	2,252,908,851.95
Taiping interchange assets operation services		137,833,405.11	–	–	–	137,833,405.11
Material logistics services		–	472,365,063.56	–	–	472,365,063.56
Total		6,177,879,791.01	472,365,063.56	–	–	6,650,244,854.57
Operating income by principal operating area						
Mainland China		5,862,119,731.65	472,365,063.56	–	–	6,334,484,795.21
Hong Kong		315,760,059.36	–	–	–	315,760,059.36
Total		6,177,879,791.01	472,365,063.56	–	–	6,650,244,854.57
Other operating income	V.41(1)	–	–	14,446,209.68	(7,478,190.28)	6,968,019.40
Total		6,177,879,791.01	472,365,063.56	14,446,209.68	(7,478,190.28)	6,657,212,873.97

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

42 Taxes and surcharges

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Property tax	23,045,960.28	17,111,484.43	–	–
Urban maintenance and construction tax	6,802,128.02	9,440,018.62	119,811.31	208,268.31
Education surcharges and local education surcharges	5,531,644.80	7,199,914.17	115,736.04	206,812.51
Land use tax	2,386,596.85	1,452,922.05	–	–
Cultural undertakings fee	–	1,877,560.35	–	–
Others	5,324,739.63	5,416,779.13	312,703.50	321,334.90
Total	43,091,069.58	42,498,678.75	548,250.85	736,415.72

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

43 Financial expenses

		The Group		The Company	
	Note	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Interest expenses from loans, bonds and payables		103,801,088.71	96,174,016.20	41,603,803.65	37,742,754.13
Less: Borrowing costs capitalised	(1)	(1,642,618.34)	(5,539,051.59)	–	–
Net interest expenses		102,158,470.37	90,634,964.61	41,603,803.65	37,742,754.13
Less: Interest income		(10,643,826.30)	(19,440,663.32)	(9,670,617.90)	(12,589,887.12)
Exchange losses/(gains)		2,157,298.23	(1,266,172.32)	45,745.31	767,048.18
Amortisation of unrecognized financing charges		7,408,753.98	6,120,770.17	–	–
Interest expenses from lease liabilities		116,613,836.64	100,477,686.30	118,550.71	303,086.93
Others		12,279,307.00	10,416,419.94	1,392,471.64	1,245,928.84
Total		229,973,839.92	186,943,005.38	33,489,953.41	27,468,930.96

(1) Capitalised borrowing costs of the Group in 2020 was RMB1,642,618.34 (2019: RMB5,539,051.59), with a capitalisation rate of 5% (2019: 5%).

44 Other income

The Group

	2020 RMB	2019 RMB
Government grants related to assets (Note V.55(1))	102,796,392.61	82,521,716.91
Government grants related to income (Note V.55(2))	351,558,267.89	254,196,053.33
VAT reduction and exemption, etc (Note)	79,901,083.80	3,862,908.83
Total	534,255,744.30	340,580,679.07

Note: Refer to Note III and Note V under Note VI for preferential policies of VAT reduction and exemption.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

45 Investment income

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Income from investments in subsidiaries accounting for using cost method	–	–	182,308,794.12	101,756,485.02
Income from investments in associates accounting for using equity method	9,614,483.51	15,123,798.95	13,989,831.16	18,685,334.04
(Loss) /income from investments in joint ventures accounting for using equity method	(3,488,828.74)	27,007,355.83	155,819.79	(831,305.89)
Gains on disposal of long-term equity investments	22,537,575.29	10,167,021.84	–	–
Gains from remeasurement of original investment at fair value after acquisition of control right	1,112,914.07	6,935,110.60	–	–
Others	(459,381.39)	(459,381.38)	–	859,864.00
Total	29,316,762.74	58,773,905.84	196,454,445.07	120,470,377.17
Including:				
Income from investments in associates accounting for using equity method attributable to shareholders of the company	11,251,366.51	17,030,181.04	13,989,831.16	18,685,334.04
(Loss)/income from investments in joint ventures accounting for using equity method attributable to shareholders of the company	(3,501,858.10)	26,697,006.34	155,819.79	(831,305.89)

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

46 (Accrual)/reversal of credit losses

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Accounts receivable	(1,915,180.67)	(7,694,568.46)	5,200,747.17	(3,155,716.81)
Other receivables	(26,063,105.93)	(5,236,415.50)	776,567.43	621,056.28
Total	(27,978,286.60)	(12,930,983.96)	5,977,314.60	(2,534,660.53)

47 Impairment (losses)/reversal

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Long-term equity investments	(233,296.01)	(930,000.00)	(8,046,462.29)	—
Prepayments	1,091.70	5,301,120.45	—	5,301,120.45
Fixed assets	(9,775,602.84)	(993,002.59)	—	—
Inventories	(651,066.12)	(6,200.00)	—	—
Goodwill	(13,943,331.88)	—	—	—
Other Non-current assets	—	(7,970,268.22)	—	—
Total	(24,602,205.15)	(4,598,350.36)	(8,046,462.29)	5,301,120.45

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 Gains from asset disposals

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Gains from disposal of fixed assets	16,559,418.63	39,546,620.00	–	–
Gains from disposal of other non-current assets	7,191,407.70	37,595.40	–	–
Gains from disposal of right-of-use assets	14,641.53	925,560.79	–	–
Total	23,765,467.86	40,509,776.19	–	–

49 Non-operating income and non-operating expense

(1) Non-operating income by item is as follows:

		The Group		The Company	
	Note	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Gains on disposal of non-current assets		10,407,125.91	2,609,879.73	–	–
Government grants	(2)	2,727,422.63	11,405,318.80	–	1,000,000.00
Compensations		4,224,289.11	1,428,219.53	–	–
Others		4,441,047.47	13,647,501.61	–	187,225.00
Total		21,799,885.12	29,090,919.67	–	1,187,225.00

(2) The government grants of the Group and the Company recognised as non-operating income in 2020 and 2019 is disclosed in Note V55(2)(c).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

49 Non-operating income and non-operating expense (Continued)

(3) Non-operating expense

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Losses on disposal of non-current assets	17,514,853.81	8,059,277.64	—	—
Road accidents losses	4,473,836.58	4,567,223.80	—	—
Donations	140,247.12	349,649.93	—	—
Penalty expenses	2,118,803.79	1,284,775.36	—	—
Others	2,897,595.07	5,942,242.58	145,827.42	2,799,833.65
Total	27,145,336.37	20,203,169.31	145,827.42	2,799,833.65

50 Income tax expenses

The Group

(1) Income tax expenses

	2020 RMB	2019 RMB
Current tax expense for the year based on tax law and regulations	102,921,822.58	113,702,165.41
Including: Mainland China	102,921,822.58	113,576,992.74
Hong Kong	—	125,172.67
Adjustments of tax filing differences	(4,926,305.48)	504,807.79
Changes in deferred tax	(21,418,152.10)	18,017,746.03
Total	76,577,365.00	132,224,719.23

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

50 Income tax expenses (Continued)

The Group (Continued)

(2) Reconciliation between income tax expenses and accounting (loss)/profit is as follows:

	2020 RMB	2019 RMB
(Loss)/profits before taxation	(238,596,943.33)	497,308,422.03
Expected income tax expense at tax rate of 25% (2019: 25%)	(59,649,235.83)	124,327,105.51
Effect of non-deductible expenses	1,826,222.94	6,220,480.74
Effect of non-taxable income	(4,382,860.39)	(24,589,727.12)
Effect of unrecognised deductible tax losses and temporary differences	142,926,958.35	48,493,990.46
Effect of utilisation of temporary differences and deductible tax losses in previous years	(222,887.93)	(20,402,174.32)
Effect of different tax rates applied by certain subsidiaries	1,005,473.34	(2,329,763.83)
Adjustments of tax filing differences	(4,926,305.48)	504,807.79
Total	76,577,365.00	132,224,719.23

The Company

(1) Income tax expenses

	2020 RMB	2019 RMB
Current tax expense for the year based on tax law and regulations	–	12,076.54
Adjustments of tax filing differences	261,997.23	1,794,167.67
Changes in deferred tax	1,382,789.85	3,519,698.09
Total	1,644,787.08	5,325,942.30

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

50 Income tax expenses (Continued)

The Company (Continued)

(2) Reconciliation between income tax expense and accounting profit is as follows:

	2020 RMB	2019 RMB
Profits before taxation	97,484,644.80	125,302,801.81
Expected income tax expense at tax rate of 25% (2019: 25%)	24,371,161.20	31,325,700.45
Effect of non-deductible expenses	281,779.80	2,323,668.47
Effect of unrecognised deductible tax losses and temporary differences	25,843,460.12	—
Effect of non-taxable investment income	(49,113,611.27)	(30,117,594.29)
Adjustments of tax filing differences	261,997.23	1,794,167.67
Total	1,644,787.08	5,325,942.30

The details of the Company and its subsidiaries' applicable income tax rates are set out in Note III.

51 Earnings per share

(1) Basic earnings per share

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

	2020 RMB	2019 RMB
Consolidated net (loss)/profit attributable to ordinary shareholders of the Company	(229,193,291.25)	304,969,979.22
Weighted average number of ordinary shares outstanding	799,847,800.00	799,847,800.00
Basic (losses)/earnings per share (RMB/share)	(0.29)	0.38

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

51 Earnings per share (Continued)

(1) Basic earnings per share (Continued)

Weighted average number of ordinary shares is calculated as follows:

	2020 Shares	2019 Shares
Issued ordinary shares at the beginning and the end of the year	799,847,800.00	799,847,800.00
Weighted average number of ordinary shares at the end of the year	799,847,800.00	799,847,800.00

(2) Diluted earnings per share

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

52 Other comprehensive income, net of tax

The Group

	Balance at the beginning of the year RMB	Charge to other comprehensive income during the year RMB	Transfer to profit or loss during the year RMB	Balance at the end of the year RMB
Items that will not be reclassified to profit or loss				
Remeasurement of defined benefit plan liability				
(1) Attributable to shareholders of the Company	(1,208,542.23)	202,443.73	–	(1,006,098.50)
(2) Attributable to non-controlling interests	(857,508.05)	300,966.69	–	(556,541.36)
Investments in other equity instruments				
(1) Attributable to shareholders of the Company	109,360.02	–	–	109,360.02
Subtotal	(1,956,690.26)	503,410.42	–	(1,453,279.84)
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of financial statements denominated in foreign currencies				
(1) Attributable to shareholders of the Company	(16,227,677.07)	(15,401,069.14)	–	(31,628,746.21)
(2) Attributable to non-controlling interests	(10,661,221.39)	(7,104,385.26)	–	(17,765,606.65)
Subtotal	(26,888,898.46)	(22,505,454.40)	–	(49,394,352.86)
Total	(28,845,588.72)	(22,002,043.98)	–	(50,847,632.70)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

53 Supplement to income statement

Expenses are analysed by their nature as follows:

	The Group		The Company	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Operating income	5,585,541,441.01	6,657,212,873.97	277,503,629.60	617,937,064.49
Less: Changes in finished goods	2,615,675,543.22	1,975,524,463.70	207,664,496.67	461,582,530.36
Employee benefits expenses	1,927,405,549.89	2,073,175,944.53	47,507,775.44	51,699,756.08
Depreciation and amortization	807,584,009.30	742,963,925.37	23,280,217.17	24,525,884.15
Depreciation of right-of-use	229,636,142.29	195,587,774.33	473,458.50	8,458,061.93
Raw materials used	111,438,180.85	141,589,796.29	–	–
Rental expenses	82,308,056.72	69,126,209.57	8,410,268.64	819,760.00
Financial expenses	229,973,839.92	186,943,005.38	33,489,953.41	27,468,930.96
Other income	(534,255,744.30)	(340,580,679.07)	–	–
Accrual/(reversal) of impairment losses	24,602,205.15	4,598,350.36	8,046,462.29	(5,301,120.45)
Accrual/(reversal) of credit losses	27,978,286.60	12,930,983.96	(5,977,314.60)	2,534,660.53
Investment income	(29,316,762.74)	(58,773,905.84)	(196,454,445.07)	(120,470,377.17)
Other expenses	325,763,626.19	1,165,706,333.72	53,432,284.93	39,703,567.64
Operating (losses)/profit	(233,251,492.08)	488,420,671.67	97,630,472.22	126,915,410.46

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement

(1) Reconciliation of net (loss)/profit to cash flows from operating activities:

The Group

	2020 RMB	2019 RMB
Net (loss)/profit	(315,174,308.33)	365,083,702.80
Add: Provisions for impairment of assets and credit loss	52,580,491.75	17,529,334.32
Depreciation of fixed assets	679,226,029.51	634,259,822.26
Depreciation of Right-of-use assets	229,636,142.29	195,587,774.33
Depreciation of investment properties	3,188,578.84	3,372,671.36
Amortisation of intangible assets	71,315,281.93	68,663,579.19
Amortisation of long-term deferred expenses	53,854,119.02	36,667,852.56
Net gains on disposal of fixed assets, intangible assets, right-of-use assets and other long-term assets	(16,657,739.96)	(35,060,378.28)
Financial expenses	232,771,142.54	194,376,039.72
Investment income	(29,316,762.74)	(58,773,905.84)
(Increased)/decrease in deferred tax assets	(26,847,437.50)	25,997.70
Increased in deferred tax liabilities	5,429,285.40	17,991,748.33
Increase in inventories	(14,216,606.21)	(5,317,997.81)
Decrease/(increase) in operating receivables	36,598,212.26	(41,951,937.81)
Increase in operating payables	189,713,064.88	92,821,596.98
Decrease in specific reserve	(6,017,679.54)	(9,773,597.45)
Decrease in restricted cash	1,432,831.08	11,814,551.23
Decrease in long-term receivables	571,376.73	7,117,240.15
Decrease in long-term payables	(1,962,622.28)	(2,576,484.13)
Net cash inflow from operating activities	1,146,123,399.67	1,491,857,609.61

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement (Continued)

(1) Reconciliation of net (loss)/profit to cash flows from operating activities: (Continued)

The Company

	2020 RMB	2019 RMB
Net profit	95,839,857.72	119,976,859.51
Add: Provisions/(reversal) for impairment of credit loss	(5,977,314.60)	2,534,660.53
Reversal for impairment of assets	8,046,462.29	(5,301,120.45)
Depreciation of fixed assets	1,301,611.51	1,879,774.12
Depreciation of right-of-use assets	473,458.50	8,458,061.93
Amortisation of intangible assets	21,470,046.19	22,127,146.84
Amortisation of long-term deferred expenses	508,559.47	518,963.19
Financial expenses	34,019,832.76	27,895,504.76
Investment income	(196,454,445.07)	(120,470,377.17)
Decrease in deferred tax assets	1,382,789.85	3,519,698.09
Decrease in inventories	169,784.78	41,474.92
Decrease in operating receivables	95,861,282.29	15,258,819.31
(Decrease)/increase in operating payables	(84,015,127.04)	46,313,522.56
Others	–	2,877,506.65
Net cash (outflow)/inflow from operating activities	(27,373,201.35)	125,630,494.79

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement (Continued)

(2) Change in cash and cash equivalents:

The Group

	2020 RMB	2019 RMB
Cash and cash equivalents at the end of the year (Note)	1,241,551,487.41	1,163,480,565.54
Less: Cash and cash equivalents at the beginning of the year (Note)	1,163,480,565.54	1,137,624,205.21
Net increase in cash and cash equivalents	78,070,921.87	25,856,360.33

Note: As at 31 December 2020, the balance of cash included restricted cash such as security deposits for letter of guarantee, property maintenance funds, tourism quality deposits, margin loans, security deposits for letter of guarantee, property maintenance funds and bank acceptance bond in an aggregate amount of RMB15,638,500.81 (31 December 2019: RMB17,071,331.89), which was deducted from the balance of cash and cash equivalents.

The Company

	2020 RMB	2019 RMB
Cash and cash equivalents at the end of the year	660,332,955.71	575,899,312.83
Less: Cash and cash equivalents at the beginning of the year	575,899,312.83	622,984,930.41
Net increase/(decrease) in cash and cash equivalents	84,433,642.88	(47,085,617.58)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement (Continued)

(3) Details of cash and cash equivalents

The Group

	2020 RMB	2019 RMB
(a) Cash at bank and on hand		
– Cash on hand	7,385,548.22	9,374,865.53
– Bank deposits available on demand	1,234,165,939.19	1,154,105,700.01
– Cash with restricted usage	15,638,500.81	17,071,331.89
(b) Closing balance of cash and cash equivalents	1,257,189,988.22	1,180,551,897.43
Less: Cash with restricted usage	(15,638,500.81)	(17,071,331.89)
(c) Closing balance of cash and cash equivalents available on demand	1,241,551,487.41	1,163,480,565.54

The Company

	2020 RMB	2019 RMB
(a) Cash at bank and on hand		
– Cash on hand	–	–
– Bank deposits available on demand	660,332,955.71	575,899,312.83
(b) Closing balance of cash and cash equivalents	660,332,955.71	575,899,312.83
(c) Closing balance of cash and cash equivalents available on demand	660,332,955.71	575,899,312.83

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement (Continued)

(4) Information on acquisition or disposal of subsidiaries during the year:

Acquired of subsidiaries (business combination under common control)

The Group

Items	2020 RMB	2019 RMB
Consideration of acquiring subsidiaries	–	175,397,100.00
Cash and cash equivalents paid for acquiring subsidiaries	–	175,397,100.00
Add: Cash and cash equivalents not appropriated in business reorganization during the period of business combination under common control	–	13,948,301.99
Net cash outflow for the acquisition	–	189,345,401.99

Acquired of subsidiaries (business combination not under common control)

The Group

Items	2020 RMB	2019 RMB
Consideration of acquiring subsidiaries (Note IV.3)	2,634,500.00	16,653,079.78
Cash and cash equivalents paid for acquiring subsidiaries	2,634,500.00	16,153,059.56
Less: Cash and cash equivalents held by acquired subsidiaries	40,010,343.25	5,394,331.95
Net cash (inflow)/outflow for the acquisition	(37,375,843.25)	10,758,727.61

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement (Continued)

(4) Information on acquisition or disposal of subsidiaries during the year: (Continued)

Disposal of subsidiaries

The Group

	2020 RMB	2019 RMB
Consideration of disposal	34,750,323.98	36,828,137.81
Cash and cash equivalents received from disposal of subsidiaries	34,750,323.98	36,828,137.81
Less: Cash and cash equivalents held by subsidiaries	7,061,748.70	10,480,652.94
Net cash inflow for the disposal	27,688,575.28	26,347,484.87
Non-cash assets and liabilities held by the acquired subsidiaries		
Current assets	13,638,608.14	24,239,047.90
Non-current assets	20,099,586.93	10,187,977.97
Current liabilities	(21,719,675.92)	(15,723,785.17)

- (5) Cash proceed/payment for other financing activities of the Group represents the net cash inflow/outflow in the cash pool accounts, which centrally managed the funds from the bank accounts of 2 related parties.

Cash payment for other financing activities of the Company represent the net cash outflow in the cash pool accounts, which centrally managed the funds from the bank accounts of certain subsidiaries.

The cash pool accounts centrally managed and daily collected or allocated changes with reference to the account balance of the Group and the Company. Due to the frequent transactions, the Group and the Company only disclose the net cash outflow or inflow of the cash centrally managed during the year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement (Continued)

(6) Significant investing activities that do not involve cash receipts and expenditures:

The Group

	2020 RMB	2019 RMB
Fixed assets from land changing	–	14,118,244.00

55 Government grants

The Group

	2020 RMB	2019 RMB
Government grants related to assets	102,796,392.61	82,521,716.91
Government grants related to income	459,894,719.65	403,946,612.19
Total	562,691,112.26	486,468,329.10

(1) Government grants related to assets

The Group

2020

Items	Balance at the beginning of the year RMB	Additions during the year RMB	Recognition as other income during the year RMB	Balance at the end of the year RMB
Subsidies for vehicles replacement	6,184,601.12	41,428,469.31	(2,486,786.89)	45,126,283.54
Subsidies for fixed assets renovation	102,306,560.47	25,321,553.91	(8,797,931.29)	118,830,183.09
Tax subsidies for vehicles purchase	12,863,579.51	–	(425,531.88)	12,438,047.63
Subsidies for procurement of new energy vehicles	154,591,106.01	108,681,825.13	(87,982,426.84)	175,290,504.30
Software development subsidies	300,000.00	–	–	300,000.00
Other subsidies related to assets	14,498,062.03	3,966,673.35	(3,103,715.71)	15,361,019.67
Total	290,743,909.14	179,398,521.70	(102,796,392.61)	367,346,038.23

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

55 Government grants (Continued)

(1) Government grants related to assets (Continued)

The Group (Continued)

2019

Items	Balance at the beginning of the year RMB	Additions during the year RMB	Recognition as other income during the year RMB	Balance at the end of the year RMB
Subsidies for vehicles replacement	8,306,665.57	638,873.32	(2,760,937.77)	6,184,601.12
Subsidies for fixed assets renovation	103,200,764.44	9,900,000.00	(10,794,203.97)	102,306,560.47
Tax subsidies for vehicles purchase	13,289,111.39	–	(425,531.88)	12,863,579.51
Subsidies for procurement of new energy vehicles	141,650,660.56	77,250,590.15	(64,310,144.70)	154,591,106.01
Software development subsidies	300,000.00	–	–	300,000.00
Other subsidies related to assets	5,281,580.38	13,447,380.24	(4,230,898.59)	14,498,062.03
Total	272,028,782.34	101,236,843.71	(82,521,716.91)	290,743,909.14

(2) Government grants related to income

Impact on income statement items

(a) Offsetting against operation costs:

Item	The Group	
	2020	2019
	RMB	RMB
Fuel subsidies	105,609,029.13	138,345,240.06

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

55 Government grants (Continued)

(2) Government grants related to income (Continued)

Impact on income statement items (Continued)

(b) Recognising as other income:

Items	The Group	
	2020 RMB	2019 RMB
Subsidies for operation of bus lines	127,755,258.41	118,094,201.06
Subsidies for operation of new energy vehicles	139,185,024.61	102,384,032.09
Subsidies of elderly concessionary travel card	22,980,603.03	23,115,820.89
Other subsidies	61,637,381.84	10,601,999.29
Total	351,558,267.89	254,196,053.33

(c) Recognising as non-operating income:

Items	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Subsidies for vehicles disposals	66,500.00	3,253,338.73	—	—
Other subsidies	2,660,922.63	8,151,980.07	—	1,000,000.00
Total	2,727,422.63	11,405,318.80	—	1,000,000.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

56 Segment reporting

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group were classified into three segments, including travel services, material logistics and other business. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies.

(1) Segment reporting

	Travel services RMB	Material logistics RMB	Other business RMB	Inter-segment eliminations RMB	Total RMB
2020					
Operating income					
Operating income from external customers	5,367,174,002.72	210,417,944.67	7,949,493.62	–	5,585,541,441.01
Inter-segment operating income	–	–	6,877,155.14	(6,877,155.14)	–
Total segment operating income	5,367,174,002.72	210,417,944.67	14,826,648.76	(6,877,155.14)	5,585,541,441.01
Operating costs	5,104,299,586.79	208,678,686.23	7,852,601.50	(836,328.04)	5,319,994,546.48
Interest in the profit or loss of associates and joint ventures	6,125,654.77	–	–	–	6,125,654.77
Impairment losses	24,602,205.15	–	–	–	24,602,205.15
Depreciation and amortisation	1,029,463,461.28	5,860,503.86	1,102,107.91	794,078.54	1,037,220,151.59
(Loss)/profit before income tax	(245,960,549.34)	6,718,694.95	644,911.06	–	(238,596,943.33)
Income tax expenses	74,475,596.77	1,887,451.34	214,316.89	–	76,577,365.00
Net (loss)/profit	(320,436,146.11)	4,831,243.61	430,594.17	–	(315,174,308.33)
Total assets	13,661,359,443.90	17,298,950.12	39,609,608.86	(2,665,537,742.93)	11,052,730,259.95
Total liabilities	8,794,083,428.49	15,406,809.24	51,714,705.05	(958,587,772.78)	7,902,617,170.00
Other important non-cash items:					
– Long-term equity investments in associates and joint ventures	359,966,325.61	–	–	–	359,966,325.61
– The amounts of (decrease)/increase of non-current assets other than long-term equity investments	(41,960,006.38)	–	(1,064,681.85)	141,315.34	(42,883,372.89)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

56 Segment reporting (Continued)

(1) Segment reporting (Continued)

	Travel services RMB	Material logistics RMB	Other business RMB	Inter-segment eliminations RMB	Total RMB
2019					
Operating income					
Operating income from external customers	6,177,879,791.01	472,365,063.56	6,968,019.40	–	6,657,212,873.97
Inter-segment operating income	–	–	7,478,190.28	(7,478,190.28)	–
Total segment operating income	6,177,879,791.01	472,365,063.56	14,446,209.68	(7,478,190.28)	6,657,212,873.97
Operating costs	5,139,762,631.15	458,024,828.31	7,048,452.89	(840,194.30)	5,603,995,718.05
Interest in the profit or loss of associates and joint ventures	42,131,154.78	–	–	–	42,131,154.78
Impairment losses	4,598,350.36	–	–	–	4,598,350.36
Depreciation and amortisation	929,583,156.60	7,095,767.12	1,078,697.44	794,078.54	938,551,699.70
Profit before income tax	476,248,419.07	20,016,497.47	1,043,505.49	–	497,308,422.03
Income tax expenses	127,277,534.02	4,211,800.78	121,720.32	613,664.11	132,224,719.23
Net profit	348,970,885.05	15,804,696.69	921,785.17	(613,664.11)	365,083,702.80
Total assets	13,772,842,800.45	31,714,925.62	41,043,830.23	(2,750,596,074.84)	11,095,005,481.46
Total liabilities	8,606,187,725.59	15,710,479.95	53,579,520.59	(1,067,394,034.57)	7,608,083,691.56
Other important non-cash items:					
– Long-term equity investments in associates and joint ventures	428,963,608.71	–	–	–	428,963,608.71
– The amounts of increase/ (decrease) of non-current assets other than long-term equity investments	549,917,015.10	–	(827,393.96)	43,954,830.78	593,044,451.92

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

56 Segment reporting (Continued)

(2) Geographic information

The following table sets out information about the geographical location of the Group's operating income from external customers and the Group's non-current assets (excluding financial instruments, deferred tax assets, same as below). The geographical information is based on the location of customers receiving services or goods. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and joint ventures.

	Operating income from external customers		Non-current assets	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
China				
Including: Mainland China	5,551,153,415.04	6,341,452,814.61	8,037,095,100.09	8,104,501,273.60
Hong Kong	34,388,025.97	315,760,059.36	186,690,106.43	231,164,588.91
Total	5,585,541,441.01	6,657,212,873.97	8,223,785,206.52	8,335,665,862.51

(3) Major customers

Operating income from each individual customer of the Group is below 10% of the Group's total operating income in 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

57 Net current (liabilities)/assets

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Current assets	2,555,304,908.11	2,512,546,911.13	919,874,869.64	925,079,637.56
Less: Current liabilities	(3,093,408,723.34)	(3,358,085,953.80)	(666,620,618.92)	(1,140,082,008.43)
Net current (liabilities)/assets	(538,103,815.23)	(845,539,042.67)	253,254,250.72	(215,002,370.87)

58 Total assets less current liabilities

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Total assets	11,052,730,259.95	11,095,005,481.46	3,002,605,220.30	3,038,845,995.62
Less: Current liabilities	(3,093,408,723.34)	(3,358,085,953.80)	(666,620,618.92)	(1,140,082,008.43)
Total assets less current liabilities	7,959,321,536.61	7,736,919,527.66	2,335,984,601.38	1,898,763,987.19

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

59 Lease

(1) Lease as lessee

(a) Right-of-use assets

The Group

	Buildings and structures RMB	Transportation vehicles RMB	Land lease RMB	Others RMB	Total RMB
Cost					
Balance as at 1 January 2019	2,235,302,507.93	256,532,976.87	110,476,863.41	22,748,493.32	2,625,060,841.53
Additions during the year	79,381,492.46	404,067.34	252,274.95	1,260,922.65	81,298,757.40
Transfer from fixed assets	–	149,605,200.00	–	–	149,605,200.00
Reduction during the year	(53,961,478.51)	(369,011.41)	(2,249,025.79)	(12,861,345.14)	(69,440,860.85)
Balance as at 31 December 2019	2,260,722,521.88	406,173,232.80	108,480,112.57	11,148,070.83	2,786,523,938.08
Additions during the year	264,536,295.66	13,475,560.37	5,486,648.19	–	283,498,504.22
Transfer from fixed assets	–	241,412,547.20	–	–	241,412,547.20
Reduction during the year	(21,256,394.13)	(776,110.56)	(3,694,927.83)	(10,131,824.61)	(35,859,257.13)
Balance as at 31 December 2020	2,504,002,423.41	660,285,229.81	110,271,832.93	1,016,246.22	3,275,575,732.37
Less: Accumulated depreciation					
Balance as at 1 January 2019	(585,286,252.17)	(74,124,987.57)	(30,738,137.85)	(12,707,688.07)	(702,857,065.66)
Charge for the year	(140,908,426.09)	(43,058,641.96)	(7,162,087.30)	(4,458,618.98)	(195,587,774.33)
Transfer from fixed assets	–	(15,428,040.60)	–	–	(15,428,040.60)
Reduction during the year	33,912,722.75	148,273.47	2,166,067.55	8,900,517.63	45,127,581.40
Balance as at 31 December 2019	(692,281,955.51)	(132,463,396.66)	(35,734,157.60)	(8,265,789.42)	(868,745,299.19)
Charge for the year	(151,257,783.43)	(69,348,291.02)	(6,300,473.00)	(2,729,594.84)	(229,636,142.29)
Transfer from fixed assets	–	(15,907,351.60)	–	–	(15,907,351.60)
Reduction during the year	16,813,886.50	703,857.26	2,918,573.45	10,062,549.90	30,498,867.11
Balance as at 31 December 2020	(826,725,852.44)	(217,015,182.02)	(39,116,057.15)	(932,834.36)	(1,083,789,925.97)
Carrying amounts					
Balance as at 1 January 2019	1,650,016,255.76	182,407,989.30	79,738,725.56	10,040,805.25	1,922,203,775.87
Balance as at 31 December 2019	1,568,440,566.37	273,709,836.14	72,745,954.97	2,882,281.41	1,917,778,638.89
Balance as at 31 December 2020	1,677,276,570.97	443,270,047.79	71,155,775.78	83,411.86	2,191,785,806.40

As at 31 December 2020, transportation vehicles with carrying amount of RMB442,464,097.81 were pledged for lease (31 December 2019: RMB272,390,927.87).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

59 Lease (Continued)

(1) Lease as lessee (Continued)

(a) Right-of-use assets (Continued)

The Company

	Buildings and structures RMB	Land lease RMB	Total RMB
Cost			
Balance as at 1 January 2019	11,333,410.03	10,676,101.04	22,009,511.07
Reduction during the year	(11,333,410.03)	–	(11,333,410.03)
Balance as at 31 December 2019	–	10,676,101.04	10,676,101.04
Balance as at 31 December 2020	–	10,676,101.04	10,676,101.04
Less: Accumulated depreciation			
Balance as at 1 January 2019	(3,347,513.00)	(6,662,052.63)	(10,009,565.63)
Charge for the year	(7,985,897.03)	(472,164.90)	(8,458,061.93)
Reduction during the year	11,333,410.03	–	11,333,410.03
Balance as at 31 December 2019	–	(7,134,217.53)	(7,134,217.53)
Charge for the year	–	(473,458.50)	(473,458.50)
Balance as at 31 December 2020	–	(7,607,676.03)	(7,607,676.03)
Carrying amounts			
Balance as at 1 January 2019	7,985,897.03	4,014,048.41	11,999,945.44
Balance as at 31 December 2019	–	3,541,883.51	3,541,883.51
Balance as at 31 December 2020	–	3,068,425.01	3,068,425.01

As at 31 December 2020, the Company had no right-of-use assets which were ledged for lease (31 December 2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

59 Lease (Continued)

(1) Lease as lessee (Continued)

(b) Lease liabilities

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Long-term lease liabilities	2,409,195,310.62	2,037,643,345.59	1,746,694.61	1,940,778.90
Less: lease liabilities due within one year	(267,809,024.38)	(189,313,299.21)	(206,816.29)	(194,084.29)
Total	2,141,386,286.24	1,848,330,046.38	1,539,878.32	1,746,694.61

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Short-term lease expenses applied the practical expedient	73,296,262.11	44,538,371.47	8,843,970.04	678,749.60
Variable lease payments not included in the measurement of lease liabilities	34,108,170.34	22,797,562.54	—	—
Income from sub-leasing right-of-use assets	493,563,749.44	511,448,200.70	—	—
Total cash outflow for leases	372,238,134.64	322,593,618.45	9,156,605.04	9,267,304.60

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

59 Lease (Continued)

(2) As a lessor

(a) Operating lease

	The Group	
	2020 RMB	2019 RMB
Lease income	691,120,838.64	665,227,531.82
Including: income related to variable lease payments not included in lease receipts	43,692,182.28	38,833,613.08

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

	The Group	
	2020 RMB	2019 RMB
Within 1 year (inclusive)	834,129,479.35	551,491,587.59
Over 1 year but within 2 years (inclusive)	719,505,869.39	497,479,674.73
Over 2 years but within 3 years (inclusive)	618,969,695.30	418,073,459.07
Over 3 years but within 4 years (inclusive)	499,815,266.07	347,793,692.49
Over 4 years but within 5 years (inclusive)	439,385,397.02	290,919,317.40
Over 5 years	2,675,038,370.43	2,095,299,439.17
Total	5,786,844,077.56	4,201,057,170.45

As at 31 December 2020, the company had no operating lease (31 December 2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

59 Lease (Continued)

(2) As a lessor (Continued)

(b) Finance lease

	The Group	
	2020	2019
	RMB	RMB
Finance income on the net investment in the lease	272,023.75	834,859.53
Income relating to variable lease payments not included in the net investment in the lease	–	–

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

	The Group	
	2020	2019
	RMB	RMB
Within 1 year (inclusive)	645,022.00	1,749,377.68
Over 1 year but within 2 years (inclusive)	–	645,022.00
Subtotal of undiscounted lease receipts	645,022.00	2,394,399.68
Less: Unearned finance income	(35,473.07)	(553,468.31)
Net investment in the lease	609,548.93	1,840,931.37

As at 31 December 2020, the Company had no finance lease. (31 December 2019: Nil)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Information on the parent of the Company

Parent company	Registered place	Business nature	Registered capital RMB	Shareholding percentage (%)	Voting rights percentage (%)	Ultimate holding company
GCGC	Guangdong, China	Investment Management	26,800,000,000.00	74.12	74.12	GCGC

2 Information on the subsidiaries of the Company

Information on the subsidiaries of the Company is disclosed in Note IV.

3 The related parties which have transactions with the Group while no controlling relationship exists:

For information about the significant joint ventures and associates of the Group, refer to Note V.9. Joint ventures and associates that have related party transactions with the Group during this year or the previous year are as follows:

Company	Related party relationships
Roadnet Innovalues Media	Joint venture of a subsidiary of the Company
Guangdong Yuehuahui	Joint venture of a subsidiary of the Company
Shaoguan Yuehong Bus Station Company Limited	Joint venture of a subsidiary of the Company
Lufeng Shen-Shan Expressway Services Company Limited	Associate of a subsidiary of the Company
Shenzhen Yueyun Investment Development Company Limited ("Shenzhen Yueyun")	Associate of a subsidiary of the Company
Express Cross-Border Coach Management Company Limited	Associate of a subsidiary of the Company
Guangdong Guangjiang Expressway Passenger Traffic Co., Ltd.	Associate of a subsidiary of the Company
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	Associate of a subsidiary of the Company
Guangdong Guangye Yueyun Natural Gas Co., Ltd.	Associate of a subsidiary of the Company
Guangzhou Tianhe Coach Terminal Co., Ltd.	Associate of a subsidiary of the Company
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	Associate of a subsidiary of the Company
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	Associate of a subsidiary of the Company
Shantou City Automobile Passenger Traffic Center Co., Ltd.	Associate of a subsidiary of the Company
Qingyuan Zhongguan Development Co., Ltd.	Associate of a subsidiary of the Company
Southern United Assets and Equity Exchange Co., Ltd.	Associate of a subsidiary of the Company
Guangdong FLY-E Logistics Technology Co., Ltd.	Being associate of a subsidiary of the Company before 26 December 2019, and being a subsidiary of the Company from 26 December 2019
Shaoguan Libao Technology Co., Ltd.	Associate of a subsidiary of the Company
Shaoguan City Danxia Tour Bus Company Limited	Associate of a subsidiary of the Company
Guangdong South Passenger Network Center Company Limited	Associate of a subsidiary of the Company
Hui Ke Tong Technology (Zhuhai) Company Limited	Associate of a subsidiary of the Company
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	Associate of a subsidiary of the Company
Shaoguan Xi'an Tourism Transportation Co., Ltd.	Associate of a subsidiary of the Company
Zhuhai Wandatong Hongkong-Zhuhai-Macau Bridge Port Passenger Service Co., Ltd.	Associate of a subsidiary of the Company

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4 Information on other related parties

Other related parties	Related party relationships
Guangdong Provincial Highway Construction Company Limited	Controlled by the ultimate holding company
Guangdong Province Road & Bridge Construction Development Company Limited	Controlled by the ultimate holding company
Guangdong Oriental Thought Technology Company Limited	Controlled by the ultimate holding company
Guangdong Xinyue Communications Investment Company Limited	Controlled by the ultimate holding company
Guangzhou Yueyun Investment Management Co., Ltd.	Controlled by the ultimate holding company
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guangle Expressway Company Limited	Controlled by the ultimate holding company
Guangdong He-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Kai Yang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Litong Properties Investment Company Limited	Controlled by the ultimate holding company
Guangdong Maozhan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Meihe Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Shanfen Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Freeway Company Limited	Controlled by the ultimate holding company
Guangdong Taishan Coastal Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited	Controlled by the ultimate holding company
Guangdong Yang-Mao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yue Dong Freeway Industry Development Company Limited	Controlled by the ultimate holding company
Guangdong Yun-Wu Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Zhaoyang Expressway Company Limited	Controlled by the ultimate holding company
Guangfo Expressway Company Limited	Controlled by the ultimate holding company
Guang-Shen-Zhu Expressway Company Limited	Controlled by the ultimate holding company
Guangzhou Newsoft Technology Company Limited	Controlled by the ultimate holding company
Heyuan He-Long Expressway Company Limited	Controlled by the ultimate holding company
GCG Finance	Controlled by the ultimate holding company
Jingzhu Expressway Guangzhu Section Company Limited	Controlled by the ultimate holding company
Weisheng Transportation Enterprises Company Limited	Controlled by the ultimate holding company
Yunfu City Guangyun Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Province Gongbei Vehicles Transportation Company Limited	Controlled by the ultimate holding company
Kee Kwan Motor Road Company Limited	Controlled by the ultimate holding company
Weisheng Freight Company Limited	Controlled by the ultimate holding company
Guangdong High Science and Technology Investment Company Limited	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Lulutong Company Limited	Controlled by the ultimate holding company
Guangdong Luo-Yang Expressway Company Limited	Controlled by the ultimate holding company
Kwong Fat Transport Company Limited	Controlled by the ultimate holding company

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4 Information on other related parties (Continued)

Other related parties	Related party relationships
Guangdong Ping-Xing Expressway Company Limited	Controlled by the ultimate holding company
Guangdong HuaLu Transport Technology Company Limited	Controlled by the ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Er-Guang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yuejia Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Baomao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Communication Enterprise Investment Company Limited	Controlled by the ultimate holding company
Guangdong Ninghua Expressway Company Limited	Controlled by the ultimate holding company
Dongguan Weisheng International Logistics Company Limited	Controlled by the ultimate holding company
Guangdong Guangfozhao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Union Electronic Service Company Limited ("Union Electronic")	Controlled by the ultimate holding company
Guangdong Chaoshan Circle Line Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Hui-qing Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Gaoen Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Expressway Development Company Limited	Controlled by the ultimate holding company
Guangdong Meiping Expressway Company Limited	Controlled by the ultimate holding company
Meizhou Vehicles Freight Company Limited	Controlled by the ultimate holding company
Guangdong Yuetongbao E-commerce Company Limited	Controlled by the ultimate holding company
Guangdong Jiaoke Testing Company Limited	Controlled by the ultimate holding company
Yangjiang Yueyun Langri Real Estate Development Company Limited	Being a subsidiary of the Company before 12 December 2019, and being controlled by the ultimate holding company from 12 December 2019
Shenzhen Yueyun Property Management Company Limited	Controlled by the ultimate holding company
Guangdong South China Logistics Enterprise Company Limited	Controlled by the ultimate holding company
Guangdong HuaLu Transport Technology Company Limited	Controlled by the ultimate holding company
Guangzhou Xin Yue Asphalt Company Limited	Controlled by the ultimate holding company
Guangdong Humen Bridge Company Limited	Joint venture of the ultimate holding company
Guangdong Feida Traffic Engineering Company Limited	Associate of the ultimate holding company
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited	Associate of the ultimate holding company
Foshan Guang-San Expressway Company Limited	Associate of the ultimate holding company
Jiangmen City Jiang-He Expressway Company Limited	Associate of the ultimate holding company
Shenzhen Huiyan Expressway Company Limited	Associate of the ultimate holding company
Hui-Shen (Yantian) Expressway Huizhou Company Limited	Associate of the ultimate holding company
Zhaoqing Yuezhao Expressway Company Limited	Associate of the ultimate holding company
Guangdong Guangzhu Expressway West Section Company Limited	Associate of the ultimate holding Company
Poly Changda Engineering Company Limited (former name: Guangdong Provincial Changda Highway Engineering Company Limited)	Associate of the ultimate holding Company

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(CONTINUED)*

5 Significant transactions between the Group and its related parties for the year

Connected transactions between the Group and its related parties are identified as follows:

[#] The transactions with connected persons constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

^β The transactions with connected persons constitute connected transactions as defined in Chapter 14A of the Listing Rules.

The transactions below with related parties were conducted under normal commercial terms or agreements.

(1) Purchases and receipt of services (exclude compensation for key management personnel)

The Group

Related parties	Caption	2020 RMB	2019 RMB
Guangdong South China Logistics Enterprise Company Limited [#]	Purchase of materials	94,573,940.79	213,942,125.37
Guangdong Yuehuahui	Purchase of materials	15,759,407.20	7,994,857.18
Guangdong Guangye Yueyun Natural Gas Co., Ltd.	Purchase of materials	7,451,295.21	39,137,529.55
Shaoguan Libao Technology Company Limited	Purchase of materials	1,873,919.30	2,030,659.00
Others	Purchase of materials	2,979,730.28	69,429.25
Total		122,638,292.78	263,174,600.35

Related parties	Caption	2020 RMB	2019 RMB
Guangdong Humen Bridge Company Limited [#]	Receipt of services	5,176,771.44	5,534,937.64
Guangdong Oriental Thought Technology Company Limited [#]	Receipt of services	1,154,887.79	322,736.98
Guangdong Jiaoke Testing Company Limited	Receipt of services	802,489.00	349,148.00
Guangdong Xinyue Communications Investment Company Limited ^β	Receipt of services	448,138.69	346,106.42
Kee Kwan Motor Road Company Limited ^β	Receipt of services	–	1,526,494.05
Others ^β	Receipt of services	1,076,059.39	707,739.61
Total		8,658,346.31	8,787,162.70

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(1) Purchases and receipt of services (exclude compensation for key management personnel) (Continued)

The Company

Related parties	Caption	2020 RMB	2019 RMB
Guangdong South China Logistics Enterprise Company Limited	Purchase of materials	94,573,940.79	213,942,125.37
Guangdong yuehuahui Business Management Company Limited	Purchase of materials	84,224.00	—
Total		94,658,164.79	213,942,125.37

Related parties	Caption	2020 RMB	2019 RMB
Guangdong Humen Bridge Company Limited	Receipt of services	5,176,771.44	5,534,937.64
Others	Receipt of services	2,432,628.69	2,388,206.04
Total		7,609,400.13	7,923,143.68

(2) Sales and rendering of services

The Group

Related Parties	Caption	2020 RMB	2019 RMB
Guangdong Provincial Freeway Company Limited [#]	Sales of materials	—	2,346,938.08
Others β	Sales of products	316,119.91	333,754.96
Total		316,119.91	2,680,693.04

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(2) Sales and rendering of services (Continued)

The Group (Continued)

Related parties	Caption	2020 RMB	2019 RMB
Zhongyou Top-E Energy	Expressway service operation income	1,238,938.05	1,238,938.05
Guangdong Humen Bridge Company Limited	Expressway service operation income	945,154.54	890,616.08
Others	Expressway service operation income	1,334,600.43	690,596.30
Total		3,518,693.02	2,820,150.43

Related parties	Caption	2020 RMB	2019 RMB
Express Cross-Border Coach Management Company Limited	Logistics service income	2,168,074.81	31,769,267.26
Guangdong Chao-Hui Expressway Company Limited ^β	Logistics service income	1,135,922.33	1,424,466.02
Guangzhou Newsoft Technology Company Limited ^β	Logistics service income	935,533.98	1,071,165.05
Guangdong FLY-E Logistics Technology Co., Ltd.	Logistics service income	–	14,976,091.61
Others ^β	Logistics service income	3,293,196.14	4,392,704.70
Total		7,532,727.26	53,633,694.64

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(2) Sales and rendering of services (Continued)

The Group (Continued)

Related Parties	Caption	2020 RMB	2019 RMB
Guangdong Province Road & Bridge Construction Development Company Limited [#]	Road rescue service income	14,920,500.00	9,885,594.34
Guangdong Provincial Freeway Company Limited [#]	Road rescue service income	9,149,571.93	7,953,042.45
Guangdong Provincial Highway Construction Company Limited [#]	Road rescue service income	4,430,490.57	3,381,304.25
Guangdong Guangle Expressway Company Limited [#]	Road rescue service income	4,202,830.19	4,202,830.19
Guangdong Chao-Hui Expressway Company Limited [#]	Road rescue service income	3,594,056.60	3,491,037.74
Guangdong Maozhan Expressway Company Limited [#]	Road rescue service income	2,494,811.32	764,150.94
Guangdong Guangfozhao Expressway Company Limited [#]	Road rescue service income	2,474,787.74	2,474,787.74
Guangdong Bo-Da Expressway Company Limited [#]	Road rescue service income	2,108,646.23	2,108,646.23
Guangdong Meihe Expressway Company Limited [#]	Road rescue service income	2,041,556.60	2,041,556.60
Guangdong Kai Yang Expressway Company Limited [#]	Road rescue service income	1,783,018.87	1,783,018.87
Guangdong Zhaoyang Expressway Company Limited [#]	Road rescue service income	1,680,495.28	1,680,495.28
Guangdong Ping-Xing Expressway Company Limited [#]	Road rescue service income	1,394,490.57	1,394,490.57
Guangdong Yue Dong Freeway Industry Development Company Limited [#]	Road rescue service income	1,223,306.60	1,223,306.60
Guangdong Taishan Coastal Expressway Company Limited [#]	Road rescue service income	1,220,929.25	1,220,929.25
Guangdong Ninghua Expressway Company Limited [#]	Road rescue service income	1,189,316.04	1,189,316.04
Guangdong Luo-Yang Expressway Company Limited [#]	Road rescue service income	1,178,462.26	1,178,462.26
Guangdong Yang-Mao Expressway Company Limited [#]	Road rescue service income	1,128,679.25	1,128,679.25
Guangdong Er-Guang Expressway Company Limited [#]	Road rescue service income	—	2,716,981.13
Guangdong Yun-Wu Expressway Company Limited [#]	Road rescue service income	—	2,317,924.53
Guangdong Baomao Expressway Company Limited [#]	Road rescue service income	—	1,730,660.38
Guangdong He-Hui Expressway Company Limited [#]	Road rescue service income	—	1,139,150.94
Others [#]	Road rescue service income	5,646,570.75	4,666,603.76
Total		61,862,520.05	59,672,969.34

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(2) Sales and rendering of services (Continued)

The Group (Continued)

Related parties	Caption	2020 RMB	2019 RMB
Others ^β	Repairing income	679,353.89	493,043.68

Related parties	Caption	2020 RMB	2019 RMB
Guangdong Jiaoke Testing Company Limited [#]	Rendering of other services income	33,962,264.15	—
Union Electronic ^β	Rendering of other services income	1,097,736.46	1,289,335.95
Roadnet Innovalues Media	Rendering of other services income	1,081,923.89	490,367.48
Guangdong Huiqing Expressway Company Limited	Rendering of other services income	773,584.91	—
Others ^β	Rendering of other services income	640,363.27	2,503,062.47
Total		37,555,872.68	4,282,765.90

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(2) Sales and rendering of services (Continued)

The Company

Related parties	Caption	2020 RMB	2019 RMB
Poly Changda Engineering Company Limited	Sales of materials	316,119.91	—
Guangdong Provincial Freeway Company Limited	Sales of materials	—	2,346,938.08
Total		316,119.91	2,346,938.08

(3) Entrusted management and outsourcing

(a) Entrusted management:

The Group and the Company

Consignor	Contractor	Entrusted object	Start date	End date	Entrusted income/ pricing basis	Entrusted income in 2020 RMB	Entrusted income in 2019 RMB
Yueyun Investment Management [#]	Guangdong Yueyun Transportation Company Limited	Equity and operation management	01/09/2018	20/11/2019	Negotiated price	—	2,093,564.23
GCGC [#]	Guangdong Yueyun Transportation Company Limited	Equity and operation management	01/09/2018	20/11/2019	Negotiated price	—	334,970.28
Guangdong Litong Properties Investment Company Limited [#]	Guangdong Yueyun Transportation Company Limited	Equity and operation management	01/01/2019	31/12/2019	Negotiated price	—	3,327,075.47
						—	5,755,609.98

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(3) Entrusted management and outsourcing (Continued)

(b) Contract expenses (note):

The Group

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract expenses in 2020 RMB	Contract expenses in 2019 RMB
Guangdong Guangzhu Expressway West Section Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	25/01/2013	23/01/2038	Negotiated price	10,222,310.33	13,172,656.85
Guangdong Guangzhu Expressway West Section Company Limited [#]	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	01/12/2013	30/11/2023	Negotiated price	7,634,311.85	6,891,097.52
Guang-Shen-Zhu Expressway Company Limited [#]	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	01/12/2010	31/12/2019	Negotiated price	10,915,169.31	9,765,113.83
Guang-Shen-Zhu Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	01/12/2017	30/06/2027	Negotiated price	5,104,857.57	6,627,557.42
Guangdong Provincial Highway Construction Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	01/01/2011	31/12/2035	Negotiated price	12,464,864.03	11,593,761.73
Guangdong Guangle Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	27/09/2014	26/09/2039	Negotiated price	10,724,402.05	10,860,218.41
Guangdong Province Road & Bridge Construction Development Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	01/01/2007	12/01/2034	Negotiated price	16,336,992.67	14,565,146.56
Guangdong Provincial Freeway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	03/04/2003	28/10/2026	Negotiated price	19,382,803.48	20,727,605.06
Guangdong Provincial Freeway Company Limited [#]	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	27/01/2010	Termination date of the highway toll	Negotiated price	3,333,836.76	1,258,834.63
Guangdong Guangfozhao Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	01/01/2017	31/12/2041	Negotiated price	7,821,643.97	7,855,357.46
Guangdong Kai Yang Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	03/09/2003	23/07/2027	Negotiated price	5,967,095.54	9,052,314.67

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(3) Entrusted management and outsourcing (Continued)

(b) Contract expenses (note): (Continued)

The Group (Continued)

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract expenses in 2020 RMB	Contract expenses in 2019 RMB
Guangdong Chao-Hui Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	30/12/2015	31/12/2041	Negotiated price	7,031,052.94	6,394,244.55
Guangdong Meihe Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	21/12/2005	02/10/2033	Negotiated price	3,241,031.56	4,016,491.90
Guangdong Yangmao Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	01/12/2004	Termination date of the highway toll	Negotiated price	3,146,579.51	3,246,806.24
Guangdong Bo-Da Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	28/12/2014	27/12/2039	Negotiated price	4,354,053.10	4,390,386.46
Guangdong Shanfen Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	01/01/2009	23/11/2025	Negotiated price	1,955,580.88	2,039,894.78
Guangdong Jiangzhong Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	08/11/2005	07/11/2027	Negotiated price	2,255,194.97	3,316,448.61
Guangdong Maozhan Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	27/11/2009	26/11/2029	Negotiated price	2,480,766.88	5,156,426.17
Guangfo Expressway Company Limited [#]	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	Completion date of the project	Termination date of the highway toll	Negotiated price	1,539,458.71	1,733,291.68
Guangdong Ping-Xing Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	31/12/2015	30/12/2040	Negotiated price	1,915,939.87	1,859,113.30
Guangdong Er-Guang Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	31/12/2014	31/12/2038	Negotiated price	–	3,295,242.57
Guangdong Baomao Expressway Company Limited [#]	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	30/12/2015	29/12/2040	Negotiated price	–	593,761.02

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(3) Entrusted management and outsourcing (Continued)

(b) Contract expenses (note): (Continued)

The Group (Continued)

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract expenses in 2020 RMB	Contract expenses in 2019 RMB
Guangdong Zhaoyang Expressway Company Limited ^a	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	01/01/2011	31/12/2033	Negotiated price	2,411,037.10	2,448,195.83
Jingzhu Expressway Guangzhu Section Company Limited ^a	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	03/04/2003	18/10/2026	Negotiated price	3,081,265.77	3,115,107.05
Guangdong Luo-Yang Expressway Company Limited ^a	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	31/10/2016	30/10/2041	Negotiated price	2,096,440.60	2,121,587.64
Yunfu City Guangyun Expressway Company Limited ^a	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	Opening date of highway	Termination date of the highway toll	Negotiated price	1,423,979.07	1,483,356.37
Heyuan He-Long Expressway Company Limited ^a	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	21/12/2005	14/06/2033	Negotiated price	1,357,522.54	1,397,691.36
Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited ^a	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	28/12/2015	19/08/2032	Negotiated price	–	1,081,142.91
Zhaoqing Yuezhao Expressway Company Limited ^a	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	05/01/2004	Termination date of the highway toll	Negotiated price	1,081,413.04	1,146,118.77
Guangdong Provincial Expressway Development Company Limited ^a	Guangdong Top-E Expressway Service Zone Company Limited	Expressway services	Completion date of the project	Termination date of the highway toll	Negotiated price	2,805,392.81	1,388,956.89
Others ^a		Expressway services/ advertisement resources operation			Negotiated price	15,373,215.48	16,021,334.04
						167,458,212.39	178,615,262.28

Note: The Group has applied new leases standard since 1 January 2019. Under new leases standard, service area management contracting expenses include depreciation expense of right-of-use assets, interest expenses of lease liabilities, and variable lease payments not included in the measurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(4) Lease

(a) As the lessor:

The Group

Lessee	Type of assets leased	Lease income recognised in 2020 RMB	Lease income recognised in 2019 RMB
Guangdong South China Logistics Enterprise Company Limited	Buildings and structures	2,296,971.39	2,501,433.94
Express Cross-Border Coach Management Company Limited	Traffic line/Buildings and structures	95,904.48	1,349,185.57
Others	Buildings and structures	1,659,350.53	1,326,676.24
Total		4,052,226.40	5,177,295.75

(b) As the lessee (note):

The Group

Lessor	Type of assets leased	Lease income recognised in 2020 RMB	Lease income recognised in 2019 RMB
Guangdong Litong Properties Investment Company Limited [#]	Buildings and structures	8,361,245.00	10,752,701.00
Guangdong Province Gongbei Vehicles Transportation Company Limited ^β	Buildings and structures	1,380,400.00	1,217,832.66
Kee Kwan Motor Road Company Limited ^β	Buildings and structures/ Transportation vehicles	518,300.00	685,714.32
Others ^β	Buildings and structures	3,269,859.53	1,547,929.15
Total		13,529,804.53	14,204,177.13

Note: The Group has applied new leases standard since 1 January 2019. Under new leases standard, lease expenses include depreciation expense of right-of-use assets, interest expenses of lease liabilities, and short-term lease expenses.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(4) Lease (Continued)

(b) As the lessee (note): (Continued)

The Company

Lessor	Type of assets leased	Lease income recognised in 2020 RMB	Lease income recognised in 2019 RMB
Guangdong Litong Properties Investment Company Limited	Buildings and structures	8,361,245.00	8,939,641.17
Guang-Shen-Zhu Expressway Company Limited	Buildings and structures	592,009.74	601,593.21
Total		8,953,254.74	9,541,234.38

(5) Guarantees

The Group and the Company as the guarantee holder

Name of guarantor	Amount of guarantee RMB	Inception date of guarantee	Maturity date of guarantee	Guarantee expired (Y/N)
GCGC	400,000,000.00	September 2015	September 2022	No
GCGC	380,000,000.00	December 2015	December 2020	Yes
	780,000,000.00			

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(6) GCG Finance Borrowing and Lending to related parties

The Group

Related parties	Annual interest rate	Opening balance at 1 January 2020 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2020 RMB	Period
GCG Finance	4.275%	4,800,000.00	–	(4,800,000.00)	–	22/02/2017 – 21/02/2020
GCG Finance	4.37%	4,400,000.00	–	(4,400,000.00)	–	06/03/2017 – 05/03/2020
GCG Finance	4.37%	29,900,000.00	–	(29,900,000.00)	–	22/03/2017 – 21/03/2020
GCG Finance	4.37%	35,000,000.00	–	(35,000,000.00)	–	22/03/2017 – 21/09/2020
GCG Finance	4.37%	10,000,000.00	–	(10,000,000.00)	–	27/04/2017 – 26/10/2020
GCG Finance	4.37%	6,000,000.00	–	(6,000,000.00)	–	21/06/2017 – 20/06/2020
GCG Finance	4.37%	14,000,000.00	–	(14,000,000.00)	–	21/06/2017 – 20/06/2020
GCG Finance	4.37%	15,000,000.00	–	(15,000,000.00)	–	04/07/2017 – 03/07/2020
GCG Finance	4.275%	29,500,000.00	–	(29,500,000.00)	–	13/07/2017 – 12/07/2020
GCG Finance	4.37%	19,000,000.00	–	(19,000,000.00)	–	17/07/2017 – 16/07/2020
GCG Finance	4.41%	2,500,000.00	–	(1,000,000.00)	1,500,000.00	25/07/2017 – 24/07/2027
GCG Finance	4.275%	10,000,000.00	–	(10,000,000.00)	–	25/07/2017 – 24/07/2020
GCG Finance	4.37%	19,500,000.00	–	(19,500,000.00)	–	03/08/2017 – 02/08/2020
GCG Finance	4.37%	5,000,000.00	–	(5,000,000.00)	–	14/08/2017 – 13/08/2020
GCG Finance	4.37%	10,500,000.00	–	(10,500,000.00)	–	11/09/2017 – 10/09/2020
GCG Finance	4.37%	3,000,000.00	–	(3,000,000.00)	–	17/10/2017 – 16/10/2020
GCG Finance	4.37%	5,000,000.00	–	(5,000,000.00)	–	17/10/2017 – 16/10/2020
GCG Finance	4.275%	20,000,000.00	–	(20,000,000.00)	–	31/10/2017 – 30/10/2020
GCG Finance	4.37%	5,000,000.00	–	(5,000,000.00)	–	31/10/2017 – 30/10/2020
GCG Finance	4.275%	3,000,000.00	–	(3,000,000.00)	–	06/12/2017 – 05/12/2020

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(6) GCG Finance Borrowing and Lending to related parties (Continued)

The Group (Continued)

Related parties	Annual interest rate	Opening balance at 1 January 2020 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2020 RMB	Period
GCG Finance	4.275%	5,000,000.00	–	(5,000,000.00)	–	06/12/2017 – 05/12/2020
GCG Finance	4.275%	29,600,000.00	–	(29,600,000.00)	–	11/12/2017 – 10/12/2020
GCG Finance	4.41%	15,000,000.00	–	–	15,000,000.00	25/01/2018 – 24/01/2028
GCG Finance	4.41%	5,000,000.00	–	–	5,000,000.00	28/05/2018 – 27/05/2028
GCG Finance	4.418%	46,500,000.00	–	(46,500,000.00)	–	29/06/2018 – 28/06/2021
GCG Finance	4.557%	15,000,000.00	–	–	15,000,000.00	09/08/2018 – 08/08/2028
GCG Finance	4.608%	27,000,000.00	–	(2,000,000.00)	25,000,000.00	21/09/2018 – 20/09/2021
GCG Finance	4.608%	39,000,000.00	–	(33,000,000.00)	6,000,000.00	23/11/2018 – 22/11/2023
GCG Finance	4.608%	15,000,000.00	–	(1,000,000.00)	14,000,000.00	26/11/2018 – 25/11/2021
GCG Finance	4.608%	18,000,000.00	–	(4,000,000.00)	14,000,000.00	11/12/2018 – 10/12/2023
GCG Finance	4.608%	36,000,000.00	–	(4,000,000.00)	32,000,000.00	11/01/2019 – 10/01/2024
GCG Finance	4.608%	74,700,000.00	–	(8,300,000.00)	66,400,000.00	04/03/2019 – 03/03/2024
GCG Finance	4.275%	34,000,000.00	–	(2,000,000.00)	32,000,000.00	08/08/2019 – 07/08/2022
GCG Finance	4.275%	40,000,000.00	30,000,000.00	(2,000,000.00)	68,000,000.00	24/12/2019 – 24/12/2022
GCG Finance	4.275%	30,000,000.00	–	(4,000,000.00)	26,000,000.00	26/12/2019 – 25/12/2024
GCG Finance	4.275%	–	20,000,000.00	(2,000,000.00)	18,000,000.00	15/01/2020 – 14/01/2023
GCG Finance	4.275%	–	20,000,000.00	(1,000,000.00)	19,000,000.00	23/01/2020 – 22/01/2023
Total		680,900,000.00	70,000,000.00	(394,000,000.00)	356,900,000.00	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(6) GCG Finance Borrowing and Lending to related parties (Continued)

The Company

Borrowing from related parties

Related parties	Annual interest rate	Opening balance at 1 January 2020	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2020 RMB	Period
GCG Finance	4.40%	40,000,000.00	–	(2,000,000.00)	38,000,000.00	24/12/2019 – 24/12/2022
GCG Finance	4.275%	–	30,000,000.00	–	30,000,000.00	13/01/2020 – 23/12/2022
Total		40,000,000.00	30,000,000.00	(2,000,000.00)	68,000,000.00	

Lending to related parties

Related parties	Annual interest rate	Opening balance at 1 January 2020 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2020 RMB	Period
GVTG	–	30,000,000.00	–	(15,000,000.00)	15,000,000.00	30/01/2019 – 29/01/2021
GVTG	–	20,000,000.00	–	–	20,000,000.00	25/12/2019 – 24/12/2021
Guangdong Province Transportation Engineering Company Limited	4.35%	7,000,000.00	–	–	7,000,000.00	17/09/2018 – 16/09/2021
Guangdong Yueyun Development Co., Ltd.	3.5%	–	2,000,000.00	–	2,000,000.00	22/09/2020 – 22/09/2021
Guangzhou Yueyun Transportation Co., Ltd.	3.5%	–	15,000,000.00	–	15,000,000.00	due at any time
Guangdong Yueyun Development Co., Ltd.	–	2,600,000.00	–	(1,400,000.00)	1,200,000.00	06/09/2019 – 31/12/2022
Chaozhou Yueyun Automobile Transportation Company Limited	4.75%	48,000,000.00	–	–	48,000,000.00	26/12/2019 – 25/12/2022
Total		107,600,000.00	17,000,000.00	(16,400,000.00)	108,200,000.00	

For details of interest income arising from the above lending, please refer to Note VI.5(7).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(7) Interest income and interest expenses

The Group

Interest income	2020 RMB	2019 RMB
GCG Finance	7,038,197.59	9,188,065.14
Interest expenses	2020 RMB	2019 RMB
GCG Finance	26,268,657.07	32,088,996.75
Guangzhou yueyun Investment Management Company Limited	–	1,999,325.02
Total	26,268,657.07	34,088,321.77

The Company

Interest income	2020 RMB	2019 RMB
GCG Finance	5,347,903.50	7,265,570.03
Others	2,765,459.86	818,531.79
Total	8,113,363.36	8,084,101.82
Interest expenses	2020 RMB	2019 RMB
Others	5,883,018.97	1,476,089.17

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(8) Compensation for key management personnel

The Group and the Company

Caption	2020 RMB	2019 RMB
Compensation for key management personnel	8,139,997.06	8,152,378.89

(9) Freight transportation service outsourcing

The Group

Transactions with Weisheng Transportation Enterprises Company Limited	2020 RMB	2019 RMB
Freight transportation outsourcing income [#]	4,784,799.60	4,880,032.92
Disbursements [#]	3,615,434.78	5,752,505.88
Total	8,400,234.38	10,632,538.80

(10) Passenger transportation service outsourcing

The Group

Transactions with Weisheng Transportation Enterprises Company Limited	2020 RMB	2019 RMB
Passenger transportation contracting fee (note) [#]	2,492,451.59	3,780,097.88
Disbursements [#]	1,932,312.48	2,954,263.08
Total	4,424,764.07	6,734,360.96

Note: The Group has applied new leases standard since 1 January 2019. Under new leases standard, passenger transportation contracting fee include depreciation expense of right-of-use assets, interest expenses of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(CONTINUED)*

5 Significant transactions between the Group and its related parties for the year *(Continued)*

(11) Trademark

During the current year and last year, GVTG granted some associates with the trademark use right of “Yueyun” at nil consideration.

(12) Road and bridge tolls

The Group’s subsidiaries which are engaged in transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services according to the charging standards jointly formulated and announced by the local government and the price department, and paid certain road and bridge tolls to those road and bridge companies held by GCGC through Union Electronic.

(13) Transfer the equity of Yangjiang City Yueyun Langri Property Development Company Limited

On 12 December 2019, the subsidiary of the Group, Guangdong Yueyun Langri Co., Ltd. entered into property right transaction agreement with Guangzhou yueyun Investment Management Co., Ltd., transferred to Guangzhou yueyun Investment Management Co., Ltd. the 100% equity of Yangjiang City Yueyun Langri Property Development Company Limited, at the consideration of RMB28,904,310.00. On 12 December 2019, the above equity transfer formalities have been completed.

(14) Acquire the equity of Chaozhou Yueyun Group and Zhuhai Gongyun Group

On 26 August 2019, the Group entered into the equity transfer agreements with Yueyun Investment Management and Guangdong Province Gongbei Vehicles Transportation Company Limited, respectively. The Group acquire the 100% equity of Chaozhou Yueyun Group held by Yueyun Investment Management at the consideration of RMB103,789,700.00, and acquire the 100% equity of Zhuhai Gongyun Group held by Guangdong Province Gongbei Vehicles Transportation Company Limited at the consideration of RMB71,607,400.00. On 21 November 2019, the above equity transfer formalities have been completed.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

5 Significant transactions between the Group and its related parties for the year (Continued)

(15) Acquire of right-of-use assets

The Group

Lessor	Type of assets leased	2020 RMB	2019 RMB
Guangdong Kai Yang Expressway Company Limited	Buildings and structures	13,073,578.43	276,999.10
Guangdong Ninghua Expressway Company Limited	Buildings and structures	8,838,532.41	—
Guangdong Province Road & Bridge Construction Development Company Limited	Buildings and structures	5,165,930.88	631,654.31
Guangdong Maozhan Expressway Company Limited	Buildings and structures	1,817,811.38	—
Jingzhu Expressway Guangzhu Section Company Limited	Buildings and structures	1,751,186.58	2,464,252.67
Qingyuan Zhongguan Development Company Limited	Buildings and structures	915,785.41	—
Guangdong Provincial Freeway Company Limited	Buildings and structures	823,347.39	7,056,157.13
Shenzhen Yueyun	Buildings and structures	—	2,356,756.36
Yunfu City Guangyun Expressway Company Limited	Buildings and structures	—	4,391,062.73
Guangdong Meiping Expressway Company Limited	Buildings and structures	—	7,178,158.76
Guangdong Provincial Highway Construction Company Limited	Buildings and structures	—	5,215,266.94
Guangdong Gaoen Expressway Company Limited	Buildings and structures	—	37,221,169.90
Total		32,386,172.48	66,791,477.90

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(CONTINUED)*

6 Amounts due from/to related parties

(1) Amounts due from related parties

(a) Deposit in GCG Finance[#]

The Group

	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Cash at bank and on hand	543,623,211.15	486,625,676.94

The Company

	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Cash at bank and on hand	425,628,388.22	366,262,781.14

According to the intercompany settlement account management agreement and general agreement on deposit with GCG Finance, the Group opened a deposit account in GCG Finance with a demand interest rate or conventional interest rate. The deposit is deposited in GCG Finance, and recorded as "Cash at bank and on hand" by the Group.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(1) Amounts due from related parties (Continued)

(b) Accounts receivable

The Group

Related parties	As at 31 December 2020		As at 31 December 2019	
	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB	Provision for bad and doubtful debts RMB
Guangdong Jiaoke Testing Company Limited	30,604,600.00	(1,530,230.00)	–	–
Guangdong Humen Bridge Company Limited	5,118,048.40	(310,348.71)	7,480,983.94	(374,049.20)
Guangdong Province Road & Bridge Construction Development Company Limited	5,480,861.26	(282,727.09)	4,237,585.20	(1,070,774.69)
Guangdong Provincial Freeway Company Limited	2,474,724.15	(1,064,394.03)	1,884,375.19	(769,219.59)
Guangdong South Passenger Network Center Company Limited	2,022,367.76	(101,118.42)	3,610,991.90	(124,935.73)
Guangdong Meihe Expressway Company Limited	1,600,095.97	(800,047.99)	1,600,095.97	(800,047.99)
Poly Changda Engineering Company Limited	580,743.14	(29,037.16)	74,000.00	(3,700.00)
Guangdong Guangle Expressway Company Limited	507,533.58	(25,376.68)	507,533.44	(25,376.67)
Guangdong Provincial Highway Construction Company Limited	402,659.33	(20,132.97)	351,498.40	(17,574.92)
Guangdong Chao-Hui Expressway Company Limited	380,669.64	(19,069.65)	349,763.82	(17,488.19)
Express Cross-Border Coach Management Company Limited	373,939.92	(18,697.00)	1,947,431.44	–
Guangdong Ping-Xing Expressway Company Limited	140,392.62	(7,019.63)	140,392.49	(7,019.62)
Others	4,359,493.29	(407,880.47)	5,065,167.15	(611,264.73)
Total	54,046,129.06	(4,616,079.80)	27,249,818.94	(3,821,451.33)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(1) Amounts due from related parties (Continued)

(b) Accounts receivable (Continued)

The Company

Related parties	As at 31 December 2020		As at 31 December 2019	
	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB	Provision for bad and doubtful debts RMB
Guangdong Humen Bridge Company Limited	3,204,695.40	(160,234.77)	6,508,653.31	(325,432.67)
Guangdong Province Road & Bridge Construction Development Company Limited	–	–	1,908,656.52	(954,328.26)
Guangdong Provincial Freeway Company Limited	1,500,001.83	(750,000.92)	1,500,001.83	(750,000.92)
Guangdong Meihe Expressway Company Limited	1,600,095.97	(800,047.99)	1,600,095.97	(800,047.99)
Yueyun Transportation (HK) Company Limited	1,471,080.88	–	1,471,080.88	–
Yueyun Investment Management	2,878,954.92	(152,631.77)	–	–
Others	1,232,818.62	(401,669.58)	1,187,696.42	(374,481.98)
Total	11,887,647.62	(2,264,585.03)	14,176,184.93	(3,204,291.82)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(CONTINUED)*

6 Amounts due from/to related parties *(Continued)*

(1) Amounts due from related parties *(Continued)*

(c) *Prepayments*

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong South China Logistics Enterprise Company Limited	12,681,293.28	30,446,848.00
Union Electronic	3,303,693.49	8,480,362.08
Others	3,496,071.65	1,255,000.49
Total	19,481,058.42	40,182,210.57

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong South China Logistics Enterprise Company Limited	12,681,293.28	30,446,848.00
Others	1,168,265.97	353,402.13
Total	13,849,559.25	30,800,250.13

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(1) Amounts due from related parties (Continued)

(d) Other receivables

The Group

Related parties	As at 31 December 2020		As at 31 December 2019	
	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB	Provision for bad and doubtful debts RMB
Guangdong Chaoshan Circle Line Expressway Company Limited	8,003,895.41	–	8,003,895.41	–
Weisheng Transportation Enterprises Company Limited	6,716,200.31	(162,223.34)	9,206,871.39	(141,016.56)
Shantou City Automobile Passenger Traffic Center Company Limited	4,221,868.79	(4,221,868.79)	4,221,868.79	(4,217,668.79)
Guang-Shen-Zhu Expressway Company Limited	3,585,050.00	–	3,375,600.00	–
Union Electronic	3,003,657.27	(6,223.64)	4,281,210.76	(34,931.56)
Guangdong Provincial Freeway Company Limited	2,190,781.87	–	2,194,863.03	–
Shantou City Chaonan Yueyun Sky Island Transportation Company Limited	1,867,229.02	(1,810,093.25)	1,867,229.02	(1,787,238.94)
Guangdong Province Road & Bridge Construction Development Company Limited	1,722,099.37	–	1,329,690.89	–
Guangdong Guangzhu Expressway West Section Company Limited	1,688,300.00	–	1,688,300.00	–
Shantou City Chaoyang Yueyun Sky Island Transportation Company Limited	1,107,895.35	(1,082,557.23)	1,081,223.65	(1,081,223.65)
Guangdong Provincial Highway Construction Company Limited	1,020,000.00	–	1,020,000.00	–
Guangdong Maozhan Expressway Company Limited	1,000,000.00	–	1,000,000.00	–
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	994,742.11	–	–	–
Guangdong Guangfozhao Expressway Company Limited	900,000.00	–	900,000.00	–
Poly Changda Engineering Company Limited	688,655.41	–	574,190.16	–
Guangdong Guangye Yueyun Natural Gas Company Limited	504,782.53	(10,239.13)	1,450,000.00	–
Guangdong Litong Properties Investment Company Limited	–	–	66,878.00	–
Others	4,430,946.76	(78,203.92)	5,132,236.87	(214,728.93)
Total	43,646,104.20	(7,371,409.30)	47,394,057.97	(7,476,808.43)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(1) Amounts due from related parties (Continued)

(d) Other receivables (Continued)

The Company

Related parties	As at 31 December 2020		As at 31 December 2019	
	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB	Provision for bad and doubtful debts RMB
GVTG	44,042,647.12	–	59,031,261.12	–
Guangdong Province Transportation Engineering Company Limited	47,300,000.00	–	47,851,595.83	–
Yueyun Transportation (HK) Company Limited	2,192,980.39	–	2,496,651.10	–
Guangdong Chaoshan Circle Line Expressway Company Limited	8,003,895.41	–	8,003,895.41	–
Guangzhou Yueyun Transportation Co., Ltd.	15,000,000.00	–	–	–
Guangdong Yueyun Development Co., Ltd.	2,000,000.00	–	–	–
Others	4,239,175.83	–	722,902.94	(50,171.72)
Total	122,778,698.75	–	118,106,306.40	(50,171.72)

(e) Dividends receivable

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Southern United Assets and Equity Exchange Co., Ltd.	15,276,787.31	12,500,000.00
Shaoguan Libao Technology Co., Ltd.	–	1,000,000.00
Total	15,276,787.31	13,500,000.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(1) Amounts due from related parties (Continued)

(e) Dividends receivable (Continued)

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Southern United Assets and Equity Exchange Co., Ltd.	15,276,787.31	12,500,000.00
The Motor Transport Company of Guangdong and Hong Kong Limited	1,023,000.00	1,023,000.00
Zhongshan Yueyun Tongxing Transportation Co., Ltd.	–	357,000.00
Guangdong Yueyun Langri Co., Ltd.	5,237,700.00	5,237,700.00
Total	21,537,487.31	19,117,700.00

(f) Other non-current assets

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangzhou Tianhe Coach Terminal Co., Ltd.	9,600,000.00	9,600,000.00

(g) Long-term receivables

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong Yueyun Development Co., Ltd.	1,200,000.00	2,600,000.00
Chaozhou Yueyun Automobile Transportation Company Limited	48,000,000.00	48,000,000.00
Total	49,200,000.00	50,600,000.00

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties

(a) Accounts payable

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guang-Shen-Zhu Expressway Company Limited	10,813,307.86	7,381,260.19
Guangdong Provincial Freeway Company Limited	9,555,330.49	1,975,110.83
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	5,432,648.05	—
Guangdong Yuehuahui	2,871,370.70	2,750,965.74
Jingzhu Expressway Guangzhu Section Company Limited	2,656,320.47	2,588,252.31
Guangdong Guangzhu Expressway West Section Company Limited	2,582,394.10	1,109,272.34
Foshan Guangsan Expressway Company Limited	2,324,851.64	1,408,292.06
Guangfo Expressway Company Limited	2,118,420.99	1,715,729.34
Guangdong Humen Bridge Company Limited	2,029,153.84	879,400.67
Union Electronic	1,869,289.50	1,181,975.91
Poly Changda Engineering Company Limited	1,782,720.87	1,575,657.72
Guangdong Province Road & Bridge Construction Development Company Limited	1,743,018.19	2,301,741.02
Guangdong Provincial Highway Construction Company Limited	1,556,140.32	935,904.96
Guangdong Maozhan Expressway Company Limited	1,117,173.04	2,089.85
Guangdong Chao-Hui Expressway Company Limited	1,114,695.53	111,645.52
Guangdong Guangye Yueyun Natural Gas Company Limited	190,307.06	1,574,031.72
Guangdong Kai Yang Expressway Company Limited	—	3,198,399.53
Others	6,940,765.70	8,007,221.44
Total	56,697,908.35	38,696,951.15

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(a) Accounts payable (Continued)

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Poly Changda Engineering Company Limited	1,427,597.24	1,427,597.24
Guangdong Yueyun Development Co., Ltd.	–	500,000.00
Others	1,370,442.57	1,408,295.52
Total	2,798,039.81	3,335,892.76

(b) Advances from customers

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Others	550,962.67	507,374.89
Total	550,962.67	507,374.89

(c) Contract liabilities

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong Provincial Highway Construction Company Limited	2,256,335.19	134,801.89
Guangdong Chao-Hui Expressway Company Limited	884,959.14	626,959.16
Guangdong Provincial Freeway Company Limited	624,736.84	566,236.95
Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited	–	2,153,282.88
Others	2,159,649.67	1,580,680.47
Total	5,925,680.84	5,061,961.35

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(c) Contract liabilities (Continued)

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited	–	2,153,282.88
Guangdong Highway Construction Co., Ltd.	2,153,282.88	–
Others	1,198.86	4,548.44
Total	2,154,481.74	2,157,831.32

(d) Other payables

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong Province Gongbei Vehicles Transportation Company Limited	14,419,022.61	20,921,823.38
GCGC	2,944,346.83	2,944,346.83
Union Electronic	2,098,341.74	2,858,214.64
Shaoguan Yuehong Bus Station Company Limited	2,005,828.30	2,000,000.00
Kee Kwan Motor Road Company Limited	535,861.81	17,878,803.63
Hui Ke Tong Technology (Zhuhai) Company Limited	19,303.78	2,332,986.39
Zhong Yue Tong	–	1,038,000.00
Others	5,945,553.18	7,438,510.35
Total	27,968,258.25	57,412,685.22

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(d) Other payables (Continued)

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	–	6,736,869.14
Qingyuan City Yueyun Public Transportation Co., Ltd.	–	3,966,270.00
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	–	2,476,118.09
Xingning Vehicles Transportation Co., Ltd.	–	1,295,770.00
Meizhou Yueyun Vehicles Transportation Company Limited	140,329.93	972,316.50
Heyuan City Yueyun Motor Transportation Co., Ltd.	–	3,199,637.10
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	–	812,068.50
Guangzhou Yueyun Transportation Co., Ltd.	–	3,098,659.00
GCGC	2,944,346.83	2,944,346.83
Guangdong Yueyun Langri Co., Ltd.	556,901.35	2,425,015.23
Weisheng Transportation Enterprises Company Limited	710,917.15	710,917.15
Others	1,942,414.89	4,364,876.80
Total	6,294,910.15	33,002,864.34

(e) Other payables – cash pool

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Shaoguan Libao Technology Company Limited	2,036,884.26	138,754.35
Yangjiang yueyun langri Real Estate Development Company Limited	240,256.11	–
Total	2,277,140.37	138,754.35

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(e) Other payables – cash pool (Continued)

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
GVTG	840,771.14	840,741.15
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	30,031,992.75	36,421,073.07
Guangdong Yueyun Development Co., Ltd.	3,829,603.84	5,264,491.19
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	66,650,263.17	39,238,948.15
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	31,672,696.60	42,887,187.54
Guangdong Top-E Expressway Service Zone Company Limited	65,805,421.43	106,179,750.13
Qingyuan City Yueyun Public Transportation Co., Ltd.	9,983,104.76	20,852,097.74
Guangdong Jindaoda Expressway Economic Development Co., Ltd.	44,238,479.92	43,079,648.04
Guangdong Highway Media Company Limited	72,690,947.64	70,035,198.24
Guangdong Tongyi Landscape Co., Ltd.	21,107,403.91	16,703,114.26
Guangdong Province Transportation Engineering Company Limited	7,097,439.29	7,313,439.80
Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	9,157,145.28	9,157,145.28
Shaoguan Polycom Motor Vehicles Driving Training Co., Ltd.	866,129.31	866,129.31
Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd.	1,505,143.11	1,505,143.11
Heyuan City Yueyun Motor Transportation Co., Ltd.	8,599,534.80	8,599,534.80
Guangdong Yueyun Langri Co., Ltd.	39,346,220.12	39,346,220.12
Qingyuan Qingxin District Yueyun Public Transportation Co., Ltd.	10,960,687.43	10,960,687.43
Zhongshan City Eastern Station Co., Ltd.	5,904,906.22	5,904,906.22
Shaoguan Jitongtu Transportation Co., Ltd.	5,387,627.32	5,387,627.32
Zhongshan Yueyun Tongxing Transportation Company Limited	3,974,055.18	3,974,055.18
Yangjiang City Yueyun Langri Public Transportation Co., Ltd.	3,620,726.60	3,620,726.60
Huaiji County Yueyun City-Village Public Transportation Co., Ltd.	3,493,079.91	3,493,079.91
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,711,563.91	2,711,563.91
Yangjiang City Yueyun Langri Fuels Company Limited	3,717,791.10	2,185,379.23
Yangxi County Yueyun Langri Passenger Transportation Co., Ltd.	2,647,987.71	1,764,719.51
Others	14,964,992.42	10,224,836.67
Total	438,251,137.38	498,517,443.91

Pursuant to the relevant agreements, the Group centrally collects and manages the funds from 2 relevant bank accounts (the “Cash Pool Accounts”) of certain related party companies. The funds received are recorded as “other payables” and bear the same interest rate as demand deposit. Please refer to Note VI.5(7) regarding relevant interest expense of cash pool accounts information.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(f) Interest payable

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
GCG Finance	–	720,311.31

(g) Bills payable

The Group and the Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong South China Logistics Enterprise Company Limited	–	55,300,000.00

(h) Lease liabilities

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong Province Road & Bridge Construction Development Company Limited	134,815,000.06	103,789,418.25
Guangdong Provincial Highway Construction Company Limited	121,769,113.42	126,277,082.97
Guangdong Provincial Freeway Company Limited	120,883,774.81	132,342,248.84
Guangdong Guangle Expressway Company Limited	97,027,854.13	99,897,928.33
Guang-Shen-Zhu Expressway Company Limited	74,724,664.62	85,004,081.79
Guangdong Chao-Hui Expressway Company Limited	72,971,481.48	68,209,891.30
Guangdong Guangzhu Expressway West Section Company Limited	62,725,116.63	68,324,797.04
Guangdong Maozhan Expressway Company Limited	43,803,669.02	44,649,632.03

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(h) Lease liabilities (Continued)

The Group (Continued)

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong Guangfozhao Expressway Company Limited	42,755,620.34	44,002,238.52
Guangdong Bo-Da Expressway Company Limited	39,869,013.98	41,262,145.81
Guangdong Kai Yang Expressway Company Limited	37,117,872.64	37,749,250.72
Guangdong Gaoen Expressway Company Limited	34,282,515.28	35,158,352.29
Guangdong Meihe Expressway Company Limited	27,442,578.55	32,096,334.12
Guangdong Provincial Expressway Development Company Limited	24,368,243.29	25,087,250.83
Guangdong Zhaoyang Expressway Company Limited	21,253,203.20	22,047,483.78
Guangdong Yang-Mao Expressway Company Limited	21,193,510.09	23,203,130.77
Guangdong Luo-Yang Expressway Company Limited	20,850,923.56	23,156,315.87
Guangdong Ping-Xing Expressway Company Limited	19,759,089.67	20,382,445.35
Guangdong Ninghua Expressway Company Limited	17,752,702.87	14,332,854.88
Jingzhu Expressway Guangzhu Section Company Limited	17,710,475.57	17,336,045.62
Guangdong Jiangzhong Expressway Company Limited	12,618,807.10	14,391,933.56
Heyuan He-Long Expressway Company Limited	10,501,500.26	11,886,928.43
Guangdong Shanfen Expressway Company Limited	9,906,836.69	12,031,088.01
Zhaoqing Yuezhao Expressway Company Limited	8,525,887.73	9,143,981.99
Yunfu City Guangyun Expressway Company Limited	6,542,129.55	7,461,421.49
Guangdong Meiping Expressway Company Limited	6,488,311.54	6,652,032.09
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited	3,079,049.41	—
Guangdong Taishan Coastal Expressway Company Limited	2,836,518.82	3,158,447.40
Shenzhen Yueyun	620,351.64	1,414,594.86
Guangdong Humen Bridge Company Limited	510,374.77	964,217.05
Guangdong Yue Dong Freeway Industry Development Company Limited	—	7,352,336.66
Guangdong Er-Guang Expressway Company Limited	—	33,067,787.69
Guangdong He-Hui Expressway Company Limited	—	4,726.32
Total	1,114,706,190.72	1,171,838,424.66

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(h) Lease liabilities (Continued)

The Company

Related party	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guang-Shen-Zhu Expressway Company Limited	1,539,878.32	1,746,694.61
Total	1,539,878.32	1,746,694.61

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(i) Non-current liabilities due within one year

The Group

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guangdong Provincial Freeway Company Limited	12,545,341.44	12,057,498.91
Guang-Shen-Zhu Expressway Company Limited	10,279,417.17	9,578,750.75
Guangdong Province Road & Bridge Construction Development Company Limited	8,116,764.04	5,870,391.84
Guangdong Kai Yang Expressway Company Limited	5,735,004.05	4,449,536.22
Guangdong Guangzhu Expressway West Section Company Limited	5,590,426.64	5,032,535.86
Guangdong Ninghua Expressway Company Limited	4,744,056.66	385,164.43
Guangdong Provincial Highway Construction Company Limited	4,561,848.00	4,314,123.64
Guangdong Guangle Expressway Company Limited	2,870,074.20	2,677,345.37
Guangdong Chao-Hui Expressway Company Limited	2,590,746.49	1,863,887.35
Guangdong Maozhan Expressway Company Limited	2,511,784.78	2,194,028.68
Guangdong Shanfen Expressway Company Limited	2,136,037.32	1,932,005.72
Guangdong Yang-Mao Expressway Company Limited	2,009,620.68	1,889,640.78
Guangdong Jiangzhong Expressway Company Limited	1,773,126.46	1,688,503.68
Guangdong Meihe Expressway Company Limited	1,559,716.80	1,620,137.43
Guangdong Bo-Da Expressway Company Limited	1,404,790.92	1,324,653.89
Jingzhu Expressway Guangzhu Section Company Limited	1,270,755.24	1,025,530.29
Guangdong Guangfozhao Expressway Company Limited	1,246,618.18	1,182,464.86
Guangdong Gaoen Expressway Company Limited	875,837.01	830,208.64
Guangdong Meiping Expressway Company Limited	163,720.56	155,264.07
Weisheng Transportation Enterprises Company Limited	–	2,688,976.35
Guangdong Er-Guang Expressway Company Limited	–	1,127,131.49
Guangdong Provincial Expressway Development Company Limited	–	670,330.07
Others	6,905,140.08	7,814,261.33
Total	78,890,826.72	72,372,371.65

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

6 Amounts due from/to related parties (Continued)

(2) Amounts due to related parties (Continued)

(i) Non-current liabilities due within one year (Continued)

The Company

Related parties	As at 31 December 2020 RMB	As at 31 December 2019 RMB
Guang-Shen-Zhu Expressway Company Limited	206,816.29	194,084.29
Others	–	2,000,000.00
Total	206,816.29	2,194,084.29

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(CONTINUED)*

7 Compensation for key management personnel

The total compensation for the key management personnel this year is RMB8,139,997.06 (2019: RMB8,152,378.89).

Compensation for the directors and supervisors are as below:

2020

Title and name	Note	Board expenses RMB	Basic salaries and other allowances RMB	Retirement plan contributions RMB	Total RMB
Executive Director, Chairman of the Board Xuan Zongmin	(2)	–	515,470.93	2,661.96	518,132.89
Executive Director, General Manager Tang Yinghai	(3)	–	623,194.55	2,661.96	625,856.51
Executive Director, Deputy General Manager Yao Hanxiong	(4)	–	529,396.28	2,661.96	532,058.24
Executive Director, Financial Director Wen Wu	(5)	–	487,927.78	2,661.96	490,589.74
Executive Director, Financial Director Huang Wenban	(10)	–	–	–	–
Independent non – executive Director Lu Zhenghua		60,000.00	–	–	60,000.00
Independent non – executive Director Jin Wenzhou		60,000.00	–	–	60,000.00
Independent non – executive Director Wen Huiying	(8)	60,000.00	–	–	60,000.00
Independent non – executive Director Zhan Xiaotong	(9)	60,000.00	–	–	60,000.00
Supervisor Li Xiangrong	(6)	–	409,886.88	2,661.96	412,548.84
Supervisor Zhen Jianhui		–	355,575.83	2,661.96	358,237.79
Supervisor Lian Yuebin	(7)	–	360,175.83	2,661.96	362,837.79
Independent Supervisor Dong Yihua		48,000.00	–	–	48,000.00
Independent Supervisor Lin Hai		48,000.00	–	–	48,000.00
Total		336,000.00	3,281,628.08	18,633.72	3,636,261.80

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7 Compensation for key management personnel (Continued)

2019

Title and name	Note	Board expenses RMB	Basic salaries and other allowances RMB	Retirement plan contributions RMB	Total RMB
Executive Director, Chairman of the Board Xuan Zongmin	(2)	–	656,227.35	32,030.88	688,258.23
Executive Director, General Manager Tang Yinghai	(3)	–	646,643.53	32,030.88	678,674.41
Executive Director, Deputy General Manager Yao Hanxiong	(4)	–	565,189.69	32,030.88	597,220.57
Executive Director, Financial Director Wen Wu	(5)	–	579,167.33	32,030.88	611,198.21
Independent non – executive Director Lu Zhenghua		60,000.00	–	–	60,000.00
Independent non – executive Director Jin Wenzhou		60,000.00	–	–	60,000.00
Independent non – executive Director Wen Huiying	(8)	60,000.00	–	–	60,000.00
Independent non – executive Director Zhan Xiaotong	(9)	60,000.00	–	–	60,000.00
Supervisor Li Xiangrong	(6)	–	364,117.74	32,030.88	396,148.62
Supervisor Zhen Jianhui		–	344,989.70	32,030.88	377,020.58
Supervisor Lian Yuebin	(7)	–	352,389.70	32,030.88	384,420.58
Independent Supervisor Dong Yihua		48,000.00	–	–	48,000.00
Independent Supervisor Lin Hai		48,000.00	–	–	48,000.00
Total		336,000.00	3,508,725.04	224,216.16	4,068,941.20

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(CONTINUED)*

7 Compensation for key management personnel *(Continued)*

Notes:

- (1) The compensation for the following key management personnel are not paid by the Group:

2020: non-executive Director Mr. Chen Min, Supervisor Mr. Hu Xianhua, Supervisor Mr. Wang Qingwei.

2019: non-executive Director Mr. Chen Min, non-executive Director Mr. Li Bin, Supervisor Mr. Hu Xianhua, Supervisor Mr. Wang Qingwei.

- (2) The salaries of Mr. Xuan Zongmin included his salaries as both of executive Director and Chairman of the Board.
- (3) The salaries of Mr. Tang Yinghai included his salaries as both of executive Director and general manager.
- (4) The salaries of Mr. Yao Hanxiong included his salaries as both of executive Director and deputy general manager of the Company.
- (5) The salaries of Mr. Wen Wu included his salaries as both of executive Director and financial director of the Company, and he left the position in December 2020.
- (6) Ms. Li Xiangrong became Supervisor in June 2016.
- (7) Ms. Lian Yuebin became Supervisor in August 2017.
- (8) Ms. Wen Huiying became non-executive Director in August 2018.
- (9) Mr. Zhan Xiaotong became non-executive Director in August 2018.
- (10) Mr. Huang Wenban became executive Director and financial Director in December 2020, and as of 31 December 2020 are not paid by the Group.
- (11) Mr. Li Bin left the position as independent non-executive Director in June 2019.

During the year, the Group and the Company have neither made any payments that served as a motivation for Directors to join, nor paid any compensation for Director's resignation.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(CONTINUED)*

7 Compensation for key management personnel *(Continued)*

Apart from the above directors and supervisors, the compensation for other key management personnel of the Company is as follows:

	2020 RMB	2019 RMB
Other key management personnel	4,503,735.26	4,083,437.69

Note: Key management personnel are those personnel having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, general manager, chief accountant, financial director, vice general managers taking charge of each business unit, and personnel who perform similar strategic functions. The CEO of the Company is general manager.

Two (2019: Three) of the Group's top five highest paid people are directors. The compensation for the remaining three (2019: two) is as follows:

	2020 RMB	2019 RMB
Basic salaries and other allowances	1,983,467.80	1,212,371.79
Retirement plan contributions	55,345.92	64,061.76
Total	2,038,813.72	1,276,433.55

The each emolument of the top five individuals was below HKD1 million in 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VII.COMMITMENTS

1 Capital commitments

The Group

	2020 RMB	2019 RMB
Capital commitments that have been entered into but have not been recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	95,678,778.04	124,258,287.62
Capital commitments that have been approved but have not been entered into	120,798,288.67	262,906,500.00
Total	216,477,066.71	387,164,787.62

The Company

	2020 RMB	2019 RMB
Capital commitments that have been entered into but have not been recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	11,425,392.27	11,637,192.27

2 Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of the operating rights of service zones, properties and the advertising facilities are as follows:

The Group

	2020 RMB	2019 RMB
Within 1 year (inclusive)	549,106.80	952,107.04

The Company

	2020 RMB	2019 RMB
Within 1 year (inclusive)	–	17,500.00

VIII. OTHER SIGNIFICANT MATTERS

1 Risk analysis and sensitivity analysis to financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, as well as the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and receivables. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The maximum exposure to credit risk of the Group and the Company is represented by the carrying amount of each financial asset in the balance sheet. The Group and the Company does not provide any other guarantees which would expose the Group and the Company to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(1) Credit risk (Continued)

(a) Accounts receivable

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, 25.59% and 54.86% (2019: 25.78% and 68.54%) of the total accounts receivable was due from the five largest customers of the Group and the Company.

In respect of accounts receivable, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. Receivable is due within 30 to 90 days from the date of billing. For debtors with balances past due, the Group will request the debtors to settle all outstanding balances or renegotiate the payment terms. Normally, the Group does not obtain collateral from customers.

(i) Credit loss exposure and ELCs assessment

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(1) Credit risk (Continued)

(a) Accounts receivable (Continued)

(i) Credit loss exposure and ELCs assessment (Continued)

The credit risk exposure and ELCs of each sub-portfolio of accounts receivable as at 31 December 2020 and 2019 is as follows:

The Group

		31 December 2020		31 December 2019	
	Expected loss rate	Book value RMB	Provision for bad and doubtful debts RMB	Book value RMB	Provision for bad and doubtful debts RMB
Credit risk:					
Road transportation and other service					
Within 1 year (inclusive)	5%	221,057,042.18	(11,092,735.16)	201,163,808.12	(9,978,077.64)
Over 1 year but within 2 years (inclusive)	35%	12,317,036.69	(4,310,962.87)	7,810,698.60	(2,733,744.51)
Over 2 years but within 3 years (inclusive)	50%	5,042,427.70	(2,521,213.89)	3,900,041.02	(1,950,020.51)
Over 3 years	100%	11,157,655.58	(11,157,655.58)	7,568,883.79	(7,568,883.79)
Sub-total		249,574,162.15	(29,082,567.50)	220,443,431.53	(22,230,726.45)
Service zone operation					
Within 1 year (inclusive)	5%	95,502,951.50	(4,775,147.63)	54,263,191.00	(2,713,159.55)
Over 1 year but within 2 years (inclusive)	10%	3,258,324.93	(325,832.53)	2,993,035.03	(299,303.50)
Over 2 years but within 3 years (inclusive)	30%	1,331,993.48	(399,598.05)	1,981,609.39	(594,482.82)
Over 3 years	50%	284,132.64	(142,066.32)	1,272,591.91	(636,295.96)
Sub-total		100,377,402.55	(5,642,644.53)	60,510,427.33	(4,243,241.83)
Constructions materials supply					
Within 1 year (inclusive)	5%	82,816,462.19	(4,140,823.18)	129,053,118.21	(6,452,655.90)
Over 1 year but within 2 years (inclusive)	10%	972,188.28	(97,218.85)	404,481.77	(40,448.18)
Over 2 years but within 3 years (inclusive)	30%	-	-	-	-
Over 3 years	50%	4,714,803.93	(2,357,401.95)	10,606,174.11	(5,303,087.06)
Sub-total		88,503,454.40	(6,595,443.98)	140,063,774.09	(11,796,191.14)
Credit risk losses		438,455,019.10	(41,320,656.01)	421,017,632.95	(38,270,159.42)
Individual assessment (Note)		18,465,300.94	(18,465,300.94)	18,465,300.94	(18,465,300.94)
Total		456,920,320.04	(59,785,956.95)	439,482,933.89	(56,735,460.36)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(1) Credit risk (Continued)

(a) Accounts receivable (Continued)

(i) Credit loss exposure and ELCs assessment (Continued)

The Company

		31 December 2020		31 December 2019	
	Expected loss rate	Book value RMB	Provision for bad and doubtful debts RMB	Book value RMB	Provision for bad and doubtful debts RMB
Constructions materials supply					
Credit risk:					
Within 1 year (inclusive)	5%	82,816,462.19	(4,140,823.18)	129,053,118.21	(6,452,655.91)
Over 1 year but within 2 years (inclusive)	10%	972,188.28	(97,218.85)	404,481.77	(40,448.18)
Over 2 years but within 3 years (inclusive)	30%	-	-	-	-
Over 3 years	50%	6,185,884.81	(2,357,401.95)	12,077,254.99	(5,303,087.06)
Sub-total		89,974,535.28	(6,595,443.98)	141,534,854.97	(11,796,191.15)
Individual assessment (Note)		18,465,300.94	(18,465,300.94)	18,465,300.94	(18,465,300.94)
Total		108,439,836.22	(25,060,744.92)	160,000,155.91	(30,261,492.09)

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

Note: Reasons for accruing bad debt provision by item as at 31 December 2020 and 31 December 2019:

The Group and the Company

Items	Balance at the end of the year RMB	Nature and reasons for unsettlement
Guangzhou Jun Fat Trading Co., Ltd.	2,914,775.00	Deregistered status of the debtor
Shenzhen Hongbao Trading Co., Ltd.	14,264,922.29	Significant financial difficulty of the debtor
Zhuhai Yuxinyuan Trade Development Co., Ltd.	1,285,603.65	A breach of contract and delinquency in payments for goods of the debtor
Total	18,465,300.94	

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(1) Credit risk (Continued)

(a) Accounts receivable (Continued)

- (ii) Movements in the loss allowance account in respect of trade receivables during the year is as follows:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Balance at the beginning of the year	(56,735,460.36)	(50,215,718.11)	(30,261,492.09)	(27,105,775.28)
Charge into income statement during the year	(1,915,180.67)	(7,694,568.46)	5,200,747.17	(3,155,716.81)
Written-off during the year	–	573,180.99	–	–
(Additions)/deductions resulting from consolidation scope change	(1,173,235.60)	606,524.45	–	–
Foreign currency financial statement translation differences	37,919.68	(4,879.23)	–	–
Balance at the end of the year	(59,785,956.95)	(56,735,460.36)	(25,060,744.92)	(30,261,492.09)

(b) Other receivables – excluding interest receivable and dividend receivable

Other receivables excluding interest receivable and dividend receivable mainly include deposits, government grants and advances paid on behalf of other parties. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each debtor rather than the industry, country or area in which the debtors operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual debtors. At the balance sheet date, 31.59% and 89.35% (2019: 26.20% and 87.82%) of the total other receivables were due from the five largest customers of the Group and the Company.

In respect of other receivables, the Group monitors credit risk through monitoring the operation results of the debtors and the economic conditions. These evaluations focus on the customers' financial position, the external ratings of the customers and their bank credit records where available. For debtors with balances past due, the Group will request the debtors to settle all outstanding balances or renegotiate the payment terms. Normally, the Group does not obtain collateral from customers.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(1) Credit risk (Continued)

(b) Other receivables – excluding interest receivable and dividend receivable (Continued)

(i) Credit loss exposure and expected credit loss assessment

The Group measures loss allowance at an amount equal to 12-month ECLs for other receivables which is determined to have low credit risk at the balance sheet date or the credit risk of which has not increased significantly since initial recognition, and at an amount equal to lifetime ECLs for all other other receivables. The Group calculates ECLs according to the ageing of other receivables and credit loss rate.

During the year, other receivables that have low credit risk mainly include deposits, governments and staff advances. Since the borrower has a strong capacity to meet its contractual cash flow obligations and little credit loss occurred according to historical data, the Group considers these other receivables have low credit risk in the following 12 months considering the current economic condition and operating environment.

Except the above other receivables with low credit risk, other receivables mainly include advances paid on behalf of other parties during operation. The Group calculates ECLs according to the ageing and credit loss rate of these other receivables. Expected loss rates are based on actual historical loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The credit loss rates are as follows:

Credit loss rate	The Group		The Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
Within 1 year (inclusive)	5%	5%	5%	5%
Over 1 year but within 2 years (inclusive)	10%	10%	10%	10%
Over 2 years but within 3 years (inclusive)	30%	30%	30%	30%
Over 3 years	50%	50%	50%	50%

At the balance sheet date, the expected credit loss of other receivables calculated according to the credit risk exposure and credit loss rate of the Group and the Company was RMB138,628,144.80 and RMB33,995,828.75 (2019: RMB112,729,225.66 and RMB34,772,396.18).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(1) Credit risk (Continued)

(b) Other receivables – excluding interest receivable and dividend receivable (Continued)

(ii) Movements in the loss allowance account in respect of other receivables during the year is as follows:

	The Group		The Company	
	31 December 2020 RMB	31 December 2019 RMB	31 December 2020 RMB	31 December 2019 RMB
Balance at the beginning of the year	(112,729,225.66)	(122,813,395.21)	(34,772,396.18)	(35,393,452.46)
Charge into income statement during the year	(26,063,105.93)	(5,236,415.50)	776,567.43	621,056.28
Written-off during the year	6,800.00	4,393,090.87	–	–
Deductions resulting from consolidation scope change	157,386.79	10,927,494.18	–	–
Balance at the end of the year	(138,628,144.80)	(112,729,225.66)	(33,995,828.75)	(34,772,396.18)

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short-term investment of cash surpluses and the raising of loans to cover expected cash demands, (subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority). The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(2) Liquidity risk (Continued)

The Group

2020 Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	615,106,467.62	–	–	615,106,467.62	593,611,398.50
Bills and accounts payable	678,605,751.61	–	–	678,605,751.61	678,605,751.61
Other payables	810,086,298.05	–	–	810,086,298.05	810,086,298.05
Non-current liabilities due within one year	557,304,104.16	–	–	557,304,104.16	532,304,104.16
Long-term loans	56,075,115.97	1,310,044,474.62	118,557,687.89	1,484,677,278.48	1,316,819,266.63
Bonds payable	16,434,852.00	407,740,852.00	–	424,175,704.00	392,533,626.17
Long-term payables	–	85,929,707.02	–	85,929,707.02	79,084,738.67
Lease liabilities	269,106,392.83	833,847,020.02	1,767,761,785.80	2,870,715,198.65	2,141,386,286.24
Total	3,002,718,982.24	2,637,562,053.66	1,886,319,473.69	7,526,600,509.59	6,544,431,470.03

2019 Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	226,589,016.33	–	–	226,589,016.33	221,074,050.00
Bills and accounts payable	867,791,280.36	–	–	867,791,280.36	867,791,280.36
Other payables	817,774,971.08	–	–	817,774,971.08	817,774,971.08
Non-current liabilities due within one year	1,055,488,559.61	–	–	1,055,488,559.61	995,756,539.66
Long-term loans	33,500,579.83	868,019,828.26	253,377,162.62	1,154,897,570.71	976,588,520.21
Bonds payable	16,800,000.00	429,400,000.00	–	446,200,000.00	398,161,553.41
Long-term payables	–	210,567,861.81	–	210,567,861.81	210,148,675.76
Lease liabilities	60,327,022.81	809,588,411.14	1,751,597,489.15	2,621,512,923.10	1,848,330,046.38
Total	3,078,271,430.02	2,317,576,101.21	2,004,974,651.77	7,400,822,183.00	6,335,625,636.86

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(2) Liquidity risk (Continued)

The Company

2020 Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	95,000,000.00	–	–	95,000,000.00	95,000,000.00
Accounts payable	28,756,480.14	–	–	28,756,480.14	28,756,480.14
Other payables	467,698,380.42	–	–	467,698,380.42	467,698,380.42
Bonds payable	16,434,852.00	407,740,852.00	–	424,175,704.00	392,533,626.17
Non-current liabilities due within one year	22,991,316.29	–	–	22,991,316.29	22,991,316.29
Long-term loans	89,307,500.00	399,138,000.00	–	488,445,500.00	488,445,500.00
Lease liabilities	100,694.74	1,250,540.00	650,965.00	2,002,199.74	1,539,878.32
Total	720,289,223.59	808,129,392.00	650,965.00	1,529,069,580.59	1,496,965,181.34

2019 Contractual undiscounted cash flow					
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	97,160,221.92	–	–	97,160,221.92	95,000,000.00
Bills payable	55,300,000.00	–	–	55,300,000.00	55,300,000.00
Accounts payable	47,091,065.67	–	–	47,091,065.67	47,091,065.67
Other payables	556,730,024.93	–	–	556,730,024.93	556,730,024.93
Bonds payable	16,800,000.00	429,400,000.00	–	446,200,000.00	398,161,553.41
Non-current liabilities due within one year	361,131,330.99	–	–	361,131,330.99	343,528,312.33
Long-term loans	9,743,814.61	155,770,155.18	–	165,513,969.79	141,230,000.00
Lease liabilities	106,672.75	1,250,540.00	937,905.00	2,295,117.75	1,746,694.61
Total	1,144,063,130.87	586,420,695.18	937,905.00	1,731,421,731.05	1,638,787,650.95

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) As at 31 December, the following interest-bearing financial instruments were held:

The Group

Fixed rate instruments:

	2020		2019	
	Effective interest rate	Amount RMB	Effective interest rate	Amount RMB
Financial assets				
– Non-current assets due within one year	17.21%	609,548.93	–	–
– Long-term receivables	–	–	4.17% – 42.84%	1,840,931.37
– Cash at bank	2.25% – 3.75%	15,638,500.81	2.25% – 3.75%	17,071,331.89
Financial liabilities				
– Short-term loans	2.05% – 6.50%	(441,511,500.00)	3.195% – 4.35%	(88,900,000.00)
– Long-term loans	3.65% – 4.75%	(505,923,444.60)	4.75%	(70,810,027.03)
– Long-term payables	4.75%	(68,097,364.76)	4.75%	(196,874,359.02)
– Bonds payable	4.20%	(392,533,626.17)	4.20% – 4.50%	(737,495,781.45)
– Lease liabilities	4.22% – 7.83%	(2,409,195,310.62)	4.22% – 7.83%	(2,037,643,345.59)
Total		(3,801,013,196.41)		(3,112,811,249.83)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(3) Interest rate risk (Continued)

(a) As at 31 December, the following interest-bearing financial instruments were held: (Continued)

The Group (Continued)

Variable rate instruments:

		2020		2019	
		Effective interest rate	Amount RMB	Effective interest rate	Amount RMB
Financial assets					
– Cash at bank		0.30% – 2.30%	1,234,165,939.19	0.30% – 2.30%	1,154,105,700.01
Financial liabilities					
– Short-term loans	Note	2.05% – 4.75%	(152,099,898.50)	3.92% – 4.35%	(132,174,050.00)
– Long-term loans	Note	3.80% – 4.90%	(1,053,420,153.66)	4.28% – 4.90%	(1,350,841,077.99)
Total			28,645,887.03		(328,909,427.98)

Note: The interest rates of loans held by the Group are same as the benchmark loan interest rates announced by the People's Bank of China at the drawdown dates of the loans and are adjusted annually.

The Company

Fixed rate instruments:

		2020		2019	
		Effective interest rate	Amount RMB	Effective interest rate	Amount RMB
Financial assets					
– Long-term receivables		4.75%	49,200,000.00	4.75%	48,000,000.00
Financial liabilities					
– Short-term loans		3.92%	(95,000,000.00)	3.92%	(95,000,000.00)
– Bonds payable		4.20% – 4.50%	(392,533,626.17)	4.20% – 4.50%	(737,495,781.45)
– Lease liabilities		4.75%	(1,746,694.61)	4.75%	(1,940,778.90)
Total			(440,080,320.78)		(786,436,560.35)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(3) Interest rate risk (Continued)

(a) As at 31 December, the following interest-bearing financial instruments were held: (Continued)

The Company (Continued)

Variable rate instruments:

		2020		2019	
		Effective interest rate	Amount	Effective interest rate	Amount
Financial assets					
– Cash at bank		0.30% – 2.30%	660,332,955.71	0.30% – 2.30%	575,899,312.83
Financial liabilities					
– Long-term loans	Note	4.35% – 4.40%	(511,230,000.00)	4.35% – 4.40%	(145,230,000.00)
Total			149,102,955.71		430,669,312.83

Note: The interest rates of loans held by the Group and the Company are same as the benchmark loan interest rates announced by the People's Bank of China at the drawdown dates of the loans and are adjusted annually.

(b) Sensitivity analysis

As at 31 December, it is estimated that a general increase of 25 basis points in interest rates, with all other variables held constant, would increase the equity and net profit of the Group and the Company:

	The Group		The Company	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
Equity	53,711.04	(616,705.18)	279,568.04	(757,063.59)
Net profit	53,711.04	(616,705.18)	279,568.04	(757,063.59)

As at 31 December, it is estimated that a general decrease of 25 basis points in interest rates, with all other variables held constant, would lead to a same amount but reverse change with it is mentioned about to equity and net profit/(loss) of the Group and the Company.

In respect of the exposure to fair value interest rate risk arising from fixed rate non-derivative instruments held by the Group and the Company at the balance sheet date, the Group and the Company do not measure such fixed rate financial instruments at fair value, no impact on the net profit/(loss) and equity is estimated of such a change in interest rates. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group or the Company at the balance sheet date, the impact on the net profit/(loss) and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(4) Foreign currency risk

The functional currency of the Group's Hong Kong subsidiaries is HKD, while, it is RMB for the Group's other subsidiaries. In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) As at 31 December, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

The Group

	31 December 2020		31 December 2019	
	Foreign currency balance	RMB balance	Foreign currency balance	RMB balance
Cash at bank and on hand				
– USD	1,554,687.42	10,144,179.93	2,732,549.00	19,062,808.31
– HKD	3,702.07	3,115.66	–	–
Other payables				
– USD	–	–	–	–
Gross balance sheet exposure				
– USD	1,554,687.42	10,144,179.93	2,732,549.00	19,062,808.31
– HKD	3,702.07	3,115.66	–	–

There were no assets and liabilities denominated in foreign currencies for the Company as at 31 December 2020 and 31 December 2019.

- (b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Reporting date mid-spot rate	
	2020	2019	2020	2019
USD	6.7506	6.9197	6.5249	6.9762
HKD	0.8687	0.8860	0.8416	0.8958

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(4) Foreign currency risk (Continued)

(c) Sensitivity analysis

- (i) For subsidiaries adopt RMB as functional currency, assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and HK dollar at 31 December would have increased the Group's and the Company's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the balance sheet date.

As at 31 December 2020

	Equity		Net profit	
	The Group	The Company	The Group	The Company
USD	(380,406.75)	–	(380,406.75)	–
HKD	(116.84)	–	(116.84)	–
Total	(380,523.59)	–	(380,523.59)	–

As at 31 December 2019

	Equity		Net profit	
	The Group	The Company	The Group	The Company
USD	(714,855.31)	–	(714,855.31)	–
HKD	–	–	–	–
Total	(714,855.31)	–	(714,855.31)	–

A 5% weakening of the Renminbi against the US dollar and HK dollar at 31 December would have had the equal but opposite effect on the Group's and the Company's equity and net profit to the amounts shown above, on the basis that all other variables remained constant.

VIII. OTHER SIGNIFICANT MATTERS *(CONTINUED)*

2 Fair value measurement

(1) Fair value measurement

As at 31 December 2020 and 31 December 2019, the Group and the Company did not have significant financial instruments carried at fair value.

(2) Fair value of other financial instruments (items not measured at fair value at the end of the year)

All financial instruments are carried at amounts not materially different from their fair value as at 31 December 2020 and 2019.

3 Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as including all components of equity. The balances of related party transactions are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes short-term and long-term loans, bonds payable, and lease liabilities), less cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

3 Capital management (Continued)

The adjusted net debt-to-capital ratio is as follows:

	Note V	2020 RMB	2019 RMB
Current liabilities			
Short-term loans	20	593,611,398.50	221,074,050.00
Long-term loans due within one year	28	242,524,331.63	445,062,584.81
Lease liabilities due within one year	28	267,809,024.38	189,313,299.21
Bonds payable due within one year	28	–	339,334,228.04
Non-current liabilities			
Long-term loans	29	1,316,819,266.63	976,588,520.21
Bonds payable	30	392,533,626.17	398,161,553.41
Lease liabilities	59	2,141,386,286.24	1,848,330,046.38
Total liabilities		4,954,683,933.55	4,417,864,282.06
Less: cash and cash equivalents	54(3)	1,241,551,487.41	1,163,480,565.54
Adjusted net debt		3,713,132,446.14	3,254,383,716.52
Shareholders' equity		3,150,113,089.95	3,486,921,789.90
Adjusted capital		3,150,113,089.95	3,486,921,789.90
Adjusted net debt-to-capital ratio		117.87%	93.33%



廣東粵運交通股份有限公司

GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED