

(A JOINT STOCK LIMITED COMPANY INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA WITH LIMITED LIABILITY)

STOCK CODE: 03399

Strengthen the core business and enact reformation Steady creation of a "travel service" network platform



Company Profile

Guangdong Yueyun Transportation Company Limited (the "Company", and together with its subsidiaries, the "Group") is an integrated transportation 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 Facilities
- Expressway Service Zone Operation
- > Energy Business
- > Retail Business
- Merchant Solicitation Business
- Advertising Business
- Operation of Taiping Interchange

The strategic positioning employed by the Company's "13th Five-Year" Development Plan for the Group: utilise its advantages in transportation resources and focus on "travel" and "logistics", focus on creating a travelling service integrated platform and a logistic network operation platform, further develop the transportation resources and endeavor to become an integrated transportation service group at international level.



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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,

BOARD OF DIRECTORS

Executive Directors Xuan Zongmin Tang Yinghai Yao Hanxiong Wen Wu Zhang Xian

Non-Executive Directors Chen Min Chen Chuxuan

Independent Non-Executive Directors Jin Wenzhou Lu Zhenghua Wen Huiying Zhan Xiaotong

COMPANY SECRETARY

Zhang Li



COMPANY INFORMATION

AUTHORISED REPRESENTATIVES

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AUDITOR

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(Public Interest Entity Auditor recognised in accordance
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PRINCIPAL BANKS

Industrial & Commercial Bank of China China Merchants Bank China CITIC Bank Agricultural Bank of China

LEGAL ADVISER

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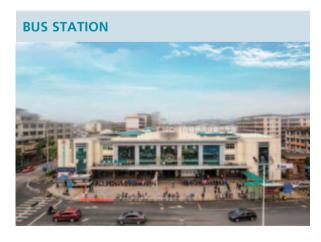


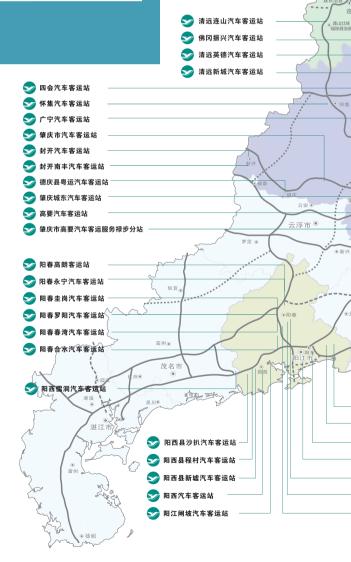
The terminals operated by the Group include tier 1 passenger transportation terminals, tier 2 passenger transportation terminals, tier 3 passenger transportation terminals and other passenge transportation terminals, which distributed in every major cities and counties in Guangdong province. The specific compositions of coach terminals of the Company are as follows:

Init: No. of terminals

Project	As of 31 December 2019	As of 31 December 2018
Tier 1 terminals	13	10
Tier 2 terminals	31	28
Tier 3 terminals	17	15
Other terminals	29	27
Total	90	80



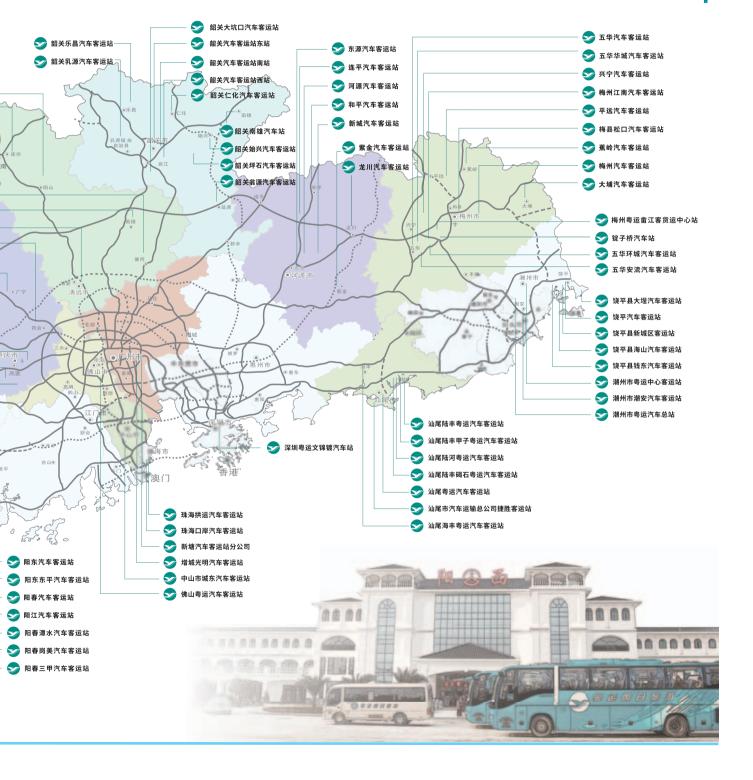


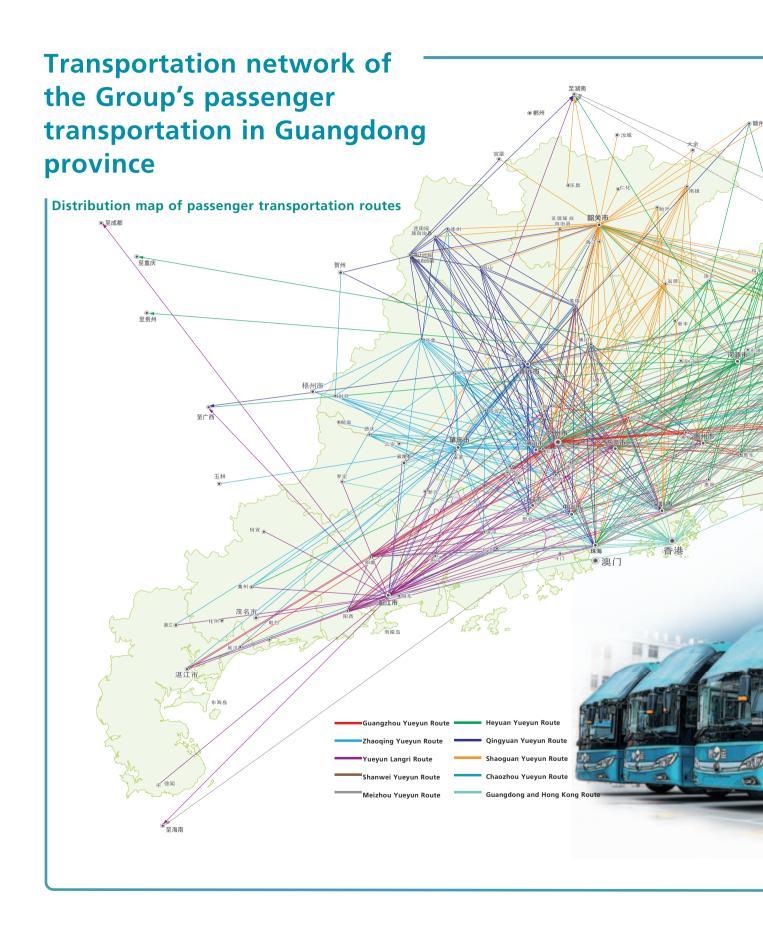


→ 清远阳山汽车客运站→ 清远连州汽车客运站→ 清远市连南汽车客运站→ 连南县寨岗汽车客运站

Distribution of passenger transportation terminals of the Group

Distribution map of passenger transportation terminals of the Company with operating rights







The passenger transportation vehicles of the Group mainly include road passenger transportation vehicles, urban public transportation vehicles and taxis, the specific compositions are as follows:

	As of 31 December 2019	As of 31 December 2018
Taxis Urban Public	809	817
Transportation Vehicles Road Passenger	5679	4446
Transportation Vehicles	4604	4691
Total	11092	9954





Major resources	As of 31 December 2019	As of 31 December 2018
Expressway service zones	330	290
Gas stations	180	169
Self-operated convenience		
stores (service zones)	329	285
Expressway media	583	516





Distribution map of Yueyun Energy's Gas Stations



Self-operated gas station



Outsourced gas station



Distribution of service zones and distribution of self-operated gas stations of the Group 新城 THE YOURYUN TENERO











DAHUAI SERVICE AREA



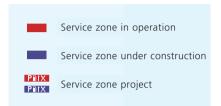
DAHUAI SERVICE AREA

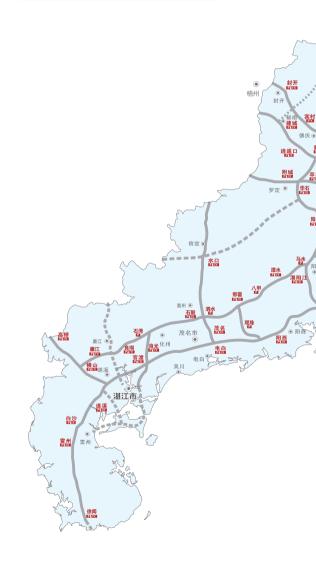


DAHUAI SERVICE AREA



Distribution map of expressway service zones

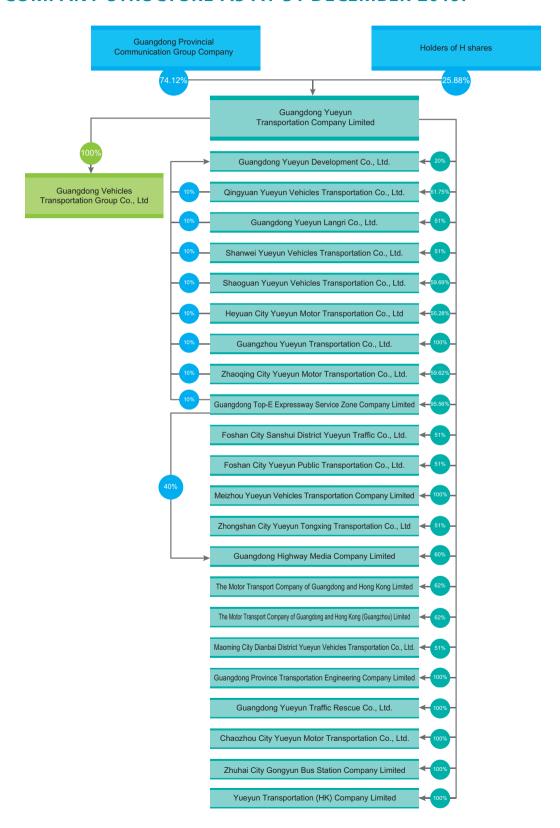






COMPANY STRUCTURE

THE COMPANY STRUCTURE AS AT 31 DECEMBER 2019:



FINANCIAL HIGHLIGHTS

	31 December 2019 RMB'000	31 December 2018 RMB'000 (Restated)	Change
Results highlights Operating income Travel service Material logistics Others	6,177,880	5,588,025	11%
	472,365	936,921	(50%)
	6,968	6,902	1%
Total operating income	6,657,213	6,531,848	2%
Gross profit Travel service Material logistics Others	1,038,117 14,340 760	1,107,086 51,367 (374)	(6%) (72%) (303%)
Total gross profit	1,053,217	1,158,079	(9%)
Taxes and surcharges Selling and distribution expenses General and administrative expenses, and research	(42,499)	(48,984)	(13%)
	(71,771)	(65,408)	10%
and development expenses Finance expenses Other income Investment income (Accrual)/reversal of credit losses Impairment losses	(685,918)	(721,467)	(5%)
	(186,943)	(155,682)	20%
	340,581	265,362	28%
	58,774	34,774	69%
	(12,931)	17,600	(173%)
	(4,598)	(5,952)	(23%)
Gains from asset disposals	40,510	15,215	166%
Operating profit Non-operating income and expenses	488,421	493,536	(1%)
	8,888	3,077	189%
Total profit Income tax expenses	497,308	496,612	0%
	(132,225)	(146,820)	(10%)
Net profit Profit and loss attributable to minority interests Net profit attributable to shareholders of the Company	365,084	349,793	4%
	(60,114)	(49,772)	21%
	304,970	300,021	2%
Basic earnings per share (RMB)	0.38	0.38	2%

FINANCIAL HIGHLIGHTS

	31 December 2019 RMB' 000	31 December 2018 RMB' 000 (Restated)	Change
Results highlights			
Total assets	11,095,005	10,512,947	6%
Total net assets	3,486,922	3,506,488	(1%)
Equity attributable to shareholders of the Company	2,319,316	2,363,319	(2%)
Net assets per share attributable to owners of the Company (RMB)	2.90	2.95	(2%)
Ratio			
Gross profit margin (%)	15.82%	17.73%	(11%)
Interest coverage ratio (times)	3.50	3.79	(8%)
Gearing ratio (%)	68.57%	66.65%	3%
Current ratio (times)	0.75	0.93	(19%)

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

Note: The shareholders of the Company approved, at the extraordinary general meeting held on 20 November 2019, the acquisition of 100% equity interest of Chaozhou City Yueyun Motor Transportation Co., Ltd. ("Chaozhou Yueyun") and 100% equity interest of Zhuhai City Gongyun Bus Station Company Limited ("Zhuhai Gongyun"). Following the completion of the acquisition, both Chaozhou Yueyun and Zhuhai Yueyun became the wholly-owned subsidiaries of the Company.

In January 2019, the Company was named "Ministry of Transport's Key Connected Road Transportation Enterprise in 2019-2021" by the China Road Transport Association.

On 18 January 2019, Lv Du Public Transportation Co., Ltd.* (綠都公交公司), a subsidiary of the Company's subsidiary Heyuan City Yueyun Motor Transportation Co., Ltd., was awarded the title of "Advanced Corporation" in participating the 2018 Green Travel Promotion Month and Public Transportation Travel Publicity Week activities jointly organized by the Ministry of Transport, Ministry of Public Security, Government Offices Administration and All-China Federation of Trade Unions, this was the first time Lv Du Public Transportation Co., Ltd.* (綠都公交公司) was awarded the title of "Advanced Corporation" by national level authorities since its incorporation in May 2010.

On 22 January 2019, the Company organized public welfare campaigns "Yueyun Express Vehicles Warm Homecoming Hearts" (粤運快車暖心返鄉) and "Happy Coaches" (幸福 大巴), 17 Yueyun Express Vehicles were deployed as caring coaches to provide free transportation services starting from Foshan and Zhongshan for over 600 foreign workers from Guangxi and provided 1,500 free tickets for village workers to go home.

In March 2019, the Company was named the "Advanced Unit of Economic Operation Analysis of Ministry of Transport's Key Connected Road Transportation Enterprise in 2018" by the China Road Transport Association.

In April 2019, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was named the "Best 10 Chain Operation Enterprise of 2018" and "High Growth Chain-Store Enterprise of 2018" by Guangdong Chain-Store & Franchise Association. The project of "Experience Upgrading for Convenience Store in Expressway Service Zone" of Top-E's Loyee Convenience Store was awarded the "Chain-Store Industry Innovation Case Award" by Guangdong Chain-Store & Franchise Association.

In April 2019, the team of route no. 111 of Foshan City Yueyun Public Transportation Co., Ltd., a subsidiary of the Company, was named as the "Excellent Public Transportation Professional Team" jointly by the Transportation Department of Guangdong Province, Public Security Department of Guangdong Province and Federation of Trade Unions of Guangdong Province.



In April 2019, Guangning Bus Station of Zhaoqing City Yueyun Motor Transportation Co., Ltd. and Qingxin branch of Qingyuan Yueyun Vehicles Transportation Co., Ltd., both being subsidiaries of the Company, were named "Civilised and Exemplary Transportation Units for Transportation Safety in Guangdong Province of 2018" 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 Guangdong Province and Department of Emergency Management of Guangdong Province.

On 26 June 2019, the Company and Guangdong South Passenger Network Center Co., Ltd. entered into a strategic cooperation agreement based on the principles of "equality and cooperation, mutual benefits, sharing resources and complementary advantages" by fully utilizing the resources of their respective industries to promote strategic cooperation in the aspects of joint development, joint network ticketing cooperation, technological cooperation in "Nanyuetong integrated standard station service system", value-added income cooperation and sharing, co-building of cloud dimension service system and standardization of basic data based on the "co-building, sharing and win-win" cooperative concepts.



On 28 June 2019, the Company ranked No. 2 on the list of "Top 100 Trustworthy Road Transportation Enterprise in China (2019)" 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. and Zhaoqing City Yueyun Motor Transportation Co., Ltd. ranked No. 67, 84 and 91, respectively.

In July 2019, Guangdong Highway Media Company Limited, a subsidiary of the Company, was named "Top 10 Expressway Enterprises in China" by China Highway & Transportation Society for 10 consecutive years.

In August 2019, the Company was awarded the title of "Contract Performance and Trustworthy Enterprise in Guangdong Province for 16 consecutive years (2003-2018)" by Guangdong Province Administration for Industry & Commerce.

On 15 August 2019, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was named "Top 50 Franchise Operators in Guangdong of 2018" by Guangdong Chain-Store & Franchise Association.

In August 2019, the Company entered into the Chaozhou Yueyun Equity Transfer Agreement with Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management") and Chaozhou City Yueyun Motor Transportation Co., Ltd. ("Chaozhou Yueyun"), and entered into the Zhuhai Gongyun Equity Transfer Agreement with Guangdong Province Gongbei Vehicles Transportation Company Limited ("Guangdong Gongbei Vehicles Transportation") and Zhuhai City Gongyun Bus Station Company Limited ("Zhuhai Gongyun"), pursuant to which the Company agreed to acquire and Yueyun Investment Management agreed to sell the Chaozhou Yueyun Equity Interest, and the Company agreed to acquire and Guangdong Gongbei Vehicles Transportation agreed to sell the Zhuhai Gongyun Equity Interest. These Equity Transfer Agreements and the respective transactions contemplated thereunder were approved by the Shareholders at the EGM held on 20 November 2019. Following completion of the Acquisitions, Chaozhou Yueyun and Zhuhai Gongyun became wholly-owned subsidiaries of the Company.

In September 2019, Foshan City Yueyun Public Transportation Co., Ltd., a subsidiary of the Company, was awarded the honor of the 7th "Exemplary Role Model Award of Social Responsibilities in China – Foshan Corporate Brand".

In October 2019, the corporate culture campaign "Good trip accompanied by us along the way" (美好出行驛路有我) of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, won the honor of "Brand of Corporate Culture" awarded by Transportation Department of Guangdong Province.



In October 2019, Dahuai Service Zone was named the "National Expressway Tourism Theme Service Zone of 2019" by the China Highway & Transportation Society.

In October 2019, Guangdong Highway Media Company Limited, a subsidiary of the Company, was issued the "CNAA I – Class 1 Advertising Enterprise" certificate for permitted use of trademark by China Advertising Association, this was the first time that Guangdong Highway Media Company Limited was awarded the national class 1 gualification in advertising.

On 9 October 2019, Zhaoqing passenger transportation terminal of Zhaoqing City Yueyun Motor Transportation Co., Ltd., a subsidiary of the Company, was awarded the title of "Exemplary Model Unit of Transportation Culture Formation in Guangdong Province" in the selection campaign of the third batch of "Exemplary Model Units of Provincial Transportation Cultural Brand and Culture Formation" organized by the Transportation Department of Guangdong Province.

On 29 November 2019, the Company was awarded the title of "2019 Guangzhou Enterprise of Highest Sense of Social Responsibility in the Transportation Industry" (2019年度廣東省交通運輸行業最具社會責任感企業) by the Transportation Association of Guangdong Province (廣東省交通運輸協會).

In December 2019, the Company was awarded the "Guangzhou Association of Highway Transportation Industry Outstanding Contribution Award" (廣州道路運輸行業協會行業傑出貢獻獎) by the Guangzhou Association of Highway Transportation Industry (廣州道路運輸行業協會).

In December 2019, the Shaxi Service Zone, Kuidong Service Zone and Reshui Service Zone of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, were named "Exemplary Model Enterprises of Safety Culture Formation in Guangdong Province" by Guangdong Provincial Association of Work Safety (廣東省安全生產協會).



INVESTMENT VALUE OF THE COMPANY

TRANSPORTATION AND AUXILIARY FACILITIES

- Has a complete road transportation business system and rank first in terms of market share within Guangdong Province
- Has 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
- Its well-known brand of "Yueyun Express" is a well-known road passenger transportation service brand with strong competitiveness in the industry
- Mature model of development with obvious synergies from integration of regional transportation enterprises
- Initiatives such as reclaiming advantageous routes for self-operation, "exploring the downstream market" and commercial development of terminals brought incremental business
- As the largest 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 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). The shuttle bus company has been performing well in the operation
- "Transportation + Tourism", provide customized travel products through the Internet platform and building passenger transportation terminals into entities providing multi-functional integrated comprehensive services such as travel, tourism and commerce
- Intelligent travel, qualified for online car-hailing, online launch of Yuexing (悦行) mobile travel system, strategic cooperation with Internet enterprises to facilitate the optimization and upgrade of traditional road passenger transportation
- "Yueyun Rescue" road rescue business is gradually developing provincial coverage, with active nurturing of automobile repair business, drivers training business and automobile leasing business

EXPRESSWAY SERVICE ZONE OPERATION

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

- Expand and strengthen the service zone gas station business by combining a variety of business models such as self-construction (60 stations) and contracted operation (a total of 142 stations) awarding to gradually form the sales network of Yueyun Energy gas stations by 2020
- Enhance business collaboration. "Yueyun Energy" procures and supplies oil for the passenger transportation business of the Group on a centralized basis to reduce fuel costs of the passenger transportation business and increase the market share of "Yueyun Energy"
- Active promotion of, the increasing number of service zones (carpark zones) of expressways, and the construction and deployment of additional gas stations at the exit and entrance of expressways and off-route local gas stations
- Construction of 843 charging piles for passenger transportation terminals which, together with the 364 charging piles at the expressways service zones, formed a network of provincial charging business

INVESTMENT VALUE OF THE COMPANY

2. RETAIL BUSINESS

- 330 expressway service zones and 90 passenger transportation terminal resources of equivalent level, enjoying advantages in network and scale
- Well-known expressway service zone convenience store brand of "Loyee" with 600 outlets, gradually developing a momentum of expansion for the on-route and off-route omnichannel network by 2020
- Enhance business collaboration and provide a common room for development of the Group's logistics distribution, car rental and ticketing businesses

3. MERCHANT SOLICITATION BUSINESS

- Own the right to operate the largest number of expressway service zones in Guangdong Province (330 zones) and enjoy network and scale advantages relying on the huge expressway traffic in Guangdong Province
- Develop large-scale integrated commercial projects in key service zones, creating a model for Dahuai service zone and national service zones, thereby significantly enhancing the business value of the service zones, with Dahuai service zone awarded the title of "National Highway Tourism Service Zone"(全國高速公路旅遊主題服務區)
- Foster the expansion of the function of "service zone + logistics + big trucks" by developing a unique service zone with functions of logistics services mainly for freight transportation vehicles on the planned services solely for big trucks, thereby enhancing the value of industrial chain in the service zones

INVESTMENT VALUE OF THE COMPANY

4. ADVERTISING BUSINESS

- Coordinate and integrate expressway and passenger station advertising resources, covering more than 50 expressways, 330 expressway service zones and 90 passenger station resources, and enjoy network and scale advantages
- Transform into a transport system integrated media resource platform operator

OPERATION OF TAIPING INTERCHANGE

 Has significant location advantages, with a large annual traffic volume. The flow of cash from the expressway toll collection business is fast

OTHER BUSINESS

MALL PARCEL EXPRESS DELIVERY BUSINESS

- Make use of the existing passenger terminals, passenger bus and other resources covering the whole Guangdong Province with many routes and high frequency
- Inter-provincial, inter-city and inter-county routes and rural passenger transportation with wide distribution of stations
- Expand rural logistics and rural e-commerce through the Internet



In 2019, with continued improvement in its economic structure, China's economic development demonstrated a progressing yet steady momentum. By further implementing the principles of "consolidation, enhancement, upgrade and smoothening" and further promoting the reform regarding "addressing overcapacity, destocking, deleveraging, lowering corporate costs, and improving weak links", the Chinese government enhanced the vibrancy of micro-entities and removed the barriers for key elements, thereby facilitating the market's mechanism of driving out the sub-standard players and retaining the quality enterprises. Under the aforesaid measures, China's industrial structure was further optimized. The Chinese government also stepped up efforts to reduce taxes and

fees for enterprises and broaden financing channels, such efforts included tax financial return, inclusive tax relief for small and micro enterprises, comprehensive implementation of VAT reform, additional special deductions for tax, etc. Hi-tech manufacturing played a bigger role, while service sector was on a steady rise in the economy. Modern service industries saw satisfactory growth, with a steady increase in sales. Online sales growth continued to accelerate both in terms of absolute values and proportion. Investment growth as a whole was stable but hi-tech industries' investment was at faster paces. Trading structure was improved. Consumer prices rose slightly whereas producer prices were primarily stable. In particular, rural residents' purchasing power gained impetus, and became an engine for domestic



demand expansion and stable anticipated growth. While its operation was generally stable and steadily expanding, the consumer market's structure continued to optimize and kept on evolving with innovative models generated. The consumption sector's role as an underlying pillar in economic growth was further consolidated. Meanwhile, Sino-U.S. trade negotiations progressed in twists and turns, and our domestic economy steadily improved in structural adjustment.

In 2019, investment in transportation fixed assets remained at a high level for the country. The passenger transport structure continued to optimize. The freight volume increased relatively faster. The port cargo throughput grew steadily. The urban public passenger transportation maintained its growth. Comfortable, convenient and fast travel service segment for travelers continued to expand, of which rail services and civil aviation grew more rapidly. With the popularization of big data, artificial intelligence, mobile internet and the new generation of information technology, transportation development is undergoing farreaching changes. Convenient, efficient and comfortable transportation, including high-speed rail, civil aviation, expressways, and urban rail transit, has been further prioritized for travel and logistics among other alternatives. Road transportation services also face new challenges.

As the end of year 2020 is the forthcoming deadline for the Chinese government to bring the nationals in the country a moderately prosperous society and achieve the targets of "13th Five-Year" Development Plan, we shall adhere to the new development concepts, strictly adopt the supply-side structural reform as our dominant approach, and nurture our economy under the reform and opening up backdrop, so as to win the three major tough battles, do a good job of for "stability in six areas", and comprehensively promote stable growth, continuous reform, structure adjustment, better livelihood, risk prevention, and stability in the country. At the same time, the Chinese government insists stability is the top priority of the development. While having a firm idea in macro-approach, we ought to be flexible in micro-measures and make no compromise in helping the poor in the community. Under this policy framework, those macro-controls shall be forward-looking, targeted and effective as well as problem-oriented, goal-oriented, results-oriented, exerting more efforts in the deepening of the supply-side structural reform.

Stepping into 2020, the Group is making a sprint for the finish line of the "13th Five-Year Plan Strategic Development Plan". The outbreak of novel coronavirus pneumonia in China in the beginning of 2020 will have a significant impact on the Group's business. The Group will continue to accelerate paces of corporate transformation and upgrade, consolidate the foundation for the transformation, and do its best to move towards the new venture of high-quality development.

Based on the major strategic background of the development of Guangdong, Hong Kong and Macao Bay Area and the vision of "Building National Strength in Transportation", the Company is working on the establishment of a new Bay Area travel service ecosystem which is innovative and consumer-oriented for Guangdong, Hong Kong and Macao Bay Area. In order to focus on building an operation model for Yueyun Transport with many merits in transportation and service for transportation infrastructure in Bay Area, the Group takes several measures: firstly, focuses on restructuring its main business structure and integration of resources to consolidate its core business; secondly, works hard to reduce costs for rendering transportation services to enhance operation efficiency of its core business; thirdly, vigorously plays the roles of coordination, monitoring, planning and early

warning for comprehensive budget management; fourthly, revitalizes and utilizes various idle resources and enhances the commercial value of station concourse areas; fifthly, comprehensively promotes energy business, convenience store retail and service zones to accelerate the construction of high-quality service zone industrial ecological platforms; sixthly, strengthens communication with securities regulatory agencies and strives to complete the issuance of A shares within the year.

Major investments and key business developments of the Group in 2020 are as follows:

Since late January 2020, prevention and control measures have been taken nationwide in the PRC in response to the COVID-19 epidemic. The Guangdong Provincial Government initiated level-1 response and carried out travel restrictions and control, which has relatively significant impact on the Group's travel service business. As a result of the epidemic, the main operation of the Group such as road transportation, passenger station and urban bus service had to be reduced or curtailed based on changes in customer source. As the primary reason for the decrease in business volume was the government's control and instructions against the epidemic to reduce travel as well as people's reducing travels to prevent infections, the Board expects that such factors shall vanish upon the end of the epidemic, and the travel needs will gradually recover.

In response to the epidemic, the Group regularly disinfected passenger stations, passenger vehicles and service zones, monitors the body temperature of all passengers entering or leaving the stations or service zones, provided preventive and protective guidelines and requirements in terms of office environment, staff dining and promotion of knowledge on epidemic prevention and control measures. In addition, the Group adopted measures such as vehicle reduction, frequency reduction and combining passengers according to actual travel needs, in order to minimize operation cost while ensuring smooth emergency transportation for epidemic prevention and satisfaction of the basic travel needs of the public.

The Board is of the opinion that the impact of COVID-19 epidemic is not long term but only staged and will not alter the travel service industry's development trends. Currently, the COVID-19 epidemic in Guangdong Province is under sound control, and the factories are resuming operation and production in an orderly fashion. As people's travel needs resume, it is expected that the Group's travel service businesses in Guangdong Province is will resume normal operation.

TRAVEL SERVICE SEGMENT

I. Road Passenger Transportation and Auxiliary Facilities

- (1) We continue to strengthen and optimize our core business, optimize and adjust road passenger transportation resources, innovate service product categories, and promote and improve the inter-city and inter-county route operating system by application of Yuexing platform.
- According to our judgement of the new industrial landscape based on our continuous study of policy changes in road transport from the perspective of the industry and a new passenger regulation to be issued, the future positioning of the Company's passenger transport business will be targeted in four areas: passenger transportation coach services, customized passenger services, online car-hailing services, and chartered coach services. With the future revision of the new passenger regulation, customized coach services will break the current "four limits" such as stop at stations only and realize point-to-point transportation services. We will strive to stabilize our expressway services and develop public transport and rural passenger transportation, while accelerating operation of road transportation through our online platforms, speeding up urban-rural integration, and promoting transportation in mega-scale. We will further implement structural arrangement within vehicles and quantitative indicators, such as seat density, will be adjust to relatively reasonable ranges, providing "large, medium and small" and "high, medium and low" vehicle models in operation.

- 3) We shall streamline the process of scientific selection of pick-up and drop-off points by onsite observation of target customers' traffic norms and choosing the prime locations along our routes. Adopting the supply-side reform approach, we adhere to the refined management thinking, and focus on various tasks of the "Service Quality Improvement Year" and increase spending in important areas in order to enhance customers' travel safety, convenience, cost-effectiveness, and comfort.
- Fully utilizing the results of our service quality survey, we take targeted service improvement measures. We assert our brand by paying attention to details, for instance, enforcement of dressing codes for unity and standardization of our staff's visual image and optimization of our vehicle VI's design (corporate image logo). For boosting of our number of passengers, we do everything possible, such as enhancement of aesthetic appeal of our station concourses, improvement of station order, and provision of high quality services. We strengthen customer service quality of WeChat Public Platform and summarize and analyze customer feedback for further improvement. We strengthen service-specific skill training to further improve service attitude and tactics of our frontline staff and management personnel. With implementation of multi-pronged measures and integrated strategies, the quality of our transportation services can truly satisfy our customers' travel needs.
- (5) With more customization to our target customers, we enhance our marketing capability of road passenger transportation business to specific groups, so that they will feel more comfortable when travelling on "Yueyun Express" and entering the "Yueyun Station Concourse" with better acknowledgement. It is more probable to create more revenuegenerating opportunities by providing customers with more value-added services.

- (6) Through the formation of internal membership system among businesses that cover transport tickets, resources, convenience stores, Wangshangfei (Guangdong Wangshangfei Logistics Technology Co., Ltd.), road rescue, etc., marketing initiatives taken by us can simultaneously involve various business segments and integrated marketing with external business units. In order to fully activate the online function of Nanyuetong and realize collaboration with Tencent and Donghua as soon as possible, we accelerate implementation of the "one ticket, one network, one center, one platform" information-based top-level design to facilitate the "Digital Transformation and Platform Operation" of the Company, especially, our road passenger transportation business. In such way, we can achieve standardization, intelligence and online function of business operations and management. We upgrade the calculation capability of "Yuexing (悦行)" platform and strengthen the intelligent process of our passenger transportation business, forging ahead to the realization of "Press and Travel (一鍵出行)". We have set up a passenger transportation vehicle management platform to strengthen data management and application.
- (7) The Group's traffic rescue business optimizes its resource allocation through analysis on the distribution of toll stations, rescue stations and rescued vehicles along expressways to allocate rescue resources scientifically. In particular, we focus on vehicle rescue service on expressways and extension of related services. With the help of information systems to analyze data such as the space, time and vehicle flow when accidents and incidents occurred, we can scientifically optimize the allocation of rescue resources, improve resource utilization and improve operating efficiency while maintaining smooth traffic flow on road sections.

II. Expressway Service Zone Operation

1. Energy Business

- (1) We are exerting more efforts in energy-driven development. We keep on expanding our energy network. The construction of more than 20 new self-operated oil stations in service zones such as Ketang, Qingyuan, and Jiangyao has been speeded up for their commencement of operation by the end of the 13th Five-Year Plan. By that time, we shall have 60 self-developed and self-operated oil stations and a network of self-operated oil stations along those expressways will be initially formed.
- (2) Continuing to rely on the rational distribution of resources, we keep strengthening the brand building of self-operated oil stations by improving the management capabilities specifically for chain-stores on aspects including design, planning, application for building permission, construction, certification, acceptance, operation, marketing, customer relationships, and service, so as to increase refueling volume of and income from every station. We shall also strengthen the centralized purchase management of refined oil for transportation units.
- (3) We shall further deepen the innovative development of the revenue model in energy business with business partners. We shall deepen our cooperation with Sinopec and PetroChina for the establishment of a new cooperation model of mutual benefit and actively promote in-depth cooperation with joint ventures in energy business such as oil stations and gas stations for rapid expansion of our oil station business.

- (4) We shall accelerate the improvement of our energy business structure by exploring upstream integration along the industry chain of refined oil products and tapping into the refined oil storage sector, gradually forming 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.
- (5) We shall continue to explore the development model for urban charging pile business and promote the external charging business in the form of cooperative construction of stations. Leveraging on publicly available charging service platforms, we expand our charging business and continue to improve the capability of our self-service charging stations and charging piles in serving the society.

2. Convenience stores retail business

- (1) We shall strengthen the "integrator" function of retail business and enhance its market-oriented competitiveness. "Yueyun Loyee" retail store network is being expanded further, with a strategic target of 60 new stores and over 600 service outlets. For stores at traffic hubs, they tend to be operating in the forms like supermarkets.
- (2) We shall continue to enrich the contents of "Big Retail" by comprehensively implementing the businesses of "Big Distribution" and "Group Buying by Major clients" in areas such as food courts in service zones and living areas of property owners, strengthening the synergies among the three major business segments of retailing, purchasing and sales, and distribution, expanding and strengthening the proprietary business of local specialties, and further exploiting the value of supply chain.

- (3) We shall accelerate enriching the product categories and optimizing the product mix, adjust the pricing structural system, and complete the accounting for operating revenue of each store and per capita value.
- (4) We shall actively promote the innovation and application of management models by further proceeding with the comprehensive implementation of the "Amoeba" operational management model in the business divisions. Through analysis and assessment of the existing operation model with focus on size, the retail business will be refined, reduced in size and strengthened to enhance the competitiveness of the retail business.

3. Merchant solicitation business

We shall seize the new opportunities of construction and development in the Greater Bay Area and actively support the cancellation of toll stations at provincial boundary to promote the development of the new "service zone + logistics" industry. Based on the planning of exclusive services provided by large trucks, implementation of logistics cooperation projects in service zones, such as Fengyang, with strategic cooperative partners for logistics industry development will be accelerated. The construction of specialty service zones in pilot areas featuring logistics function and focusing on the services of cargo transportation vehicles will be promoted. In the expressway service zones and on land sites at the entrance and exit areas, attempts to develop cloud warehouse or logistics network hub will be made to explore the extended function of "service zone + logistics + large trucks" and strive to achieve breakthrough progress and fruitful result in the new industry.

- Commercial operation will be promoted to enhance the business operating capabilities in service zones. The merchant solicitation management measures and flow process will be improved to create a merchant soliciting environment with excellent conditions and comprehensive functions. Management of merchant solicitation business will be improved and enhanced to activate idle shop resources, increase the utilization rate of commercial areas and further explore the potential value of new projects such as vehicle repairs. Connecting of merchant data systems in the service zones will be accelerated to establish a merchant solicitation data model to enhance the merchant solicitation capability of each zone and to digitize the merchant value exploitation capabilities.
- (3) The brand influence of commercial properties will be enhanced to realize a branding pool with more than 100 brands. Presence of branded shops in the service zones will be accelerated to optimize the types of brands and merchant categories in the service zones to enhance the overall positioning of the service zones.
- (4) Comprehensive development of the hub service zones will be implemented. Based on the upgrading and transformation experience of service zones, business upgrading and transformation in selected service zones will drive some projects to attract social capital for joint development and operational management to innovate the investment and business operation models for business transformation projects.

Continuous efforts are made to develop (5) the commercial complex in Dahuai service zone into a landmark property, an overall assessment on the operating standards of the complex will be made to create a new "service zone + tourism" example. The plan of differentiated development in the service zones will be implemented with focus on nine pairs of service zones along the Guangzhan route. Differentiated specialty positioning will merge with the industrial chain along the route to create a template route with an open form of service zone. Efforts are dedicated to build service zones with "local name plate" and service zones with regional characteristics. Smooth and safe traffic flow will be further enhanced, and utilization value of expressway toll stations at provincial boundary and lifestyle auxiliary facilities will be exploited. The achievements of "toilet revolution" are consolidated through normalization, sewage treatment and garbage sorting are also implemented.

4. Advertising media business

The layout of advertisements in the service zones are further improved. The messy forms of advertising in the service zones are regulated into proper size, standard format and under unified operation and management. The system of one advertisement one owner is implemented to attract cooperating customers with solid strength and experience in operation and management and to enhance the positioning and service standard of advertising in the service zones. Located along the expressways, the advertising resources in service zones and land transport will be further consolidated in a larger scale and developed at a faster pace by the Company with expanded size and innovative type of resources, a more completed "ecosystem" for transport and travel media will be created.

(2) By operating advertising properly on the body of public transport vehicles at the service zones and inside the vehicle compartments to optimize the advertising network, and actively seeking agency rights from customers in the local province to release advertising in other provinces, the cross-province agency sales of advertising resources are realized, which will bring more new opportunities for direct sales and marketing.

Xuan Zongmin Chairman

Guangzhou, PRC 20 March 2020

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)



The Group actively promoted the layout for travel service business and strived to integrate its operation into the development of the Guangdong-Hong Kong-Macao Greater Bay Area and the coordinated development and construction of Guangdong in the form of "one centre, one belt and one region (一核一帶一區)" by actively advancing the transformation and upgrade of travel service business. The Group insisted on meeting customer demands through innovation of its business mode of road passenger transportation and auxiliary services. The Group also advanced the development of its energy business, convenience stores business and merchant solicitation business, which provided new driving forces for continuous transformation and upgrading of our travel service business. The Group highly emphasized on capital operations and management, and accelerated the Company's return to the A-share market with an aim to become a "H+A" listed company. The Group strived to enhance the market value of a new business mode, in order to better leverage the capital markets in Mainland China and Hong Kong for higher quality, more efficient and more sustainable development.

The Group strived to optimize its travel service integrated platform. By actively reflecting the needs of the industry to the authorities and making rounds of communications on the Guides regarding Regulation on License to Passenger Transportation across provinces and municipals and Management of the Industry (《規範省市際客運許可和行 業管理的指導意見》), the Group achieved breakthrough in bottlenecks of policies that impose restrictions on the road transportation industry to a certain extent. By summarizing experience of successes and failures, the Group actively started its independent operating pilots by adjusting transportation capacities, adjusting routes and setting stations independently. Through these measures, the Group achieved the multi-use of one license that strengthened the flexibility of the transportation business, thereby supporting its plan of "going beyond the stations". By adjusting the internal organization and structure, cutting red tape in administration and reducing administrative costs, the Group achieved horizontal organization in the administration. The Group has been striving to achieve improvement and expansion, while providing the public with better travel services.



TRAVEL SERVICES SEGMENT

1. Road passenger transportation and auxiliary

As a leader in the road passenger transportation industry in the Guangdong province, the Group committed to improving user experience by proposing the Yueyun proposal of integrated travel services. The policy of "One County One Target (一縣一主體)" for consolidation of transportation resources was actively promoted. In 2019, Lufeng of Shanwei was included in the network, bringing the number of counties and towns under the policy of "One County One Target" to 12, including 2 in Yangjiang, 3 in Meizhou, 3 in Qingyuan, 3 in Shaoguan and 1 in Shanwei. The Group strengthened the foundation of its routes and enhanced the quality of the premium routes to secure loyal customers. The Group continued to push forward its strategic transfer by which integrated transportation services across urban and rural

areas have been expanded, product mix had been enriched and transportation across regions has been strengthened. "Big changed to small", "high, medium and low" and other measures have been adopted to optimize the structure of models of vehicles, and piloting adjustments to the structure of vehicle models or the diversity of the portfolio of vehicle models to enhance customers' experience. We were determined to eliminate excessive capacity and reduce inefficient supply and demand in a timely manner, suspend bus routes with significant decline in number of customers and no profit contribution. We enriched our product portfolio, strengthened operational advantages in regional passenger transportation network integration scale, vigorously promoted the development of online car-hailing, TC (Transportation Community) public transportation, charter coach, customized bus route, shuttle bus, inter-county routes, rural passenger integrated transport business. The Group developed attractive transportation and tourism products, actively

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

built the integrated Yueyun travel service platform, promoted customized passenger transportation and online car-hailing. Nine regional companies completed Nanyuetong (南粤通) standardization, switching of integrated station service system, implementation of station service cloud. Speeding up the construction of Yuexing platform and optimizing the travel modes, nine branches of Guangdong Yueyun Development Co., Ltd. obtained official approval for online carhailing operation from the local Ministry of Transport in Zhongshan, Heyuan, Shaoguan, Chaozhou, Zhaoging, Yangjiang, Meizhou, Qingyuan and Foshan, respectively. As of the end of December 2019, the Yuexing (悦行) platform inter-city car-pooling business commenced online operation in six cities; namely Yangjiang, Chaozhou, Zhongshan, Zhaoqing (Zhaoqing City, Sihui, Huaiji). Total of 19 routes were added, service order reached 103,400, serving 140,800 passengers. Among which online order reached 40,500, serving 59,500 passengers; offline order reached 62,900, serving 81,300 passengers. The Yuexing platform provided customized travel services, currently, 6 regional companies were online, namely Chaozhou, Meizhou, Heyuan, Shaoguan, Guangzhou and Qingyuan. Total of 39 routes were added, serving 27,000 passengers. The cumulative transaction amount of the Yuexing platform reached RMB557 million, representing a year-on-year increase of 9.20%. Number of online users accumulated to 5.581 million, representing a year-on-year increase of 22%. Leveraged on the existing user base, we materialized the sales of Passenger Personal Accident Insurance (乘 客人身意外傷害保險) and soft sell advertising (軟文推 送) to generate income.

The Group continued to promote the development of travel and transportation business. We entered into the Hxtrip (好行網) cooperation agreement with National Alliance of Tourist Distribution Centers (全國旅遊集散中心聯盟) at the beginning of the year, Hxtrip had been connected with the WeChat account of Yueyun Transportation, online travel and

transportation products of Yueyun Transportation were linked with Hxtrip. This year, Chaozhou ancient town was selected as the highlight tourism spot of the Company. We planned to turn travel and tourism business into a replicable business model, and boost the shuttle bus business, public transportation business and online car-hailing business with the travel and tourism business, by way of gathering scattered travelers by combining tourist gathering and distribution centers in different areas as well as the high-speed rail.

Through active participation in the construction of the integrated traffic and transportation network system in the Guangdong-Hong Kong-Macao Greater Bay Area, the well operation of Hong Kong-Zhuhai-Macao Bridge shuttle bus and the cross-border platform, we embraced the opportunities brought forward by the operation of Hong Kong-Zhuhai-Macao Bridge and establishment of Guangdong-Hong Kong-Macao Greater Bay Area. We fully played the role of "cross-border platform" in the areas of customized passenger transport lines, cross-border short-distance and charter coach and "cross-border transportation + domestic transportation" mode of transportation to facilitate quality development of the cross-border passenger transportation business, creating a new profit-making stream. In 2019, we expanded mileages through the traffic rescue business in the area of rescue services on expressway, with mileages of 5,588 kilometres, representing a yearon-year increase of 10.27%. "Yueyun Rescue" has gained greater advantages in terms of network and scale, with a year-on-year increase of 25.74% in the number of calls for rescue. Through informationization platform, standard management and optimizing the establishment of the stations, joint administration by road administration brigades and traffic police, the punctuality rate of onsite-rescue and clearance has been improving, which benefited us in enhancing our brand image and achieving improvement in economic and social benefits.

(all amounts are presented in RMB unless otherwise stated)

2. Expressway Service Zones Operation

(1) Energy Business

The Group highly valued the potential of "Yueyun Energy". We continued to reclaim gas stations for self-operation while expanding the network of energy business, in order to increase professional operation level of our energy business as well as brand influence. In 2019, the Group invested and operated 10 new gas stations in service zones of Duzhu, Nibi, Longsheng, Chengbei, Yingde and 3 renovated gas stations in Huanggang, Shunjing and Wengyuan. The Group fully enhanced gas station differentiation and streamlined management, promoted "demonstration stations" and established flagship stores. We carried out "6S" streamlined management in Dahuaiyou pilot gas station. Through various measures of "one station, one strategy", standard management and marketing events for members, the operating efficiency had been improving. We continued to implement the incentive and assessment plan for total tonnage at gas stations, which benefited us in enhancing marketing capabilities in the gas station market. By installing intelligent terminals which support various payment method such as face scan payment, WeChat and Alipay, changing of gas station management system, promoting successful implementation of network management system cloud, the Group realized integration of gas station and non-gas station systematic network management, resulting in significant improvement in operation efficiency. As of the end of 2019, the number of self-operated gas station of the Group accumulated to 38. The sales of fuel for the entire 2019 amounted to 143,839 tons, representing a year-on-year increase of 76.93%, of which, the fuel skid-mounted and distributed to passenger transportation companies of the Group amounted to 15,582 tons in total, representing a year-on-year increase of 2.12%. Gas station network under "Yueyun Energy" was gradually expanding, together with our share of gas stations along the Guangdong Provincial Expressway rapidly increasing, we were becoming more influential.

The Group steadily promoted the establishment of the network of charging business in accordance with the business plans of charging piles, prioritized construction of inter-city power charging facilities on national expressways within the Guangdong Province according to the requirements of "One Vertical, One Horizontal and Two Radial (一縱一橫兩輻射)" and as an auxiliary service in the service zones of expressways in the Pearl River Delta Region, and promoted the interconnection between urban charging stations and social charging platforms for increasing the utilization rate of urban charging piles. As of the end of 2019, the Group built 69 charging stations and 843 charging piles for passenger transportation terminals, 128 charging stations and 364 charging piles in service zones, providing external charging services. Our network coverage further expanded.

(2) Retail Business

"Yueyun Loyee" convenience stores fully utilized the advantages of closed commercial district of expressway service zones, steadily expanded scale of convenience stores with a focus on enhancing economic benefits. "Yueyun Loyee" convenience stores operated under various models such as "self-operated" and "franchised", as such, operation efficiency was improved. The "amoeba" mode of operating management was further implemented, by which the retail business was divided into units on the business boundaries of three major business centres, namely procurement and sales, delivery and retail, while internal rules and price will be determined for transactions and assessed value will be fixed through internal trading. This approach effectively enhanced overall competitiveness of our business. We continued to manage the relationships between Yuewah Link, PetroChina and BP PetroChina and safeguard our customer resources. While expanding new cooperative supply channels such as Sanfu, the Group actively expanded its procurement business.

(all amounts are presented in RMB unless otherwise stated)

Reformation and innovation of retail management provided strong support for enhancing the development of our retrial business. We opened 576 convenience stores in 2019, representing a year-on-year increase of 54 stores. Provincial retail chain operation network had been established. Meanwhile, we accelerated research and development of "Yueyun Loyee" products, including self- bottled water, ice-cream and souvenirs of our mascot "Liuliuti (六六蹄)". We continued to expand the scale of "Yueyun Loyee" convenience stores and explore source of income, enhance retail business management and accelerate materialization of our strategic retail business targets.

(3) Merchant Solicitation Business

Leverage on the benefiting resources of GCGC, the Group further expanded its service zone network. As of the end of 2019, the Company owned 330 service zones with operating right. and 293 operated service zones, representing a year-on-year increase of 10 service zones. For platform network scale, the Group invested greater efforts in exploring its underlying potential and increased corporate value. The strategic planning of differentiated positioning of nine pairs of service zones along the Guangzhan route (廣湛線) was completed, providing clear direction for positive competition and customized development. We completed the drafting of "Proposal on Inventory Check of Service Zones across Guangdong Province and Future Planning and Research" (《全省 服務區資源盤點、未來對策與研究的方案》). The Group also early completed the planning of 2020 opening project, contract fall due, inventory check on idle stores and merchant solicitation. We prepared the proposal on expressway toll station provincial boundaries and provision of auxiliary facilities, and established service zones designated for goods vehicles. The Group attached great importance to social responsibilities. While promoting the implementation of categorization of wastes, the Group further secured the results of "Toilet Revolution", and built new garbage station in service zones, to promote overall image. We expanded the quality brand base, with brand inventory reaching 90 brands.

Commercial operating abilities of service zones were constantly upgraded, leading to continuous increment in platform value. Commercial upgrade and transformation of five pair of service zones in Yayao, Fucheng, Xincheng, Minzhong and Doumen was completed, and featured service zones accommodated to the local conditions was built. Dahuai project was promoted and advanced. We created new culture, commercial and travel experiences in expressways, connected the infused development of expressway service zone and local economy.

(4) Advertising Business

In order to achieve our strategic goal of becoming a "transportation omni-media supplier (交通出行全媒體供應商)", the Group has vigorously developed direct marketing to expand its scope of business through "adjusting the structure and changing the approaches (調結構、轉方式)"; optimized its distribution channels to enhance the quality and efficiency of its business; upgraded its brand image of "Expressway Media" through design and planning to expand the reputation of the Group in the industry; and arranged sales plans in a flexible manner to reduce the vacancy of resources. As of the end of 2019, there were 583 units of resources in aggregate.

(all amounts are presented in RMB unless otherwise stated)

With our innovative business line being explored as part of our comprehensive strategic plan, the Group would be able to assist Guangdong Union Electronic Service Company Limited with its initial comprehensive strategic plan for the ETC promotion project, integrate and expand the advertising resources for the Group's internal use, in particular Qingyuan public transportation, to jointly developed the expressway advertising business and municipal transportation advertising business for the first time, and implement the business incentive mechanism which is tailored based on customer needs to enhance the effectiveness of advertising marketing.

3 Operation of Taiping Interchange

In 2019, the total traffic volume at Taiping Interchange was approximately 32,305,100 vehicles, and the daily average traffic volume was approximately 88,500 vehicles, representing a year-on-year decrease of approximately 27.3%. With the combined effect of the opening of both Nansha Bridge and Dongguan-Panyu Expressway Phase I (莞番高速一期), traffic control of trucks and coaches with over 40 seats, and the closure of eastbound section of Tai Chung Kiu Road for maintenance, the toll revenue decreased by approximately 36.9% year-on-year.

MATERIAL LOGISTICS SEGMENT

We steadily performed the completion of material supply inventory business subject to controllable risks.

FINANCIAL REVIEW

(DATA OF 2018 RESTATED)

THE GROUP'S ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

For the year ended 31 December 2019, operating income of the Group amounted to RMB6,657,213,000 (2018: RMB6,531,848,000), representing a year-on-year increase of RMB125,365,000 or 2%; gross profit amounted to RMB1,053,217,000 (2018: RMB1,158,079,000), representing a year-on-year decrease of RMB104,862,000 or 9%.

For the year ended 31 December 2019, the Group realized net profit of RMB365,084,000 (2018: RMB349,793,000), representing a year-on-year increase of RMB15,291,000 or 4%; net profit attributable to shareholders (the "**Shareholders**") of the Company was 304,970,000 (2018: RMB300,021,000), representing a year-on-year increase of RMB4,949,000 or 2%; basic earnings per share was RMB0.38 (2018: RMB0.38 per share), which was the same as 2018.

The year-on-year change in the aforesaid operation results for 2019 was mainly due to: 1. the expansion of business in service zones, and the integration of resources in road passenger transportation and auxiliary business, resulting in a year-on-year increase in operation results; and 2. business operation of Taiping Interchange assets being affected by the traffic diversion to Nansha Bridge and Dongguan-Panyu Expressway Phase I and restriction of large trucks and other factors, and the spin-off of materials logistics business, resulting in a year-on-year decrease in the related operation results.

In accordance with the requirements under the CAS No.21 – Lease (Revised) (the "new lease standard") issued by the Ministry of Finance in 2018, the Group has applied the new lease standard since 1 January 2019, the related accounting policies were adjusted and comparative financial statement data has been restated. In light of the adjustment made according to the new lease standard, the net profit of the Group for 2018 was reduced by RMB18,630,000, the year-end shareholders' equity of the Group for 2018 was reduced by RMB148,475,000 and the year-end total assets of the Group for 2018 increased by RMB1,590,338,000. Particulars of changes on relevant standards are set out in pages 167 to 169 in this annual report.

(all amounts are presented in RMB unless otherwise stated)

SEGMENT INFORMATION

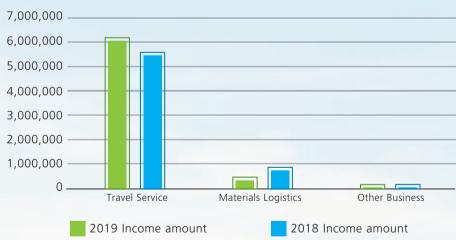
OPERATING INCOME

Operating income of the Group for 2019 was mainly derived from the business segment of travel service. Operating income of the Group for 2019 amounted to RMB6,657,213,000 (2018: RMB6,531,848,000), representing a year-on-year increase of RMB125,365,000 or 2%.

Operating income by business segments:

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	RMB' 000	Percentage	RMB' 000 (Restated)	Percentage
Travel Service	6,177,880	92.80%	5,588,025	85.55%
Materials Logistics	472,365	7.10%	936,921	14.34%
Other Businesses	6,968	0.10%	6,902	0.11%
Total	6,657,213	100.00%	6,531,848	100.00%





(all amounts are presented in RMB unless otherwise stated)

1. Travel Service

Travel service segment is a key source of the Group's operating income, the operating income for 2019 amounted to RMB6,177,880,000 (2018: RMB5,588,025,000), representing an increase of RMB589,855,000 or 11% compared to 2018, and accounting for approximately 92.80% (2018: 85.55%) of the Group's total operating income, of which:

- (1) The road passenger transportation and auxiliary recorded an operating income of RMB3,787,138,000 in 2019 (2018: RMB3,657,880,000), representing a year-onyear increase of RMB129,258,000 or 4%.
- (2) The operating business of expressway service zones recorded an operating income of RMB2,252,909,000 in 2019 (2018: RMB1,710,126,000), representing a year-on-year increase of RMB542,783,000 or 32%, which was mainly attributable to the year-on-year increase in the scale of self-operated gas stations and service zones.
 - a) The energy business generated operating income of RMB1,282,503,000 in 2019 (2018: 911,496,000), representing a year-on-year increase of RMB371,007,000 or 41%, which was mainly due to the increase in size and sales volume of self-operated gas stations.
 - b) The retail business generated an operating income of RMB529,385,000 in 2019 (2018: RMB453,453,000), representing a year-on-year increase of RMB75,932,000 or 17%, which was mainly due to the optimization of products and operation mode in Loyee convenience stores.

- c) The merchant solicitation business generated an operating income of RMB312,396,000 in 2019 (2018: RMB245,732,000), representing a year-on-year increase of RMB66,664,000 or 27%, which was mainly due to the increase in the size of service zones and the improvement in the value of merchant solicitation on the platform through differentiation strategies.
- d) The advertising business generated an operating income of RMB128,625,000 in 2019 (2018: RMB99,445,000), representing a year-on-year increase of RMB29,180,000 or 29%, which was mainly due to the year-on-year increase in income derived from advertising post resources.
- (3) The operation of Taiping Interchange generated an operating income of approximately RMB137,833,000 in 2019 (2018: RMB220,019,000), representing a year-on-year decrease of RMB82,186,000 or 37%, which was mainly due to the traffic diversion to Nansha Bridge and Dongguan-Panyu Expressway Phase I and restriction of large trucks.

2. Material Logistics

Material logistics segment generated an operating income of RMB472,365,000 in 2019 (2018: RMB936,921,000), representing a decrease of RMB464,556,000 or 50% as compared to 2018, accounting for approximately 7.10% of the Group's total operating income (2018: 14.34%). The decrease in operating income was mainly because Group will cease to be engaged in the material logistics business and therefore the business volume decrease.

(all amounts are presented in RMB unless otherwise stated)

GROSS PROFIT

The gross profit of the Group for 2019 was RMB1,053,217,000 (2018: RMB1,158,079,000), representing a year-on-year decrease of RMB104,862,000 or 9%, with a gross profit margin of 16% (2018: 18%).

Gross profit by business segments:

	For the year ended 31 December 2019		For the year ended 31 December 2018	
	RMB' 000	Percentage	RMB' 000 (Restated)	Percentage
Travel Services Material Logistics Other Businesses	1,038,117 14,340 760	98.57% 1.36% 0.07%	1,107,086 51,367 (374)	95.60% 4.43% (0.03%)
Total	1,053,217	100.00%	1,158,079	100.00%



(all amounts are presented in RMB unless otherwise stated)

1. Travel Service

The travel services segment recorded gross profit of RMB1,038,117,000 in 2019 (2018: RMB1,107,086,000), representing a decrease of RMB68,969,000 or 6% as compared to 2018, the gross profit margin was 17% (2018: 20%), of which:

- Road passenger transportation and auxiliary (1) generated gross profit of RMB495,666,000 in 2019 (2018: RMB574,166,000), representing a year-on-year decrease of RMB78,501,000, or 14%, with a gross profit margin of 13% (2018: 16%). The decrease in gross profit and gross profit margin was mainly due to 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 operating income was RMB220,478,000 (2018: RMB199,789,000) 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 RMB64,310,000 (2018: RMB46,780,000) were both accounted as "other Income". After the restoration of subsidies, the gross profit for the year was RMB780,454,000 (2018: RMB820,735,000) and the corresponding gross profit margin was 21% (2018: 22%).
- (2) The business of expressway service zones recorded a gross profit of RMB436,929,000 in 2019 (2018: RMB348,626,000), representing a year-on-year increase of RMB88,303,000 or 25%, and the gross profit margin was 19% (2018: 20%). The change in gross profit was mainly due to the increase in income and gross profit as a result of service zones expansion and the change in the operation model of the energy business.

- a) The gross profit for the energy business in 2019 was RMB172,858,000 (2018: RMB133,877,000), representing a year-on-year increase of RMB38,981,000 or 29%, with a gross profit margin of 13% (2018: 15%), which was mainly due to the increase in size and sales volume of self-operating energy business.
- b) The retail business generated a gross profit of RMB83,819,000 in 2019 (2018: RMB83,357,000), representing a year-on-year increase of RMB462,000 or 1%. The gross profit margin was 16% (2018: 18%). The year-on-year decrease in gross profit margin was due to the fact that integrated benefits were not fully released given significant investment in the induction period of new convenience stores.
- c) The merchant solicitation business generated a gross profit of RMB112,033,000 in 2019 (2018: RMB80,593,000), representing a year-on-year increase of RMB31,440,000 or 39%, which was mainly due to a year-on-year increase in income from merchant solicitation. Gross profit margin was 36% (2018: 33%). The year-on-year increase in gross profit margin was mainly due to a year-on-year increase in income from merchant solicitation and the increase in cost of merchant solicitation business was under control as a result of scale economy.
- d) The advertising business generated a gross profit of RMB68,219,000 in 2019 (2018: RMB50,799,000), representing a year-on-year increase of RMB17,420,000 or 34%, which was mainly due to a year-on-year increase in income. The gross profit margin was 53% (2018: 51%).

(all amounts are presented in RMB unless otherwise stated)

(3) The operation of Taiping Interchange generated a gross profit of approximately RMB105,522,000 in 2019 (2018: RMB184,294,000), representing a year-on-year decrease of RMB78,772,000 or 43%, which was mainly due to a year-on-year decrease in operating income. The gross profit margin was 77% (2018: 84%). The decrease in gross profit margin was mainly due to a year-on-year decrease in operating income.

2. Materials Logistics

The materials logistics segment generated a gross profit of RMB14,340,000 in 2019 (2018: RMB51,367,000), representing a decrease of RMB37,027,000 or 72% compared to 2018, the gross profit margin was 3% (2018: 5%). The year-on-year decrease in gross profit was mainly due to the decrease in business volume.

TAX AND SURCHARGES

The amount of tax and surcharges in 2019 was RMB42,499,000 (2018: RMB48,984,000), representing a year-on-year decrease of RMB6,485,000 or 13%.

SELLING EXPENSES

In 2019, the Group incurred total selling expenses of RMB71,771,000 (2018: RMB65,408,000), representing a year-on-year increase of RMB6,363,000 or 10%, which was mainly due to the expansion of the service areas business in the period.

ADMINISTRATIVE AND R&D EXPENSES

In 2019, the Group incurred administrative and research and development expenses of RMB685,918,000 in total (2018: RMB721,467,000), representing a year-on-year decrease of RMB35,549,000 or 5%.

FINANCE EXPENSES

Finance expenses incurred in 2019 amounted to RMB186,943,000 (2018: RMB155,682,000), representing a year-on-year increase of RMB31,261,000 or 20%, which was mainly due to the increase in interest-bearing liabilities.

OTHER INCOME

Other income in 2019 amounted to RMB340,581,000 (2018: RMB265,362,000), representing a year-on-year increase of RMB75,219,000 or 28%, which was mainly due to the increase in government subsidies as compared to last year.

INVESTMENT INCOME

Investment income in 2019 amounted to RMB58,774,000 (2018: RMB34,774,000), representing a year-on-year increase of RMB24,000,000 or 69%, which was mainly attributable to the year-on-year increase in the net profit for 2019 from 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 Group, and Guangdong Zhong Yue Tong Oil Products Operation Company Limited (廣東中粵通油品經營有限公司), a joint venture of the Company.

CREDIT IMPAIRMENT (REVERSAL)/ LOSSES

Credit impairment losses in 2019 was RMB12,931,000 (2018: credit impairment reversal of RMB17,600,000), representing a year-on-year net increase of RMB30,531,000 or 173% in credit impairment losses, which was mainly because the Group has significant reversal of credit impairment losses resulted from the receipt of current receivables with credit impairment losses in previous year.

(all amounts are presented in RMB unless otherwise stated)

IMPAIRMENT LOSSES OF ASSETS

Impairment losses of assets in 2019 was RMB4,598,000 (2018: RMB5,952,000), representing a year-on-year decrease of RMB1,354,000 or 23%, which was mainly due to the year-on-year decrease in impairment losses of fixed assets by the Group.

GAINS ON DISPOSAL OF ASSETS

Gains on disposal of assets in 2019 amounted to RMB40,510,000 (2018: RMB15,215,000), representing a year-on-year increase of RMB25,295,000 or 166%, which was mainly impacted by the year-on-year increase in disposal of fixed assets for the period.

NON-OPERATING INCOME AND EXPENDITURE

The net amount of non-operating income and expenditure in 2019 incurred a net income of RMB8,888,000 (2018: net income of RMB3,077,000), representing a year-on-year increase in net income of RMB5,811,000 or 189%, which was mainly due to a year-on-year increase of non-recurring government subsidies.

LIQUIDITY AND CAPITAL STRUCTURE

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards 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 fully leveraged on the favorable interest rate environment of the bond market to optimize its financial structure and lower overall financial costs through comparatively low-cost financial 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 2019, the balance of available bank facilities of the Group amounted to RMB1,962,719,000 and net cash inflow from operations at the end of the period amounted to RMB1,491,858,000, which provided sufficient protection for the Group's operating loans, ensuring repayment of principal and interest without risk of default.

(all amounts are presented in RMB unless otherwise stated)

Items	31 December 2019	31 December 2018
	RMB'000	RMB' 000 (Restated)
Borrowings	2,668,511	2,031,029
Less: Cash and cash equivalents	1,163,481	1,137,624
Net debt	1,505,030	893,405
Total liabilities	7,608,084	7,006,458
Total equity attributable to shareholders	3,486,922	3,506,488
Total equity	4,991,952	4,399,893
Total assets	11,095,005	10,512,947
Gearing ratio	30.15%	20.31%
Asset to liability ratio	68.57%	66.65%

Note:

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total equity attributable to shareholders

Asset to liability ratio = Total liabilities/Total assets

CASH FLOWS

During 2019, 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 long-term borrowings with low interest rates. Cash and cash equivalents during 2019 (after excluding the effect of exchange rate movement) were as follows:

	For the year ended 31 December		
Cash generated from/(used in)	2019	2018	Change
	RMB' 000	RMB' 000	RMB' 000
		(Restated)	
Operating activities	1,491,858	695,835	796,023
Investing activities	(1,473,560)	(1,261,044)	(212,516)
Financing activities	3,934	(205,343)	209,277

OPERATING ACTIVITIES

The Group's net cash inflow from operating activities amounted to RMB1,491,858,000 during 2019 (2018: net cash inflow of RMB695,835,000), representing a year-on-year increase of net cash inflow of RMB796,023,000, which was mainly attributable to the increase in income derived from travel services and government subsidies.

(all amounts are presented in RMB unless otherwise stated)

INVESTING ACTIVITIES

The net cash outflow from investing activities during 2019 was RMB1,473,560,000 (2018: net cash outflow of RMB1,261,044,000), representing a year-on-year increase in net cash outflow of RMB212,516,000, which was mainly attributable to a year-on-year increase in expenditures of RMB185,708,000 for the acquisition and construction of service zones and self-operated gas stations and the acquisition and replacement of new energy electric vehicles.

FINANCING ACTIVITIES

The net cash inflow from financing activities during 2019 was RMB3,934,000 (2018: net cash outflow of RMB205,343,000), representing a year-on-year increase of RMB209,277,000 in net cash inflow, which was mainly due to a year-on-year increase in interest-bearing liabilities.

BORROWINGS

As of 31 December 2019, outstanding borrowings of the Group amounted to RMB2,668,511,000 (31 December 2018: RMB2,031,029,000), comprising (i) unsecured short-term loans of RMB109,900,000 (31 December 2018: RMB80,000,000); (ii) secured short-term loans of RMB93,174,000 (31 December 2018: RMB29,800,000); (iii) pledged short-term loans of RMB18,000,000 (31 December 2018: nil); (iv) unsecured long-term loans of RMB873.283.000 (31 December 2018: RMB693.237.000): (v) secured long-term loans of RMB548,368,000 (31 December 2018: RMB277,322,000); (vi) finance leases payable (lease liabilities): RMB288,290,000 (31 December 2018: RMB214,330,000); and (vii) bonds payable of RMB737,496,000 (31 December 2018: RMB736,340,000). As of 31 December 2019, 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 40%.

SIGNIFICANT INVESTMENTS HELD

There were no significant investments held by the Group during the year ended 31 December 2019.

MAJOR ACQUISITIONS AND ESTABLISHMENT OF NEW COMPANY

For the year ended 31 December 2019, the Group acquired two new companies, Chaozhou City Yueyun Motor Transportation Co., Ltd.* (潮州市粵運汽車運輸有限公司) and Zhuhai City Gongyun Bus Station Company Limited* (珠海市拱運汽車客運站有限公司). The Group had total investments of RMB175,397,000 in the new companies.

* For identification purpose only.

(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 2019:

Name of property	Address	Usage	Types of lease
Hong Kong Plaza	Unit 13-14, 24/F and Unit 8-12, 31/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong	Operating lease	Short-term (within 10 years)
Zijin Old Station – Main Building, Clock Tower, Office of Canteen	No. 99, Jinshan Boulevard Central, Zijin County, the PRC	Operating lease	Short-term (within 10 years)
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 2019, fixed assets at the net value of approximately RMB403,898,000 (31 December 2018: RMB232,177,000) and land use rights at the net value of RMB243,701,000 (31 December 2018: RMB172,322,000) of the Group were pledged as security for borrowings. None of investment properties of the Group were used as collaterals for bank borrowings (31 December 2018: RMB21,607,000). Transportation vehicles at the value of approximately RMB272,391,000 (31 December 2018: RMB180,657,000) 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 2019, 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.

(all amounts are presented in RMB unless otherwise stated)

CONTINGENT LIABILITIES

As of 31 December 2019, the Group had no contingent liabilities.

POTENTIAL RISK EXPOSURE

The Group is a leading integrated transportation and logistics service provider in Guangdong Province, the scope of business includes various business segments, including road passenger transportation and auxiliary services, operation of service zones, energy business, convenience store business, automobile service business, small parcel express delivery business and Taiping Interchange asset operation, 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, 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 collectively by a variety of factors such as international market oil prices and austerity policies on fuel prices adopted by countries, certain uncertainties exist in the future price trend. If the prices of fuel 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 and clean energy vehicles will expand, 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.

(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 are expanded to enhance protective ability and control economic losses arising from safety incidents effectively.

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

The 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, at the upper and lower reaches of the Pearl River in the future, 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 the 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 the Taiping Interchange change, the traffic of the 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. The outbreak of the novel coronavirus pneumonia during the Spring Festival in 2020 reduced the travelers' willingness to travel, and caused the adjustment and suspension of some inter-provincial and inter-city passenger shuttles and city buses, which will have a certain negative impact on the Company's business in 2020.

SIGNIFICANT INVESTMENT PLANS IN 2020

For significant investment and business development plans in 2020, 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-organized financing and bank loans.

FIVE-YEAR FINANCIAL SUMMARY

(Amounts are presented in RMB' 000)

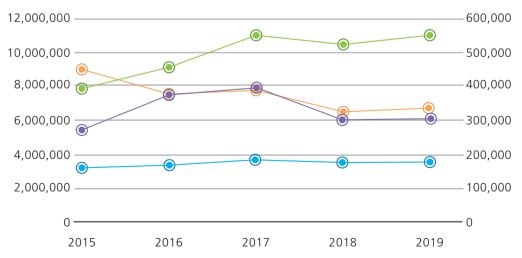
For the year ended 31 December	2019	2018 (restated)	2017 (restated)	2016 (restated)	2015 (restated)
Operating income	6,657,213	6,531,848	7,806,180	7,628,557	8,990,740
Total profit	497,308	496,613	690,479	659,015	531,816
Income tax expenses	132,224	146,820	182,576	162,967	164,817
Net profit	365,084	349,793	507,903	496,048	366,999
Net profit attributable to shareholders of the parent company	304,970	300,021	396,492	375,219	271,042
Profit and loss attributable to minority interests	60,114	49,772	111,411	120,829	95,957

ASSETS AND LIABILITIES

As at 31 December	2019	2018 (restated)	2017 (restated)	2016 (restated)	2015 (restated)
Total assets	11,095,005	10,512,947	11,035,933	9,220,608	7,941,181
Total liabilities	7,608,084	7,006,458	7,389,881	5,856,078	4,796,980
Net assets	3,486,921	3,506,489	3,646,052	3,364,530	3,144,201

5 Years Financial Summary

(Amount stated in RMB' 000)





As at the date of this report, the Company has 11 directors and 7 supervisors as well as a group of senior management personnel. 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 5 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Xuan Zongmin (禤宗民), aged 59, 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.

Mr. Tang Yinghai (湯英海), aged 51, 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 redesignated 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 the accountant 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.

Mr. Yao Hanxiong (姚漢雄), aged 54, 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 路工程建設集團有限公司). 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. Wen Wu (文忤), aged 49, is a member of Party Committee, an executive Director and chief accountant of the Company, as well as an executive director of the Communicatons and Accounting Society of Guangdong (廣 東交通會計學會). Mr. Wen has worked for the Company since April 2015. Amongst his other major working experiences, he successively served as the technician of Guangdong Food Industry Corporation (廣東省食品工業總 公司), the accountant of finance and audit department and deputy department director of Guangdong Communication Enterprise Investment Company Limited (廣東交通實業投 資有限公司) (concurrently served as chief accountant of Guangdong Yang-Mao Expressway Company Limited (廣 東陽茂高速公路有限公司)) as well as the director of the finance management department, secretary of board of directors, employee director and vice chief accountant of Guangdong Communication Enterprise Investment Company Limited. Mr. Wen graduated from Jinan University (暨南 大學) with a bachelor degree of science in food chemistry and a master degree of business administration respectively and possesses the professional qualifications of a senior accountant and economist.

Mr. Zhang Xian (張弦), aged 55, an executive Director of the Company. Main positions previsiously 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 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.

NON-EXECUTIVE DIRECTORS

Mr. Chen Min (陳敏), aged 56, 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 建設集團有限公司); director, deputy general manager, chief economist and general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東 晶通公路工程建設集團有限公司). 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.

Mr. Chen Chuxuan (陳楚宣), aged 52, 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 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 Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限公司); the chief accountant of the third branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長 大公路工程有限公司); the chief accountant of Guangdong Guanyue Highway & Bridge Company Limited (廣東冠粤 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. 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 59, 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 57, 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 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 Third Board, stock code: 831813), 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 Third Board, stock code: 835362).

Ms. Wen Huiying (溫惠英), aged 54, 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 57, 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 45, 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 (-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) and Guangdong Gong Bei Bus Transportation Co. Ltd. (廣東省拱 北汽車運輸有限責任公司).

Mr. Wang Qingwei (王慶偉), aged 46, 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 Gong Bei Bus Transportation Co. Ltd.

Mr. Dong Yihua (董毅華), aged 62, 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 46, 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 severed as the director of Zhanjiang Wanjili 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 48, is a Supervisor and a deputy manager at the supervision 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.

Ms. Li Xiangrong (李向榮), aged 48, is a Supervisor of the Company, Vice Chief Economist and a deputy manager at the Company's supervision 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 Ginde 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 51, 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 (廣東悦運酒 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. Rao Fengsheng (饒鋒生), aged 56, is the current vice secretary of the party committee of the Company. Mr. Rao served as a Supervisor representing the staff of the Company from June 2007 to May 2013, the manager of the human resources department of the Company from February 2003 to September 2006, the deputy secretary of the party committee and the secretary of the discipline inspection committee and the chairman of the labor union of the Company from September 2006 to January 2013. His

other major working experiences include, among others, working in the bridge research centre, technology office, the party committee and office of Guangdong Provincial Transportation Science Research Institute (廣東省交通科 研所) as the deputy office director, and as the deputy manager of the administration department, the manager of the human resources department, the deputy director and a secretary of the branch of party of the Guangzhou office of Xin Yue Company Limited. Mr. Rao is a senior economist and qualified senior political commissar. He graduated from the Guangdong Social Science University with a college diploma in corporate management and from Beijing Institute of Technology (北京理工大學) with a bachelor degree. He obtained a bachelor's degree in laws from Beijing Institute of Technology and a master degree in Executive Master of Business Administration (EMBA) from South China University of Technology.

Ms. Cao Zhiying (曹植英), aged 49, is a member of the party committee, secretary of the committee for discipline inspection and chairman of the labour union 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 labour union chairman of the Humen Ergiao 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.

Mr. Du Zhuocai (杜卓才), aged 58, 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 49, 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. (河源市粤運汽 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. (廣東悦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), the deputy director of the board of Guangdong Chain-Store & Franchise Association (廣東省連鎖經營協會) 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 Wanneng (劉萬能), aged 51, is a member of the party committee of the Company and deputy secretary

of the party committee, director and general manager of Guangdong Top-E. He is also the chairman of the board of Guangdong Zhongyou Top-E Energy Trading Company Limited (廣東中油通驛能源銷售有限公司, a joint venture of the Company), a member of the Third Standing Committee of the China Highway and Transportation Society (Service Zone Working Committee)(中國公路學會服務工作區工作 委員會) and a member of the First Standing Committee of the China Highway and Transportation Society (Tourism and Traffic Working Committee)(中國公路學會旅遊交 通工作委員會). Other major work experience of Mr. Liu includes, among others, serving as office director, vice chairman of the labour union and secretary of the party branch of Xuansuogiao Branch and office director of the Xinhui-Taishan Highway turnkey project department of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限公司), deputy office director of Guangdong Guanghui Highway Company Limited (廣東廣惠高速公路有限公司) and director of Huizhou Office, leader of the road administration brigade and secretary of the party branch of Guangdong Guanghui Highway Company Limited, and head of the investment and development department and head of investment and operation department of Guangdong Gong Bei Bus Transportation Company Limited (廣東省拱北汽車運輸 有限責任公司). Mr. Liu graduated from Party School of the Central Committee of CPC Correspondence Institute majoring in politics and law. He has the professional qualifications as a political engineer.

Mr. Zhang Dongsheng (張東升), aged 58, is a member of the party committee of the Company and deputy secretary of the party committee of Guangdong Top-E. Other main working experiences of Mr. Zhang include, among others, serving successively as a technician and assistant in the People's Liberation Army Navy Guangzhou Base Logistics Department, vice division personnel, deputy clerk director, clerk director and division head in Southern Ind.& Trading General Corp., deputy manager in related industry department of Guangdong Xinyue Communications Investment Company Limited, deputy general manager, deputy secretary of the party general branch, the chairman of labor union, the deputy secretary of the party committee, the secretary of the discipline inspection committee and the chairman of labor union of Guangdong Top-E. Mr. Zhang obtained a bachelor degree of naval engineering from the Naval University of Engineering, PLA. Mr. Zhang possesses the professional qualification as a senior economist.

Mr. Liu Zhiquan (劉志全), aged 54, is the secretary of the Board of the Company, the director and general manager of Yueyun Transportation (HK) Company Limited (粤運 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).

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 2019.

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 eleven Directors, including five executive Directors, two non-executive Directors and four independent non-executive Directors. The members are as follows:

Chairman: Mr. Xuan Zongmin

Executive Directors: Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Wen Wu and Mr. Zhang Xian

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 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.

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 2019 and has recognized the independency of each of the independent non-executive Directors.

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.

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 2019, the Company held a total of 17 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 2019, the Company held four general meetings.

The table below sets forth the details of attendance at Board meetings and general meetings of the Directors in the year 2019

	Board meetings attended/to be attended	General meetings attended/to be attended
Executive Directors		
Mr. Xuan Zongmin (Chairman)	17/17	4/4
Mr. Tang Yinghai	17/17	1/4
Mr. Yao Hanxiong	17/17	1/4
Mr. Wen Wu	17/17	2/4
Mr. Zhang Xian (Appointed as Director on 22 July 2019)	10/10	1/4
Non-executive Directors		
Mr. Guo Junfa (Resigned as Director effective from 22 July 2019)	7/7	0/4
Mr. Li Bin (Resigned as Director effective from 17 June 2019)	5/5	0/4
Mr. Chen Min (Note)	12/13	0/4
Mr. Chen Chuxuan (Appointed as Director on 17 June 2019) (Note)	8/8	0/4
Independent Non-executive Directors		
Mr. Jin Wenzhou	17/17	0/4
Ms. Lu Zhenghua	17/17	0/4
Ms. Wen Huiying	17/17	0/4
Mr. Zhan Xiaotong	17/17	0/4

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 2019, 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 26 August 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 resolutions on the following matters: (a) the Equity Transfer Agreement entered into between the Company and Guangzhou Yueyun Investment Management Company Limited to acquire the 100% equity interest in Chaozhou City Yueyun Motor Transportation Co., Ltd. held by Guangzhou Yueyun Investment Management Company Limited; (b) the Equity Transfer Agreement entered into between the Company and Guangdong Province Gongbei Vehicles Transportation Company Limited to acquire the 100% equity interest in Zhuhai City Gongyun Bus Station Company Limited held by Guangdong Province Gongbei Vehicles Transportation Company Limited; and (c) the Third Supplemental Non-competition Agreement entrered into between the Company and GCGC. For details, please refer to the announcement dated 26 August 2019 of the Company.
- (2) In the extraordinary board meeting held on 27 September 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 of renewal of existing continuing connected transactions by entering into the First Right of Operation Agreement, the Materials Purchase Agreement and the Rescue Services Agreement and the proposed annual cap for each of the years ending 31 December 2022 relating to the transactions contemplated under these Agreements. For details, please refer to the announcement dated 27 September 2019 of the Company.
- (3) In the extraordinary board meeting held on 20 November 2019, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for approving resolutions on the following matters: (a) the termination agreement entered into between the Company and Yueyun Investment Management to terminate the Entrusted Management by Chaozhou Yueyun Motor Transportation Co., Ltd. before its expiry; (b) the termination agreement entered into between the Company and GCGC to terminate the Entrusted Management by Kee Kwan Motor Road Company Limited and Guangdong Province Gongbei Vehicles Transportation Company Limited before its expiry; and (c) approval of the connected transaction with Zhuhai City Gongyun Bus Station Company Limited. For details, please refer to the announcement dated 22 November 2019 of the Compnay.
- (4) In the extraordinary board meeting held on 12 December 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 transferring the 100% equity interest in Yang Jiang City Yueyun Langri Property Development from Guangdong Yueyun Langri Co., Ltd. to Guangzhou Yueyun Investment Management Company Limited. For details, please refer to the announcement dated 12 December 2019 of the Company.
- (5) In the extraordinary board meeting held on 23 December 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 renewal of continuing connected transactions by entering into the Tai Ping Interchange Repair Services Master Agreement and the Information Systems Services Master Agreement and the proposed annual cap for each of the years ending 31 December 2022 relating to the transactions contemplated under these Agreements. For details, please refer to the announcement dated 23 December 2019 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 2019. 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 2019.

5. DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In order to ensure that the Directors have the comprehensive information, knowledge and skills required to perform the duties of directors, 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	\checkmark	
Mr. Tang Yinghai	\checkmark	
Mr. Yao Hanxiong	\checkmark	
Mr. Wen Wu	\checkmark	
Mr. Zhang Xian	\checkmark	\checkmark
Mr. Guo Junfa (Resigned as Director effective from 22 July 2019)	\checkmark	
Mr. Li Bin (Resigned as Director effective from 17 June 2019)	\checkmark	
Mr. Chen Min	\checkmark	
Mr. Chen Chuxuan	\checkmark	\checkmark
Mr. Jin Wenzhou	\checkmark	
Ms. Lu Zhenghua	\checkmark	
Ms. Wen Huiying	\checkmark	
Mr. Zhan Xiaotong	\checkmark	

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 2019, 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 2019 and recommended their adoption by the Board.

In the year of 2019, 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.

The Audit and Corporate Governance Committee held two meetings during the year ended 31 December 2019 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 2019 are set out below:

	Meetings attended/to be attended	Attendance rate
Ms. Lu Zhenghua (Chairman)	2/2	100%
Mr. Li Bin (Resigned on 17 June 2019)	1/1	100%
Mr. Jin Wenzhou	2/2	100%
Mr. Chen Chuxuan (Appointed on 17 June 2019)	1/1	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 2019 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 2019, 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 2019 with an attendance rate of 100%. The Remuneration Committee proposed recommendations on the Company's remuneration policy for 2019 and assessed the performance of the executive Directors.

The Remuneration Committee members' attendance records of the Remuneration Committee's meetings for the year ended 31 December 2019 are set out below:

	Meetings attended/to be attended	Attendance rate
Mr. Zhan Xiaotong (Chairman)	2/2	100%
Mr. Li Bin (Resigned on 17 June 2019)	2/2	100%
Ms. Lu Zhenghua	2/2	100%
Mr. Chen Chuxuan (Appointed on 17 June 2019)	N/A	N/A

(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 2019, 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 three meetings during the year ended 31 December 2019 with an attendance rate of 100%. During the year ended 31 December 2019, the Nomination Committee (i) reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) considered and recommended to the Board the proposal regarding the proposed nomination of candidates for directors of the Seventh Session of the Board on the proposed appointment of Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong and Mr. Wen Wu as executive Directors; Mr. Chen Min, Mr. Guo Junfa and Mr. Chen Chuxuan as non-executive Directors; Mr. Jin Wenzhou, Ms. Lu Zhenghua, Mr. Zhan Xiaotong and Ms. Wen Huiying as independent non-executive Directors; and the approval of the proposed re-appointment of Mr. Xuan Zongmin, the executive Director, as the Chairman of the Seventh Session of the Board of the Company. The term of such offices shall expire upon the expiration of the term of the Seventh Session of the Board; the proposed appointment of Mr. Tang Yinghai, the executive Director, as the General Manager of the Company, which has been approved by the Chairman of the Seventh Session of the Board and submitted to the Seventh Session of the Board for approval of the re-appointment. The term of such office shall expire upon the expiration of the Seventh Session of the Board; (iii) considered and recommended to the Board the nomination of Mr. Chen Chuxuan as a member of the Audit and Corporate Governance Committee and the Remuneration Committee; (iv) considered and recommended to the Board the nomination of Mr. Zhang Xian as the new director of the Company and (v) assessed the independence of independent non-executive Directors.

The Nomination Committee members' attendance records of the Nomination Committee's meetings for the year ended 31 December 2019 are set out below:

	Meetings attended/to be attended	Attendance rate
Mr. Xuan Zongmin (Chairman)	3/3	100%
Mr. Zhan Xiaotong	3/3	100%
Ms. Lu Zhenghua	3/3	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. The Strategy Committee held one meeting during the year ended 31 December 2019 with an attendance rate of 100%.

(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 2019, 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 2019, 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 2019, the Supervisory Committee held two meetings 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 2019 amounted to RMB8,750,000 (tax included), of which RMB8,250,000 was audit service fees, and RMB500,000 was non-audit service fees (being the interim review 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 2019 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 gualification 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.

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 2018 ANNUAL GENERAL MEETING HELD ON 17 JUNE 2019

On 17 June 2019, the Company held the 2018 Annual General Meeting to consider and approve eight ordinary resolutions including the Directors' Report, the Supervisors' Report, the Auditor's Report and audited financial statements for the year ended 31 December 2018, the payment of a final dividend of 2018, election and appointment of members of the board of directors, election and appointment of members of the supervisory committee, appointment of KPMG Huazhen LLP as the auditor of the Company 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 22 July 2019, 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 and one ordinary resolution, 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; (3) election of Mr. Zhang Xian as an executive Director of the Company. 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. 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 20 November 2019, the Company held the extraordinary general meeting to consider and approve three ordinary resolutions, including the resolutions on equity transfer agreements and the transactions contemplated thereunder, and the resolution to approve, confirm and ratify the third supplemental non-competition agreement. 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 30 December 2019, the Company held the extraordinary general meeting to consider and approve one ordinary resolution, including but not limited to: (1) the Proposed Annual Caps relating to the transactions contemplated under the individual agreements entered into by the Group and members of the GCGC Group pursuant to the first right of operation agreement entered into between the Company and GCGC on 15 September 2005 for each of the three years ending 31 December 2020, 2021 and 2022. 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 2019 ANNUAL GENERAL MEETING WILL BE HELD ON 17 JUNE 2020

The Company's annual general meeting (the "2019 AGM") will be held on 17 June 2020. Notice of the 2019 AGM will be dispatched together with the 2019 annual report. Notice of the 2019 AGM, the proxy form and reply slip will be published on the websites of the Company and the Stock Exchange. The voting results of the proposed resolutions will be announced on the websites of the Company and the Stock Exchange immediately after the 2019 AGM is held. All Shareholders are encouraged to attend the 2019 AGM and exercise their rights to vote.

The register of members of the Company will be closed in order to determine the qualification of Shareholders to attend and vote at the 2019 AGM. The details are as follows (all dates and time are Hong Kong time):

To determine the qualification of Shareholders to attend and vote at the 2019 AGM:

Deadline for lodging transfer documents for registration Closure of register of members Record date 4:30 p.m. on Friday, 15 May 2020 Monday, 18 May 2020 to Wednesday, 17 June 2020 Wednesday, 17 June 2020

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 2019 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.

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 2018 and 30 June 2019, respectively, at two meetings of the Audit and Corporate Governance Committee held in 2019, 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 2019, 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.

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 2019, 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 127 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.

The Board presents the Directors' Report for the year ended 31 December 2019 together with the audited financial statements of the Group for the year ended 31 December 2019.

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 2019 are set out in the consolidated income statement. The financial highlights of the Group for the year ended 31 December 2019 are set out on pages 15 to 16 in this annual report, and the results and financial position for the year ended 31 December 2019 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 112 to 134 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 2019 as well as the last five financial years are set out on page 49 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 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 is proceeding with the relevant work on the issuance and listing of A Shares, pursuant to the relevant requirements of the China Securities Regulatory Commission (CSRC), taking into consideration of factors such as corporate development and interest of shareholders, the Board recommends the Company not to make any profit distribution to shareholders for the year 2019. Therefore, the Board will not recommend the distribution of any dividends for the year ended 31 December 2019. In order to safeguard the reasonable investment return of shareholders, a sustainable and stable profit distribution policy shall be adopted. The Company will consider an interim profit distribution for 2020 depending on the progress of listing of A Shares and the actual operating conditions.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2019, the Group's total purchases attributable to the Group's five largest suppliers were 52%, and the Group's aggregate sales attributable to the Group's five largest customers were 14%.

For the year ended 31 December 2019, the purchases attributable to the largest supplier of the Group represented 15% of the total purchases of the Group.

For the year ended 31 December 2019, the sales attributable to the largest customer of the Group represented 5% of the total sales of the Group.

In 2019, 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 2019 and details of the distributable reserves of the Company as at 31 December 2019 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.

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 2019 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 "taking talents as orientation, enabling talents to shine and achieving talents' dreams", the Company strives to provide every employee with a favourable 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 establishes 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 pursuant to 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 increase 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 optimize our management system, reform and upgrade our technologies, with a view to lower the emissions of exhaust gas and greenhouse gases generated from operation through proper emission controls and continuous updating of technologies. Adhering to the concept of minimizing the damage to external environment and the impact on society, the Company endeavors 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 "2019 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 also engaged in material logistics business and other 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 2019. 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 2019, 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 AND SUPERVISORS

The Directors who were under current term of office during the year ended 31 December 2019 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	N/A
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	N/A
Mr. Zhang Xian	22 July 2019	N/A
Non-executive Directors		
Mr. Li Bin	18 December 2012	17 June 2019
Mr. Chen Min	7 June 2016	N/A
Mr. Guo Junfa (appointed as executive Director on 18 December 2012, and re-designated as non-executive Director on 17 June 2019)	18 December 2012	22 July 2019
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 2019 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 50 to 57 in this annual report.

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

As at 31 December 2019, 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	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%

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2019 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 2019. Pursuant to B.1.5 of the CG Code, the range of remuneration of the members of the senior management (including the executive Directors) for the year ended 31 December 2019 is set out below:

Range of Remuneration (RMB)	Number of persons
Below 300,000	3
300,000 to 500,000	6
500,000 to 700,000	8

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

As at 31 December 2019, 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 2019.

PERMITTED INDEMNITY PROVISIONS

In 2019, 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 2019 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

(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 Group. 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 Group pursuant to the First Right of Operation Agreement at the extraordinary general meeting held on 8 December 2016.

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.

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.

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.

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.

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.

Continuing Connected Transactions

2016.

(b) On 27 September 2005, the Company and GCGC entered into a material logistics service master agreement (the "Material Logistics Service Master Agreement"), pursuant to which the Group provides material logistics service to GCGC Group, with a term of three years. Subject to the relevant requirements of the Listing Rules, the Material Logistics Service 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 Logistics Service 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

Annual Caps of Transaction Amount

The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB1,989,140,000, RMB2,136,040,000 and RMB877,600,000, respectively.

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.

(c) On 27 September 2005, the Company and GCGC entered into a material purchase master agreement (the "Material Purchase Master Agreement"), pursuant to which the Group purchases construction materials from members of GCGC Group pursuant to the execution agreements under the Material Purchase Master Agreement, with a term of three years. 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.

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.

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.

Continuing Connected Transactions

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.

Annual Caps of Transaction Amount

For the year ended 31 December 2020, the annual cap of transactions was RMB97,000,000.

Please refer to the announcement dated 27 September 2019 of the Company for details.

(d) 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.

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 each of the years ended 31 December 2016, 2017 and 2018.

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.

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.

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 each of the years ending 31 December 2019, 2020 and 2021.

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.

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

Continuing Connected Transactions

Annual Caps

(e) 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. The annual caps of transactions for the years ended 31 December 2016 and 2017 were RMB7,120,000 and RMB13,800,000, respectively.

Please refer to the announcement dated 13 September 2016 of the Company for details.

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.

The annual cap of transactions for the year ended 31 December 2017 was RMB34,110,000.

Please refer to the announcement dated 10 October 2017 of the Company for details.

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.

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.

Please refer to the announcement dated 27 December 2017 of the Company for details.

Continuing Connected Transactions

(f) 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.

Annual Caps

The annual caps of transactions for the years ended 31 December 2015, 2016 and 2017 were RMB4,700,000.

Please refer to the announcement dated 30 December 2014 of the Company for details.

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.

The annual caps for the years ended 31 December 2018, 2019 and 2020 were RMB4,800,000.

Please refer to the announcement dated 27 December 2017 of the Company for details.

Continuing Connected Transactions

Annual Caps

(g) 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 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 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.

(h) 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.

Continuing Connected Transactions

(i) 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 Group 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.

Annual Caps

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.

Please refer to the announcement dated 31 October 2016 of the Company for details.

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.

The annual caps of transactions for the years ended 31 December 2020, 2021 and 2022 are RMB34,600,000, RMB24,600,000 and RMB14,600,000.

Please refer to the announcement dated 23 December 2019 of the Company for details.

Continuing Connected Transactions

(j) 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 Group 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.

Annual Caps

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.

Please refer to the announcement dated 31 October 2016 of the Company for details.

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.

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.

Please refer to the announcement dated 27 September 2019 of the Company for details.

Continuing Connected Transactions

(k) 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 Group 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.

Annual Caps

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.

Please refer to the announcement dated 31 October 2016 of the Company for details.

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.

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.

Please refer to the announcement dated 23 December 2019 of the Company for details.

Continuing Connected Transactions

(|) On 27 September 2005, the Company and GCGC entered into a transportation intelligence services and other auxiliary services master agreement (the "Transportation Intelligence Services and Other Auxiliary Services Master Agreement"), pursuant to which the Group provides transportation intelligence services and other auxiliary services to members of the GCGC Group pursuant to the execution agreements under the Transportation Intelligence Services and Other Auxiliary Services 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 is given by either party to the other party at least three months prior to the expiry of such initial term. The Group ceased to operate transportation intelligence services since 2013, but operates other auxiliary services. On 31 October 2016, the parties to the Transportation Intelligence Services and Other Auxiliary Services 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.

Annual Caps

The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB12,719,000, RMB12,089,000 and RMB12,117,000, respectively.

Please refer to the announcement dated 31 October 2016 of the Company for details.

(m) On 31 October 2016, the Company (as lessee) and Yueyun Investment Management (as lessor) entered into a leasing agreement in respect of the lease of the 8th floor of Yueyun Building for use as restaurant premises and the lease of the 17th, 18th, 19th, 21st, 23rd, 24th, 25th, 26th and 27th floors of Yueyun Building for use as office premises for a term commencing on 1 January 2017 and ending on 31 December 2019.

The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB5,144,158.

Please refer to the announcement dated 31 October 2016 of the Company for details.

Continuing Connected Transactions

On 31 October 2016, Highway Media (as lessee) and Yueyun Investment Management (as lessor) entered into a lease agreement in respect of the leasing of premises of units A1, B, C, D and E of 5th floor and units A, B, C, D, E, F and G of 6th floor of Yueyun Building for use as office premises for a term commencing on 1 January 2017 and ending on 31 December 2019.

Annual Caps

The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB1,267,533, RMB1,390,348 and RMB1,486,900, respectively.

Please refer to the announcement dated 31 October 2016 of the Company for details.

On 31 July 2017, the Company (as lessee) and Yueyun Investment Management (as lessor) entered into the Property Leasing Framework Agreement, pursuant to which the Group may lease the properties of Yueyun Investment Management or its subsidiaries. Following the signing of the Property Leasing Framework Agreement, the relevant transactions under the above leasing agreement and the new leasing agreement were also subject to the Property Leasing Framework Agreement and their respective annual caps of transactions were also included in the proposed annual caps under the Property Leasing Framework Agreement for an initial term of three years, commencing on 31 July 2017 and ending on 31 December 2019. The parties may renew the Property Leasing Framework Agreement for a further term of three years through friendly negotiations, subject to compliance with the relevant requirements of the Listing Rules and all other applicable laws and regulations.

The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB8,928,000, RMB10,896,000 and RMB11,324,000, respectively.

Please refer to the announcement dated 31 July 2017 of the Company for details.

Continuing Connected Transactions

On 27 December 2017, the Company and Yueyun Investment Management entered into the Supplemental Property Leasing Framework Agreement to amend certain terms of the Property Leasing Framework Agreement, pursuant to which, the property management fees and other relevant charges and expenses in relation to the properties leased by the Company or its subsidiaries under the Property Leasing Framework Agreement shall be payable to Yueyun Investment Management or its entrusted property management agencies, and the annual caps for the years ended 31 December 2018 and 2019 were amended.

Annual Caps

The annual caps of transactions for the years ended 31 December 2018 and 2019 were revised to RMB16,400,000 and RMB16,800,000, respectively.

Please refer to the announcement dated 27 December 2017 of the Company for details.

On 13 August 2018, the Company and Yueyun Investment Management entered into the Termination Agreement, pursuant to which the Company and Yueyun Investment Management agreed to terminate the existing Property Leasing Framework Agreement with effect from 13 August 2018 and both parties ceased to have any rights and obligations under the existing Property Leasing Framework Agreement.

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.

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.

Please refer to the announcement dated 13 August 2018 of the Company for details.

Continuing Connected Transactions

Annual Caps

(n) On 31 October 2016, the Company (as supplier) and Yueyun Investment Management (as purchaser) entered into a product supply framework agreement in relation to the supply of convenience store merchandise for a term commencing on 1 January 2017 and ending on 31 December 2019. The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB4,256,000, RMB4,970,000 and RMB6,470,000, respectively.

Please refer to the announcement dated 31 October2016 of the Company for details.

(o) 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.

The annual caps of transactions for the years ended 31 December 2016, 2017 and 2018 were RMB7,662,000.

Please refer to the announcement dated 11 December 2015 of the Company for details.

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.

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.

Please refer to the announcement dated 11 August 2017 of the Company for details.

Continuing Connected Transactions

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.

Annual Caps

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.

Please refer to the announcement dated 29 May 2018 of the Company for details.

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.

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.

Please refer to the announcement dated 31 August 2018 of the Company for details.

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.

Please refer to the announcement dated 22 November 2019 of the Company for details.

Continuing Connected Transactions

(p) On 31 October 2016, Guangdong Yunxing Property Management Company Limited ("Yunxing Property Management", a subsidiary of the Company) (as appointee) and Yueyun Investment Management (as appointor) entered into a property management entrustment framework agreement (the "Property Management Entrustment Framework Agreement"), pursuant to which Yunxing Property Management was engaged by Yueyun Investment Management for the provision of property management services in respect of Yueyun Building and other relevant properties for a term commencing on 1 January 2017 and ending on 31 December 2019.

Annual Caps

The annual caps of transactions for the years ended 31 December 2017, 2018 and 2019 were RMB11,198,000, RMB11,698,000 and RMB12,198,000, respectively.

Please refer to the announcement dated 31 October 2016 of the Company for details.

On 29 September 2017, Yunxing Property Management and Yueyun Investment Management entered into a termination agreement to the Property Management Entrustment Framework Agreement, pursuant to which Yunxing Property Management and Yueyun Investment Management agreed to terminate the Property Management Entrustment Framework Agreement with effect from 1 October 2017 and both parties ceased to have any rights and obligations under the Property Management Entrustment Framework Agreement.

Please refer to the announcement dated 29 September 2017 of the Company for details.

Continuing Connected Transactions

ending on 31 December 2020.

(q) 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 skidmounted 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

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,

Annual Caps

respectively.

Please refer to the announcement dated 27 December 2017 of the Company for details.

(r) 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. 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.

Please refer to the announcement dated 31 August 2018 of the Company for details.

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.

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.

Please refer to the announcement dated 31 August 2018 of the Company for details.

Continuing Connected Transactions

Annual Caps

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.

Please refer to the announcement dated 22 November 2019 of the Company for details.

(s) On 28 December 2018, the Company (as appointee) and Guangdong Litong Properties Investment Company Limited ("GD Litong") (as appointor) entered into the Shenzhen Yueyun Investment Development Company ("Shenzhen Yueyun") Entrusted Management Agreement, pursuant to which GD Litong shall entrust its 80% equity interests in Shenzhen Yueyun and its business operations to the Company for a term from 1 January 2019 to 31 December 2019.

The annual cap for the transactions for the year ending 31 December 2019 is RMB3,526,700.

(t) 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.

Continuing Connected Transactions

Annual Caps

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.

- 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 (t) 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 2019.

	For the ye	
Transactions	Annual Cap (RMB'000)	Actual Amount for the year (RMB' 000)
Non-exempt continuing connected transactions approved by independent shareholders		
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	197,461	165,688
Provision of material logistics services to members of GCGC by the Group under the Material Logistics Service Master Agreement and the subsisting agreements	877,600	2,347
Purchase of construction materials from members of GCGC by the Group under the Material Purchase Master Agreement and the subsisting agreements	260,370	213,942
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	1,000,000	486,626
Discloseable continuing connected transactions exempt from independent shareholders' approval		
Provision of asphalt transportation services by Weisheng Logistics to South China Logistics Enterprise and its subsidiaries under the Asphalt Transportation Service Framework Agreement	12,000	-
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 RMB15,948,000)	10,633
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 RMB8,328,000)	6,753

	For the year ended 31 December 2018	
Transactions	Annual Cap (RMB' 000)	Actual Amount (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	30,560	735
Provision of rescue services to members of GCGC by the Group under the Rescue Services Entrustment Master Agreement	71,167	59,479
Provision of information system services to the Group by members of GCGC under the Information Systems Services Master Agreement	3,310	323
Provision of other services such as landscape and maintenance, as well as commission from oil stations in Humen Bridge by the Group to subsidiaries of GCGC and other connected parties	12,117	1,581
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	19,258	10,950
Supply of goods by the Group to Yueyun Investment Management and its subsidiaries under the Goods Supply Framework Agreement	6,470	-
Pursuant to the Entrusted Management Agreement, income derived from entrusted management service provided to Yueyun Investment Management for its equity interests in Chaozhou City Yueyun Vehicle Transportation Co., Ltd. ("Chaozhou Yueyun") and the business operations of such company by the Group (Note 1)	2,500	2,094
Pursuant to the Entrusted Management Agreement, income derived from entrusted management service provided to Guangdong Litong Properties Investment Company Limited for its equity interests in Shenzhen Yueyun Investment Development Company Limited and the business operations of such company by the Group	3,527	3,327
Pursuant to the Entrusted Management Agreement, income derived from entrusted management service provided to GCGC for its equity interests in Guangdong Gongbei Coach Transportation Co., Ltd. ("Gongbei Coach Transportation") and the business operations of such company by the Group (Note 1)	200	167
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	37,200	5,904
Pursuant to the Entrusted Management Agreement, income derived from entrusted management service provided to GCGC for its equity interests in Kee Kwan Motor Road Company Limited ("Kee Kwan Motor Road") and the business operations of such company by the Group (Note 1)	200	167

Note 1: Since 21 November 2019 when the Group obtained 100% equity interest in Chaozhou Yueyun and 100% equity interest in Zhuhai Gongyun Coach Terminal Co., Ltd., the Group and Yueyun Investment Management have terminated the entrusted management of Chaozhou Yueyun, and the Group and GCGC have also terminated the entrusted management of Kee Kwan Motor Road and Gongbei Coach Transportation. Service income derived from entrusted management for the year includes the income received for the entrusted management of equity interests and business operations prior to the combination of Chaozhou Yueyun and Zhuhai Gongyun during the period from January 2019 to November 2019.

- 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 2019.
- 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 2019, one-off connected transactions of the Group which are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules are as follows:

(a) On 26 August 2019, the Company entered into the Chaozhou Yueyun Equity Transfer Agreement with Yueyun Investment Management and Chaozhou Yueyun, pursuant to which the Company has agreed to acquire and Yueyun Investment Management has agreed to dispose of the Chaozhou Yueyun Equity Interest at a consideration of RMB103,789,700; (ii) the Company entered into the Zhuhai Gongyun Equity Transfer Agreement with Guangdong Gongbei Vehicles Transportation and Zhuhai Gongyun, pursuant to which the Company has agreed to acquire and Guangdong Gongbei Vehicles Transportation has agreed to dispose of the Zhuhai Gongyun Equity Interest at a consideration of RMB71,607,400; and (iii) GCGC and the Company entered into the Third Supplemental Non-competition Agreement to further amend the 2005 Non-competition Agreement by revising the scope of the Excluded Businesses. These matters were approved by the Independent Shareholders at the EGM held on 20 November 2019.

Please refer to the announcement dated 26 August 2019 and 20 November 2019 and the circular dated 4 October 2019 of the Company for details.

(b) On 20 November 2019, (i) 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 completion of the industrial and commercial registration procedures in respect of the transfer of 100% of the equity interest in Chaozhou Yueyun, and the parties shall no longer have any rights and obligations under the Chaozhou Yueyun Entrusted Management Agreement; (ii) 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 completion of the industrial and commercial registration procedures in respect of the transfer of 100% of the equity interest in Zhuhai Gongyun, and the parties shall no longer have any rights and obligations under the Kee Kwan Motor Road Entrusted Management Agreement; and (iii) The Company, GCGC and Gongbei Transportation entered into a termination agreement to terminate the Gongbei Transportation Entrusted Management Agreement with effect from the completion of the industrial and commercial registration procedures in respect of the transfer of 100% of the equity interest in Zhuhai Gongyun, and the parties shall no longer have any rights and obligations under the Gongbei Transportation Entrusted Management Agreement.

Please refer to the announcement dated 22 November 2019 of the Company for details.

(c) On 12 December 2019, Guangdong Yueyun Langri (a non-wholly owned subsidiary of the Company), and Yueyun Investment Management (a wholly-owned subsidiary of GCGC), entered into the Equity Transfer Agreement, pursuant to which the Company has agreed to dispose of, and Yueyun Investment Management has agreed to acquire, 100% of the equity interest in the Target Company, following completion of the public tender on Guangdong United Assets and Equity Exchange.

Please refer to the announcement dated 12 December 2019 of the Company for details.

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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2019, the Group had 24,703 employees (31 December 2018: 23,803 (restated)) and the staff costs (including remuneration of Directors) of the Group was RMB2,073,000,000 (2018: RMB1,957,000,000 (restated)) for the year ended 31 December 2019.

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. In 2019, we organized a total of 557 trainings (454 internal trainings and 103 external trainings) and development activities with approximately 21,600 person-time participated in, with a training participation rate of 100% for management staff. The trainings are conducted in various forms, covering autonomous internal trainings, external trainings, send-out trainings (including lectures. forums and open courses), group expansion and field trips outside the province.

In respect of legal training, in 2019, according to the specific conditions of business development, the legal affairs department of the Company organized trainings on special topics for the Group on identification and management of legal risk to enhance the awareness of risk prevention among management staff at all levels and further improve the risk management capabilities of management staff at various levels with a view to establish a solid foundation for operation in compliance with laws and regulations as well as for the healthy and sustainable development of the Company.

In 2019, 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.

The Company launched safe operation training in 2019 with 274,000 person-time participated in (of which, 267,000 person-time for internal trainings and 4863 person-time for external trainings). Outstanding drivers were selected from general units to be trained as internal trainer of the Company based on the existing internal trainer team of the Company, which further expanded and optimized the safety production internal trainer team and enhanced the training of driving skill for drivers.

EMPLOYEE PENSION SCHEME

Details of the Company's employee pension scheme are set out in Note V 30 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 2019, 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 2019.

CORPORATE BONDS

Details of the bonds issued and payable by the Company are set out in Note V 28 to the financial statements prepared in accordance with the ASBE.

DONATIONS

Donations of RMB350,000 was made by the Group during the year ended 31 December 2019.

AUDITOR

On 17 June 2019, 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 will propose a resolution at the annual general meeting to be held on 17 June 2020 to appoint KPMG Huazhen LLP as the auditor of the Company.

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.

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

To the best knowledge of the Directors, as at 31 December 2019, 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	30,278,747	Investment manager	14.63	3.79
Shah Capital Management	H shares	18,025,000	Investment manager	8.70	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 70.86% 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 2019, 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 2019 is as follows:

Shareholder	Class of Shares	Number of Shares (Shares)	Percentage of Shareholding (%)
GCGC Public shareholders	Domestic shares H shares	592,847,800 207,000,000	74.12 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 2019 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 (唐山市税後軋鋼一廠), 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. At present, the case was in the process of waiting for a retrial at the District Court.

On behalf of the Board **Xuan Zongmin** *Chairman of the Board*

Guangzhou, the PRC 20 March 2020

SUPERVISORS' REPORT

Dear Shareholders:

In 2019, 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 2019, the Supervisory Committee of the Company had convened two meetings of the Supervisory Committee: the fifth meeting of the sixth session and the first meeting of the seventh session of the Supervisory Committee. The meetings were convened and held in compliance with the Company Law and the Articles of Association. The resolutions of the meetings were legal and valid.

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

- 1. considered and approved Annual Work Report of the Supervisory Committee for 2018;
- 2. considered and approved Work Plan of the Supervisory Committee for 2019;
- 3. considered and approved Supervision and Inspection Report of the Company for 2018;
- 4. upon election at the meeting, Mr. Hu Xianhua has been elected as the chairman of the seventh Supervisory Committee of Guangdong Yueyun Transportation Company Limited unanimously.

SUPERVISORS' REPORT

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

- 1. Annual Report 2018;
- 2. Final Accounts Report 2018 and Budget Report 2019;
- 3. Proposal on Appropriation of Profits 2018;
- 4. Proposal on Application for Integrated Bank Facilities;
- 5. Proposal on Appointment of Agent for Distribution of H shares dividends;
- 6. Proposal on Engagement of Accounting Firm;
- 7. Status on Completion of Investment 2018 and Investment Plan 2019;
- 8. Remuneration and Reward Plan 2018;
- 9. Internal Control Appraisal Report 2018;
- 10. Internal Audit Plan 2019;
- 11. Proposal on convening 2018 Annual General Meeting;
- 12. Prosposal on general election of the Supervisory Committee.

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

In 2019, 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 2019, 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.

Hu Xianhua

Chairman of the Supervisory Committee

Guangzhou, the PRC 20 March 2020

畢馬威華振審字第2001051號

The Shareholders of Guangdong Yueyun Transportation Company Limited:

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 2019, 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 2019, 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.

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.

畢馬威華振審字第2001051號

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.

Recoverability 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 2019, the Company and its subsidiaries' (the "Group") gross accounts receivable totalled RMB439.48 million, with loss allowance for accounts receivable of RMB56.74 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, customer specific 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, the historical default data, 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;
- 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; and
- Comparing, on a sample basis, cash receipts from debtors subsequently to the financial year relating to accounts receivable balances at 31 December 2019 with bank-in slips.

畢馬威華振審字第2001051號

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;

畢馬威華振審字第2001051號

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.

OTHER INFORMATION

The Company's management is responsible for the other information. The other information comprises all the information included in 2019 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.

畢馬威華振審字第2001051號

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.

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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

畢馬威華振審字第2001051號

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

- 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.
- 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.

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

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

Xu Min (Engagement Partner)

Liang Xinghua

20 March 2020

Beijing, China

CONSOLIDATED BALANCE SHEET

as at 31 December 2019 (Expressed in Renminbi Yuan)

	Note V	31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)
Assets				
Current Assets				
Cash at bank and on hand	1	1,180,551,897.43	1,166,510,088.33	1,921,872,160.11
Bills receivable	2	678,800.00	310,802.08	36,505,607.26
Accounts receivable	3	382,747,473.53	435,279,983.11	849,777,655.46
Prepayments	4	268,916,914.67	230,971,111.12	330,961,322.21
Other receivables	5	519,210,319.87	545,105,071.34	500,597,706.25
Inventories	6	95,699,288.59	108,049,261.90	190,728,645.72
Non-current assets due				
within one year	8	1,269,554.64	2,140,743.97	31,874,195.35
Other current assets	7	63,472,662.40	61,392,873.66	36,537,201.87
Total current assets		2,512,546,911.13	2,549,759,935.51	3,898,854,494.23
Non-current assets				
Long-term receivables	8	571,376.73	5,946,238.22	7,030,155.67
Long-term equity investments	9	428,963,608.71	405,629,011.27	334,720,913.35
Investments in other equity				
instruments	10	4,224,048.22	1,297,588.22	663,228.22
Investment properties	11	111,939,500.41	118,809,826.85	180,291,731.04
Fixed assets	12	3,888,448,732.01	3,013,691,207.31	2,796,370,773.89
Construction in progress	13	407,199,387.20	721,236,681.42	317,654,018.44
Right-of-use assets	59	1,917,778,638.89	1,922,203,775.87	1,699,508,742.71
Intangible assets	14	1,091,154,911.08	1,076,164,246.87	1,136,372,288.95
Goodwill	15	110,976,227.51	104,166,326.02	104,166,326.02
Long-term deferred expenses	16	150,002,433.13	103,803,964.35	59,227,822.29
Deferred tax assets	17	242,568,659.60	242,602,345.03	256,914,325.25
Other non-current assets	18	228,631,046.84	247,635,534.97	244,157,763.89
Total non-current assets		8,582,458,570.33	7,963,186,746.40	7,137,078,089.72
Total assets		11,095,005,481.46	10,512,946,681.91	11,035,932,583.95

CONSOLIDATED BALANCE SHEET

as at 31 December 2019 (Expressed in Renminbi Yuan)

	Note V	31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans	20	221,074,050.00	109,800,000.00	217,806,642.67
Bills payable	21	55,300,000.00	12,944,770.00	787,530,251.25
Accounts payable	22	812,491,280.36	828,691,259.00	881,715,594.41
Advances from customers	23	119,032,210.06	123,841,025.15	145,700,593.86
Contract liabilities	24	34,690,337.75	61,628,912.78	69,947,700.80
Employee benefits payable	25	193,727,085.96	180,248,246.14	198,162,728.88
Taxes payable	26	108,239,478.93	105,771,209.86	186,179,810.04
Other payables	27	817,774,971.08	874,894,857.24	826,603,897.47
Non-current liabilities due				
within one year	28	995,756,539.66	447,385,917.39	262,158,914.47
Total current liabilities		3,358,085,953.80	2,745,206,197.56	3,575,806,133.85
Non-current liabilities				
Long-term loans	29	976,588,520.21	782,413,109.46	577,109,470.23
Bonds payable	30	398,161,553.41	736,339,628.81	775,310,816.19
Lease liabilities	59	1,848,330,046.38	1,851,129,174.62	1,614,108,317.48
Long-term payables	31	210,148,675.76	122,002,047.38	49,460,356.10
Long-term employee benefits				
payable	32	188,698,759.30	199,550,539.18	217,027,310.50
Provisions	33	125,594.00	428,464.61	5,756,679.43
Deferred income	34	558,188,105.99	517,620,349.12	546,854,972.88
Deferred tax liabilities	17	69,756,482.71	51,768,940.47	28,447,231.25
Total non-current liabilities		4,249,997,737.76	4,261,252,253.65	3,814,075,154.06
Total liabilities		7,608,083,691.56	7,006,458,451.21	7,389,881,287.91

CONSOLIDATED BALANCE SHEET

as at 31 December 2019 (Expressed in Renminbi Yuan)

	Note V	31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital	35	799,847,800.00	799,847,800.00	799,847,800.00
Capital reserve	36	18,800,491.50	167,551,531.72	333,165,878.87
Other comprehensive income	37	(17,326,859.28)	(23,237,976.16)	(34,424,759.18)
Specific reserve	38	23,523,945.80	50,934,741.35	55,186,799.07
Surplus reserve	39	203,389,142.12	193,639,642.56	186,668,434.59
Retained earnings	40	1,291,081,241.71	1,174,583,143.55	1,111,847,057.62
Total equity attributable to				
shareholders of the Company		2,319,315,761.85	2,363,318,883.02	2,452,291,210.97
Non-controlling interests		1,167,606,028.05	1,143,169,347.68	1,193,760,085.07
Total shareholders' equity		3,486,921,789.90	3,506,488,230.70	3,646,051,296.04
Total liabilities and shareholders' equity		11,095,005,481.46	10,512,946,681.91	11,035,932,583.95

These financial statements were approved by the Board of Directors of the Company on 20 March 2020.

Xuan Zongmin	Wen Wu	Leng Xuelin	(Company Stamp)
Legal Representative	The person in charge	The head of the	
	of accounting affairs	accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

COMPANY BALANCE SHEET

as at 31 December 2019 (Expressed in Renminbi Yuan)

	Note V	31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)
Assets				
Current Assets				
Cash at bank and on hand	1	575,899,312.83	622,984,930.41	929,531,026.45
Accounts receivable	3	129,738,663.82	194,620,429.69	386,465,754.68
Prepayments	4	47,313,481.56	7,023,340.06	117,397,303.85
Other receivables	5	162,744,344.76	101,974,256.21	683,483,735.32
Inventories	6	260,508.51	301,983.43	14,650,695.09
Other current assets	7	9,123,326.08	-	-
Total current assets		925,079,637.56	926,904,939.80	2,131,528,515.39
Non-current assets				
Long-term receivables	8	50,600,000.00	_	-
Long-term equity investment	9	1,815,043,879.96	1,711,771,832.17	1,233,022,067.92
Investments in other equity				
instruments	10	1,377,412.45	1,377,412.45	777,412.45
Fixed assets	12	7,814,913.76	7,257,105.82	5,965,415.37
Construction in progress	13	4,564,848.41	2,708,095.26	_
Right-of-use assets	59	3,541,883.51	11,999,945.44	19,781,547.33
Intangible assets	14	90,789,482.87	108,509,941.71	114,803,847.21
Long-term deferred expenses	16	359,160.26	765,892.42	2,567,406.77
Deferred tax assets	17	139,584,776.84	143,104,474.93	149,703,969.79
Other non-current assets	18	90,000.00	199,600.00	-
Total non-current assets		2,113,766,358.06	1,987,694,300.20	1,526,621,666.84
Total assets		3,038,845,995.62	2,914,599,240.00	3,658,150,182.23

COMPANY BALANCE SHEET

as at 31 December 2019 (Expressed in Renminbi Yuan)

	Note V	31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans	20	95,000,000.00	40,000,000.00	_
Bills payable	21	55,300,000.00	-	473,950,000.00
Accounts payable	22	47,091,065.67	48,526,535.39	104,244,244.00
Advances from customers	23	-	-	-
Contract liabilities	24	16,356,988.35	28,770,335.75	16,031,962.28
Employee benefits payable	25	19,269,251.64	18,111,647.37	21,618,087.89
Taxes payable	26	6,806,365.51	13,558,047.95	31,058,166.09
Other payables	27	556,730,024.93	563,410,736.74	767,043,723.88
Non-current liabilities due				
within one year	28	343,528,312.33	8,285,468.07	7,843,764.53
Total current liabilities		1,140,082,008.43	720,662,771.27	1,421,789,948.67
Non-current liability				
Long-term loans	29	141,230,000.00	-	_
Bonds payable	30	398,161,553.41	736,339,628.81	775,310,816.19
Lease liabilities	59	1,746,694.61	1,940,778.90	10,226,246.98
Total non-current liability		541,138,248.02	738,280,407.71	785,537,063.17
Total liabilities		1,681,220,256.45	1,458,943,178.98	2,207,327,011.84

COMPANY BALANCE SHEET

as at 31 December 2019 (Expressed in Renminbi Yuan)

	Note V	31 December 2019	31 December 2018 (Restated)	1 January 2018 (Restated)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital	35	799,847,800.00	799,847,800.00	799,847,800.00
Capital reserve	36	128,513,590.23	210,546,645.59	246,020,107.11
Specific reserve	38	_	_	_
Surplus reserve	39	203,936,381.75	191,938,695.80	175,137,881.43
Retained earnings	40	225,327,967.19	253,322,919.63	229,817,381.85
Total shareholders' equity		1,357,625,739.17	1,455,656,061.02	1,450,823,170.39
Total liabilities and shareholders'				
equity		3,038,845,995.62	2,914,599,240.00	3,658,150,182.23

These financial statements were approved by the Board of Directors of the Company on 20 March 2020.

Xuan Zongmin	Wen Wu	Leng Xuelin	(Company Stamp)
Legal Representative	The person in charge	The head of the	
	of accounting affairs	accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note V	2019	2018 (Restated)
l.	Operating income	41	6,657,212,873.97	6,531,847,666.69
	Less: Operating costs	41	5,603,995,718.05	5,373,768,732.96
	Taxes and surcharges	42	42,498,678.75	48,984,213.14
	Selling and distribution expenses		71,771,373.26	65,408,089.49
	General and administrative expenses		685,918,453.64	720,918,861.25
	Research and development expenses		-	548,365.55
	Financial expenses	43	186,943,005.38	155,682,129.18
	Including: Interest expenses		90,634,964.61	69,980,795.29
	Interest income		19,440,663.32	24,449,826.48
	Add: Other income	44	340,580,679.07	265,361,942.79
	Investment income	45	58,773,905.84	34,774,027.17
	Including: Income from investments in			
	associates and joint ventures		42,131,154.78	32,883,988.00
	(Accrual)/reversal of credit losses	46	(12,930,983.96)	17,599,762.10
	Impairment losses	47	(4,598,350.36)	(5,952,236.89)
	Gains from asset disposals	48	40,509,776.19	15,214,700.45
II.	Operating profit		488,420,671.67	493,535,470.74
	Add: Non-operating income	49	29,090,919.67	18,905,242.89
	Less: Non-operating expenses	49	20,203,169.31	15,828,474.74
III.	Profit before income tax		497,308,422.03	496,612,238.89
	Less: Income tax expenses	50	132,224,719.23	146,819,615.66

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note V	2019	2018 (Restated)
IV.	Net profit for the year		365,083,702.80	349,792,623.23
	(1) Net profit classified by continuity of operations1. Net profit from continuing operations		365,083,702.80	349,792,623.23
	2. Net profit from discontinued operations(2) Net profit classified by ownership		-	-
	Shareholders of the Company Non-controlling interests		304,969,979.22 60,113,723.58	300,020,996.48 49,771,626.75
V.	Other comprehensive income, net of tax attributable to shareholders of the Company (1) Items that will not be reclassified to profit or loss	52	5,911,116.88	11,186,783.02
	Remeasurement of defined benefit plan		881,445.61	1,549,023.37
	Changes in fair value of investments in other equity instruments		-	109,360.02
	(2) Item that may be reclassified subsequently to profit or loss:			
	Translation differences arising from translation of foreign currency financial statements Other comprehensive income (net of tax)		5,029,671.27	9,528,399.63
	attributable to non-controlling interests		3,530,771.10	6,010,032.20
VI.	Total comprehensive income for the year		374,525,590.78	366,989,438.45
VIII	Attributable to: Shareholders of the Company Non-controlling interests		310,881,096.10 63,644,494.68	311,207,779.50 55,781,658.95
VII.	Earnings per share (I) Basic earnings per share (II) Diluted earnings per share	51(1) 51(2)	0.38 0.38	0.38 0.38

For a business combination involving entities under common control which occurred in 2018, the net profit of the investees before being consolidated was RMB5,282,794.19.

For a business combination involving entities under common control which occurred in 2019, the net profit of the investees before being consolidated was RMB7,703,972.20. The net loss in 2018 was RMB10,647,016.49.

COMPANY INCOME STATEMENT

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note V	2019	2018 (Restated)
l.	Operating income	41	617,937,064.49	852,262,694.49
	Less: Operating costs	41	492,638,304.14	627,856,002.59
	Taxes and surcharges	42	736,415.72	1,630,965.25
	Selling and distribution expenses		519,701.12	975,666.37
	General and administrative expenses		92,895,139.18	84,693,101.42
	Financial expenses	43	27,468,930.96	21,224,384.04
	Including: Interest expenses		37,742,754.13	33,901,300.31
	Interest income		12,589,887.12	15,077,066.49
	Add: Investment income	45	120,470,377.17	66,711,575.80
	Including: Income from investments in associates			
	and joint ventures		17,854,028.15	17,192,648.14
	Reversal/(accrual) of credit losses	46	(2,534,660.53)	19,629,478.61
	Impairment losses	47	5,301,120.45	-
	Gains from asset disposals	48	-	502,267.89
II.	Operating profit		126,915,410.46	202,725,897.12
	Add: Non-operating income	49	1,187,225.00	171,939.60
	Less: Non-operating expenses	49	2,799,833.65	-
III.	Profit before income tax		125,302,801.81	202,897,836.72
	Less: Income tax expenses	50	5,325,942.30	34,615,836.57
IV.	Net profit for the year		119,976,859.51	168,282,000.15
	Net profit from continuing operations		119,976,859.51	168,282,000.15
	Net profit from discontinued operations		-	_
٧.	Other comprehensive income, net of tax		-	_
VI.	Total comprehensive income for the year		119,976,859.51	168,282,000.15

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note V	2019	2018 (Restated)
I.	Cash flows from operating activities:			
	Proceeds from sale of goods and			
	rendering of services		7,158,001,840.12	7,245,347,551.97
	Cash received relating to other operating activities		518,183,620.30	462,828,284.32
	Sub-total of cash inflows		7,676,185,460.42	7,708,175,836.29
	Payment for goods and services		3,608,960,209.18	4,481,516,864.59
	Payment to and for employees		2,072,065,750.80	1,995,207,459.81
	Payment of various taxes		293,068,806.43	355,389,224.16
	Payment relating to other operating activities		210,233,084.40	180,227,601.69
	Sub-total of cash outflows		6,184,327,850.81	7,012,341,150.25
	Net cash inflow from operating activities	54(1)	1,491,857,609.61	695,834,686.04
II.	Cash flows from investing activities: Investment returns received Proceeds from investment income		3,471,780.80 13,591,241.62	10,971,827.00 107,540,291.55
	Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		78,572,380.12	44,846,384.91
	Net proceeds from disposal of subsidiaries	54(4)	26,347,484.87	-
	Sub-total of cash inflows		121,982,887.41	163,358,503.46
	Payment for acquisition of fixed assets, intangible assets and other long-term assets		1,390,165,353.73	1,204,456,733.20
	Payment for acquisition of investments		5,273,387.20	67,286,826.12
	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	44,487,000.00
	Reduction of cash as a result of loss of control over subsidiaries			2,683,133.22
	Reduction of cash as a result of assets swap	54(4)	_	105,488,801.47
_	Sub-total of cash outflows		1,595,542,870.53	1,424,402,494.01
	Net cash outflow from investing activities		(1,473,559,983.12)	(1,261,043,990.55)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note V	2019	2018 (Restated)
III.	Cash flows from financing activities:			
	Proceeds from investors		4,800,000.00	14,466,200.00
	Proceeds from borrowings		957,142,717.40	781,477,188.17
	Sub-total of cash inflows		961,942,717.40	795,943,388.17
	Repayments of borrowings		394,776,463.82	489,146,505.19
	Payment for profit distributions or interest		290,948,588.97	232,981,080.48
	Including: Profits paid to non-controlling			
	shareholders by subsidiaries		63,901,168.82	40,230,944.56
	Payment for acquisition of non-controlling interests		6,482,075.00	23,165,878.50
	Payment for lease liability principal and interest		261,711,054.00	255,703,948.37
	Payments relating to other financing activities	54(5)	4,090,231.31	288,988.66
	Sub-total of cash outflows		958,008,413.10	1,001,286,401.20
	Net cash inflow/(outflow) from financing activities		3,934,304.30	(205,343,013.03)
IV.	Effect of foreign exchange rate			
	changes on cash and cash equivalents		3,624,429.54	4,879,069.54
V.	Net increase/(decrease) in cash and			
	cash equivalents	54(2)	25,856,360.33	(765,673,248.00)
	Add: Cash and cash equivalents			
	at the beginning of the year		1,137,624,205.21	1,903,297,453.21
VI.	Cash and cash equivalents at the end of the year	54(3)	1,163,480,565.54	1,137,624,205.21

COMPANY CASH FLOW STATEMENT

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note V	2019	2018 (Restated)
I.	Cash flows from operating activities:			
	Proceeds from sale of goods and			
	rendering of services		735,780,205.50	1,184,327,266.77
	Proceeds from other operating activities		19,620,305.81	35,948,034.89
	Sub-total of cash inflows		755,400,511.31	1,220,275,301.66
	Payment for goods and services		518,131,519.26	1,121,046,545.39
	Payment to and for employees		50,886,091.16	60,202,331.74
	Payment of various taxes		22,129,627.47	50,743,949.54
	Payment relating to other operating activities		38,622,778.63	17,906,116.41
	Sub-total of cash outflows		629,770,016.52	1,249,898,943.08
	Net cash inflow/(outflow) from operating activities	54(1)	125,630,494.79	(29,623,641.42)
II.	Cash flows from investing activities:			
	Proceeds from assets swap		-	28,380,000.00
	Investment return received		116,397,850.19	176,971,959.06
	Net proceeds from disposal of fixed assets,			
	intangible assets and other long-term assets		39,211.56	50,495.00
	Proceeds from other investing activities		-	460,612,410.00
	Sub-total of cash inflows		116,437,061.75	666,014,864.06
	Payment for acquisition of fixed assets,			
	intangible assets and other long-term assets		11,896,630.80	12,743,500.43
	Payment for acquisition of investments		181,409,175.00	532,990,798.63
	Payment for other investing activities		100,100,000.00	_
	Sub-total of cash outflows		293,405,805.80	545,734,299.06
	Net cash (outflow)/inflow from investing activities		(176,968,744.05)	120,280,565.00

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note V	2019	2018 (Restated)
III.	Cash flows from financing activities:			
	Proceeds from borrowings		240,230,000.00	40,000,000.00
	Sub-total of cash inflow		240,230,000.00	40,000,000.00
	Repayments of borrowings		40,000,000.00	40,000,000.00
	Payment for profit distributions or interest		174,317,108.98	160,734,104.75
	Payment for lease liability principal and interest		8,588,555.00	8,481,495.98
	Payments relating to other financing activities	54(5)	13,071,704.34	227,987,418.89
	Sub-total of cash outflows		235,977,368.32	437,203,019.62
	Net cash inflow/(outflow) from financing activities		4,252,631.68	(397,203,019.62)
IV.	Effect of foreign exchange rate			
	changes on cash and cash equivalents		-	_
V.	Net decrease in cash and cash equivalents	54(2)	(47,085,617.58)	(306,546,096.04)
	Add: Cash and cash equivalents			
	at the beginning of the year		622,984,930.41	929,531,026.45
VI.	Cash and cash equivalents at the end of the year	54(3)	575,899,312.83	622,984,930.41

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

			Attributable to shareholders of the Company							
					Other					Total
					comprehensive		Retained		Non-controlling	shareholders'
	Note	Share capital	Capital reserve	Specific reserve	income	Surplus reserve	earnings	Total	interests	equity
I. Balance as at 1 January 2019 (restated)		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										
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	IV 5 (2)	-	-	(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 135 to 376 form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

						Attributable 1	to shareholders of t	he Company			
		Note	Share capital	Capital reserve	Specific reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
Bala	ance as at 31 December 2017		799,847,800.00	215,513,875.00	34,202,615.37	(34,414,839.74)	186,668,434.59	1,275,233,926.21	2,477,051,811.43	1,201,187,757.18	3,678,239,568.61
Add	d: Business combinations involving enterprises under common control Changes in accounting policies		- -	117,652,003.87	20,984,183.70	- (9,919.44)	-	(41,410,800.99) (121,976,067.60)	97,225,386.58 (121,985,987.04)	421,102.50 (7,848,774.61)	97,646,489.08 (129,834,761.69
Bala	ance as at 1 January 2018 (restated)		799,847,800.00	333,165,878.87	55,186,799.07	(34,424,759.18)	186,668,434.59	1,111,847,057.62	2,452,291,210.97	1,193,760,085.07	3,646,051,296.0
l. Cha 1. 2.	inges in equity for the year Total comprehensive income Shareholders' contributions		-	-	-	11,186,783.02	-	300,020,996.48	311,207,779.50	55,781,658.95	366,989,438.45
	– Contribution by the owners		-	-	-	-	-	-	-	21,631,049.33	21,631,049.3
	– Loss of control over a subsidiary		-	-	-	-	-	-	-	(2,582,530.44)	(2,582,530.4
	Acquisition of non-controlling interests Effect of a business combination involving enterprises under common control Contribution by the original	V 40	-	-	-	-	-	(4,041,990.56)	(4,041,990.56)	(16,370,353.72)	(20,412,344.2
	owners - Consideration for business	V 36	-	31,099,036.35	-	-	-	-	31,099,036.35	-	31,099,036.3
	combination	V 36	-	(196,713,383.50)	-	-	(9,829,606.40)	(88,466,457.62)	(295,009,447.52)	-	(295,009,447.5
3.	Appropriation of profits – Appropriation for surplus reserve	V 40	-	-	-	-	16,800,814.37	(16,800,814.37)	-	-	
	– Distributions to shareholders		-	-	-	-	-	(127,975,648.00)	(127,975,648.00)	(103,949,532.63)	(231,925,180.6
4.	Specific reserve	V 38									
	– Accrued		-	-	33,464,247.21	-	-	-	33,464,247.21	13,648,299.63	47,112,546.8
	– Utilised		-	-	(37,716,304.93)	-	-	-	(37,716,304.93)	(18,749,328.51)	(56,465,633.4
Sub-	-total		-	(165,614,347.15)	(4,252,057.72)	11,186,783.02	6,971,207.97	62,736,085.93	(88,972,327.95)	(50,590,737.39)	(139,563,065.3
	ance as at 31 December 2018		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	3,506,488,230.7

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note	Share capital	Capital reserve	Surplus reserve	Specific reserve	Retained earnings	Total equity
l.	Balance as at 1 January 2019 (Restated)		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 2. Shareholders' contributions – Effect of business combination under		-	-	-	-	119,976,859.51	119,976,859.51
	common control 3. Appropriation of profits – Appropriation for surplus	V 36	-	(82,033,055.36)	-	-	-	(82,033,055.36)
	reserve – Distributions to shareholders	V 39 V 40	-	-	11,997,685.95 -	-	(11,997,685.95) (135,974,126.00)	- (135,974,126.00)
	4. Specific reserve– Accrued– Utilised	V 38	- -	-	-	226,004.69 (226,004.69)	-	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

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2019 (Expressed in Renminbi Yuan)

		Note	Share capital	Capital reserve	Surplus reserve	Specific reserve	Retained earnings	Total equity
l.	Balance as at 31 December 2017		799,847,800.00	246,020,107.11	175,137,881.43	-	230,676,451.45	1,451,682,239.99
	Add: Changes in accounting policies		-	-	-	-	(859,069.60)	(859,069.60)
.	Balance as at 1 January 2018							
	(Restated)		799,847,800.00	246,020,107.11	175,137,881.43	-	229,817,381.85	1,450,823,170.39
III.	Changes in equity for the year							
	1. Total comprehensive income		-	-	-	-	168,282,000.15	168,282,000.15
	2. Shareholders' contributions							
	– Effect of business							
	combination under							
	common control	V 36	-	(35,473,461.52)	-	-	-	(35,473,461.52)
	3. Appropriation of profits							
	– Appropriation for	1/ 20			46,000,044,27		(45,000,044,27)	
	surplus reserve	V 39	-	-	16,800,814.37	-	(16,800,814.37)	-
	– Distributions to	\/ 40					(427.075.640.00)	(427.075.640.00)
	shareholders 4. Specific reserve	V 40 V 38	-	-	-	-	(127,975,648.00)	(127,975,648.00)
	Specific reserve Accrued	V 30				525,000.00		525,000.00
	– Accrued – Utilised		-	-	-		-	<i>'</i>
	- Utilised					(525,000.00)		(525,000.00)
	Sub-total		-	(35,473,461.52)	16,800,814.37	-	23,505,537.78	4,832,890.63
IV.	Balance as at 31 December 2018		799,847,800.00	210,546,645.59	191,938,695.80	-	253,322,919.63	1,455,656,061.02

(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.

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.

(Expressed in Renminbi Yuan)

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

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

As at 31 December 2019, the Group's and the Company's current liabilities exceeded their current assets by RMB845,539,042.67 and RMB215,002,370.87 respectively. As of 31 December 2019, the Group and the Company have obtained the unutilised general facility of RMB1,962,718,846.53 and RMB1,330,000,000.00 granted by financial institutions, and the Group and the Company 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.

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 2019, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

The financial statements have been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the changes in accounting policies set out in Note II. 32.

3 Accounting period

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

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

Business combinations are classified into business combinations involving enterprises under common control and business combinations involving enterprises not under common control.

(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.

(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.

(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 (Continued)

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets (including the equity interest in the acquiree held before the acquisition date) given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and other consultancy service and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

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.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

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.

(Expressed in Renminbi Yuan)

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.

The significant accounting policies and accounting periods adopted by the domestic subsidiaries are determined based on the uniform accounting policies and accounting periods adopted by the Company. Where the accounting policies and accounting periods adopted by foreign subsidiaries are inconsistent with those of the Company, appropriate adjustments are made to the subsidiaries' financial statements in accordance with the accounting policies and accounting periods of the Company.

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.

(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.

(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.

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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 a significant financing component is initially measured at the transaction price according to Note II.22.

(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.

(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)

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

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

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

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

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

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

(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)

- (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, 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.

(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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(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.

(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.

(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.

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10 Financial instruments (Continued)

(6) Impairment (Continued)

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.

(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.

(Expressed in Renminbi Yuan)

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.

(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.

(Expressed in Renminbi Yuan)

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.

(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.

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.

(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)
 - 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.
 - 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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12 Long-term equity investments (Continued)

(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.

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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.

(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	4 – 8	0 – 5	11.88 – 25.00
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
Pier	44	0	2.27
Transportation vehicle leased out under operating leases	6	5	15.83

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14 Fixed assets (Continued)

(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.

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.

(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
Coastline use right	48
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

The Group reassesses the useful lives and amortisation method of intangible assets with a finite useful live at each financial year end, and makes adjustments when necessary.

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

The Coastline use right held by the Group is the right bought from Dongguan Human Port Management Committee, the useful life of the coastline is 48 years.

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17 Intangible assets (Continued)

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.

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

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.

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.

(Expressed in Renminbi Yuan)

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

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

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

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22 Revenue (Continued)

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

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

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

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

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22 Revenue (Continued)

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.

(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).

(Expressed in Renminbi Yuan)

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.

(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.

(Expressed in Renminbi Yuan)

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.

(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.

(Expressed in Renminbi Yuan)

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.

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.

(Expressed in Renminbi Yuan)

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.

(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.

(Expressed in Renminbi Yuan)

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.

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.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

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

32 Changes in significant accounting policies

(1) Description and reasons of the changes

In 2019, the Group has adopted the following revised accounting standards issued by the MOF recently:

- CAS No.21 Leases (Revised) ("new leases standard")
- Notice on Revision of the 2019 Illustrative Financial Statements (Caikuai [2019] No.6)
- Notice on Revision of the 2019 Consolidation Financial Statements (Caikuai [2019] No.16)
- CAS No.7 Exchange of Non-monetary Assets (Revised) ("CAS 7 (2019)")
- CAS No.12 Debt Restructuring (Revised) ("CAS 12 (2019)")

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

(2) Major impact of changes in accounting policies

(a) New leases standard

New leases standard has revised CAS No.21 – Leases issued by the MOF in 2006 ("previous leases standard"). The Group has applied new leases standard since 1 January 2019 and has adjusted the related accounting policies.

New leases standard refines the definition of a lease. The Group assesses whether a contract is or contains a lease in accordance with the definition in new leases standard. For contracts existed before the date of initial application, the Group has elected not to reassess whether a contract is or contains a lease at the date of initial application and surplus.

As a lessee

Under previous leases standard, the Group classifies leases as operating or finance leases based on its assessment of whether the lease transfers significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

Under new leases standard, the Group no longer distinguishes between operating leases and finance leases. The Group recognises right-of-use assets and lease liabilities for all leases (except for short-term leases and leases of low-value assets which are accounted for using practical expedient).

For a contract that contains lease and non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group has applied new leases standard since 1 January 2019 and has chosen to adopt the retroactive adjustment method in accordance with CAS No.28 – Changes in accounting policies and accounting estimates, and corrections of accounting errors to adjust the comparative figures in the previous period.

As a lessor

Under new leases standard, the Group, as the lessor of a sub-lease, is required to assess the classification of the sub-lease with reference to the right-of-use asset, not the underlying asset. The Group reassess sub-leased that were classified as operating leases and are ongoing at the date of initial application on the basis of the remaining contractual terms and conditions of the head lease and sub-lease at the date of initial application, and determined the classification of sub-lease applying this standard. For subleases that were classified as finance leases, the Group accounted for the sub-lease as a new finance lease.

The Group is not required to make any adjustments to the opening balances of retained earnings and other related items in the financial statements in the initial year of application and surplus for leases for which it acts as a lessor. The Group has applied new leases standard since the date of initial application.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

- (2) Major impact of changes in accounting policies (Continued)
 - (a) New leases standard (Continued)
 - Effect of the application of new leases standard since 1 January 2019 on financial statements

The impact of adoption new leases standard on the consolidated and company balance sheets, the consolidated and company income statement, the consolidated and company cash flow statement after retrospective adjustments in accordance with Caikuai [2019] No.6 and Caikuai [2019] No.16 (Note II, 32 (2) (b)) are summarised as follows:

	The Group			
	31 December 2017 Before adjustments RMB	Effect of a business combination involving enterprises under common control (Note) RMB	Impact of new leases standard RMB	1 January 2018 After adjustments RMB
Prepayments	330,959,378.33	8,354,348.73	(8,352,404.85)	330,961,322.21
Fixed assets	2,683,689,257.33	246,369,886.35	(133,688,369.79)	2,796,370,773.89
Right-of-use assets	-	20,645,612.57	1,678,863,130.14	1,699,508,742.71
Long-term deferred expenses	52,170,691.55	10,112,172.50	(3,055,041.76)	59,227,822.29
Deferred tax assets	215,501,150.20	-	41,413,175.05	256,914,325.25
Other non-current assets	411,886,142.50	2,274,622.99	(170,003,001.60)	244,157,763.89
Accounts payable	854,672,300.91	48,045,244.38	(21,001,950.88)	881,715,594.41
Non-current liabilities due				
within one year	158,346,422.54	27,779,462.43	76,033,029.50	262,158,914.47
Lease liabilities	-	3,801,865.61	1,610,306,451.87	1,614,108,317.48
Long-term payables	165,168,357.56	14,617,280.19	(130,325,281.65)	49,460,356.10
Other comprehensive income	(34,414,839.74)	-	(9,919.44)	(34,424,759.18)
Retained earnings	1,275,233,926.21	(41,410,800.99)	(121,976,067.60)	1,111,847,057.62
Non-controlling interests	1,201,187,757.18	421,102.50	(7,848,774.61)	1,193,760,085.07

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

- (2) Major impact of changes in accounting policies (Continued)
 - (a) New leases standard (Continued)
 - Effect of the application of new leases standard since 1 January 2019 on financial statements (Continued)

	The Group			
	31 December 2018 Before adjustments RMB	Effect of a business combination involving enterprises under common control (Note) RMB	Impact of new leases standard RMB	31 December 2018 After adjustments RMB
Prepayments	231,456,090.43	8,658,530.50	(9,143,509.81)	230,971,111.12
Non-current assets due				
within one year	3,484,750.69	-	(1,344,006.72)	2,140,743.97
Fixed assets	2,944,332,851.94	250,015,290.78	(180,656,935.41)	3,013,691,207.31
Right-of-use assets	_	20,117,678.52	1,902,086,097.35	1,922,203,775.87
Long-term deferred expenses	96,170,748.72	10,385,278.04	(2,752,062.41)	103,803,964.35
Deferred tax assets	195,669,154.81	-	46,933,190.22	242,602,345.03
Other non-current assets	411,720,977.48	699,833.32	(164,785,275.83)	247,635,534.97
Accounts payable	824,201,021.31	42,737,657.81	(38,247,420.12)	828,691,259.00
Non-current liabilities due				
within one year	319,724,895.49	34,953,670.57	92,707,351.33	447,385,917.39
Lease liabilities	-	3,681,392.83	1,847,447,781.79	1,851,129,174.62
Long-term payables	282,816,003.27	2,280,756.43	(163,094,712.32)	122,002,047.38
Other comprehensive				
income	(23,217,197.24)	-	(20,778.92)	(23,237,976.16)
Retained earnings	1,365,334,887.44	(51,807,751.60)	(138,943,992.29)	1,174,583,143.55
Non-controlling interests	1,151,610,624.84	1,069,454.92	(9,510,732.08)	1,143,169,347.68

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

- (2) Major impact of changes in accounting policies (Continued)
 - (a) New leases standard (Continued)
 - Effect of the application of new leases standard since 1 January 2019 on financial statements (Continued)

	The Group			
	2018 Before adjustments RMB	Effect of a business combination involving enterprises under common control (Note) RMB	Impact of new leases standard RMB	2018 After adjustments RMB
Operating costs	5,219,204,873.06	216,749,169.18	(62,185,309.28)	5,373,768,732.96
Selling and distribution expenses	65,437,830.08	-	(29,740.59)	65,408,089.49
General and administrative	680,114,687.61	41,342,286.37	(538,112.73)	720,918,861.25
expenses Financial expenses	64,642,631.05	3,584,186.58	87,455,311.55	155,682,129.18
Gains from asset disposals	14,450,461.79	211,987.03	552,251.63	15,214,700.45
Income tax expenses	149,254,162.64	3,085,468.19	(5,520,015.17)	146,819,615.66
Non-controlling interests	51,747,180.71	(313,596.50)	(1,661,957.46)	49,771,626.75
Payment for goods and	, , ,	(()	
services	4,562,220,825.39	96,165,292.03	(176,869,252.83)	4,481,516,864.59
Payment relating to other				
operating activities	181,852,251.53	10,001,167.04	(11,625,816.88)	180,227,601.69
Payment for acquisition				
of fixed assets, intangible assets and other				
long-term assets	1,186,776,823.90	84,290,045.10	(66,610,135.80)	1,204,456,733.20
Payment for lease liabilities				
principal and interest	-	598,742.86	255,105,205.51	255,703,948.37

Note: It has been adjusted retrospectively in accordance with the new leases standard adopted by the Group since 1 January 2019.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

- (2) Major impact of changes in accounting policies (Continued)
 - (a) New leases standard (Continued)
 - Effect of the application of new leases standard since 1 January 2019 on financial statements (Continued)

		The Company	
	31 December 2017 Before adjustments RMB	Adjustments RMB	31 January 2018 After adjustments RMB
Right-of-use assets	_	19,781,547.33	19,781,547.33
Long-term deferred expenses	5,622,448.53	(3,055,041.76)	2,567,406.77
Deferred tax assets	149,417,613.25	286,356.54	149,703,969.79
Accounts payable	104,442,323.80	(198,079.80)	104,244,244.00
Non-current liabilities due			
within one year	_	7,843,764.53	7,843,764.53
Lease liabilities	-	10,226,246.98	10,226,246.98
Retained earnings	230,676,451.45	(859,069.60)	229,817,381.85

		The Company	
	31 December 2018 Before adjustments RMB	Adjustments RMB	31 December 2018 After adjustments RMB
Right-of-use assets	-	11,999,945.44	11,999,945.44
Long-term deferred expenses	3,517,954.83	(2,752,062.41)	765,892.42
Deferred tax assets	142,909,403.89	195,071.04	143,104,474.93
Accounts payable	48,724,615.18	(198,079.79)	48,526,535.39
Non-current liabilities due			
within one year	_	8,285,468.07	8,285,468.07
Lease liabilities	-	1,940,778.90	1,940,778.90
Retained earnings	253,908,132.74	(585,213.11)	253,322,919.63

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

- (2) Major impact of changes in accounting policies (Continued)
 - (a) New leases standard (Continued)
 - Effect of the application of new leases standard since 1 January 2019 on financial statements (Continued)

		The Company	
	2018 Before adjustments RMB	Adjustments RMB	2018 After adjustments RMB
Operating costs	628,013,593.70	(157,591.11)	627,856,002.59
General and administrative			
expenses	85,034,735.64	(341,634.22)	84,693,101.42
Financial expenses	20,588,032.81	636,351.23	21,224,384.04
Gains from asset disposals	-	502,267.89	502,267.89
Income tax expenses	34,524,551.07	91,285.50	34,615,836.57
Payment for goods and			
services	1,121,682,559.76	(636,014.37)	1,121,046,545.39
Payment relating to other			
operating activities	25,751,598.02	(7,845,481.61)	17,906,116.41
Payment for lease liabilities			
principal and interest	-	8,481,495.98	8,481,495.98

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

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

(b) Caikuai [2019] No.6 and Caikuai [2019] No.16

The Group has prepared financial statements for the year ended 31 December 2019 in accordance with the financial statement format specified in Caikuai [2019] No.6 and Caikuai [2019] No.16. The Group has applied the new presentation requirements retrospectively.

Affected assets and liabilities items in the consolidated and company balance sheets as at 31 December 2018:

		The Group	
	Before adjustments RMB	Adjustments RMB	After adjustments RMB
Bills and accounts receivable (Note 1)	435,590,785.19	(435,590,785.19)	-
Bills receivable	-	310,802.08	310,802.08
Accounts receivable	-	435,279,983.11	435,279,983.11
Bills and accounts payable (Note 1)	841,636,029.00	(841,636,029.00)	-
Bills payable	_	12,944,770.00	12,944,770.00
Accounts payable	_	828,691,259.00	828,691,259.00
Total		-	

		The Company	
	Before adjustments RMB	Adjustments RMB	After adjustments RMB
Bills and accounts receivable	194,620,429.69	(194,620,429.69)	-
Accounts receivable	-	194,620,429.69	194,620,429.69
Bills and accounts payable (Note 2)	48,526,535.39	(48,526,535.39)	-
Accounts payable	-	48,526,535.39	48,526,535.39
Total		-	

Note 1: The impact of retroactive adjustment of new leases standard (Note II, 32 (2) (a)) and the impact of retroactive adjustment of business combination involving enterprises under common control (Note IV, 5) have been considered.

Note 2: The impact of retroactive adjustment of new leases standard (Note II, 32 (2) (a)) has been considered.

(Expressed in Renminbi Yuan)

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32 Changes in significant accounting policies (Continued)

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

(c) CAS 7 (2019)

CAS 7 (2019) further clarifies the scope of the standard, specifies the timing for recognition of assets received and derecognition of assets given up, and the accounting treatment for cases in which the timing of recognition and derecognition are inconsistent. The standard modifies the principle of measurement for multiple assets received or given up simultaneously in exchanges of non-monetary assets measured at fair value. It also requires the disclosure of whether exchanges of non-monetary assets have commercial substance and the reasons why they do or do not have commercial substance.

The adoption of CAS 7 (2019) has no material effect on the financial position and financial performance of the Group.

(d) CAS 12 (2019)

CAS 12 (2019) modifies the definition of debt restructuring to specify the scope of this standard, as well as the application of relevant financial instruments standards with respect to the recognition, measurement and presentation of financial instruments involved in debt restructuring. For debt restructuring in which a debt is settled by the transfer of assets, CAS 12 (2019) modifies the principle of measurement for initial recognition of non-financial assets received by the creditor, and gains or losses of the debtor from debt restructuring are recognised without distinguishing whether they are gains or losses from asset transfer or debt restructuring. For debt restructuring in which a debt is settled by the issuance of equity instruments to the creditor, CAS 12 (2019) revises the principle of measurement for initial recognition of equity by the creditor, and provides more guidance on the principle of measurement for initial recognition of equity instruments by the debtor.

The adoption of CAS 12 (2019) has no material effect on the financial position and financial performance of the Group.

(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)	17% or 16% or 13%,
		11% or 10% or 9%
VAT	Transportation income (Note 1)	11% or 10% or 9%,
		3%, 0%, exempted
VAT	Income from cargo storage and rescue service	6%
VAT	Service income derived from highway	11% or 10% or 9%, 6%, 5%
	facilities and other auxiliary services (Note 1)	
VAT	Income from construction contracts and	11% or 10% or 9%, 3%
	toll income (Note 1)	
City maintenance and	VAT paid	7%, 5%
construction tax		
Education surcharge and local education surcharge	VAT paid	3%, 2%
Cultural construction fee	Income from advertisements (Note 2)	3%
Land appreciation tax	Appreciation amount on property sold and	40%
	applicable tax rate	
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 of adjustment on Value Added Tax Rate Policy" (Cai shui [2018] No.32) issued by MOF and National Tax Bureau, the applicable tax rates for the sales or import of goods have been changed from 17% and 11% to 16% and 10% respectively since 1 May 2018. 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.

(Expressed in Renminbi Yuan)

III. TAXATION (CONTINUED)

(1) Main types of taxes and corresponding tax rates (Continued)

Note 3: Pursuant to Caishui [2017] No. 43, "The Announcement of expanding Preferential tax treatment of Smallscaled minimal profit enterprise" issued by MOF and National Tax Bureau, the Small-scaled minimal profit enterprise with an annual taxable income below RMB500,000 (RMB500,000 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 2017 to 31 December 2019. Pursuant to Caishui [2018] No. 77, "The Announcement of further expanding Preferential tax treatment of Small-scaled minimal profit enterprise" issued by MOF and National Tax Bureau on 11 July 2018, annual maximum taxable income increased from RMB500,000 to RMB1,000,000, 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 50% exemption of taxable income and application of income tax rate as 20% from 1 January 2018 to 31 December 2020. 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 Province Transportation Engineering Company Limited, Shenzhen Wenjindu Bus Station Co., Ltd., Foshan City Yueyun Hexing Transportation Co., Ltd., Huaiji County Yueyun City-Village Public Transportation Co., Ltd., Yangchun Langri Fuels Co., Ltd., Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd., Yangchun City's Third Motor Transportation Co., Ltd., Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd., Yangjiang City Xinyi Advertising Co., Ltd., Yangjiang City Tongguwan Vehicles Comprehensive Performance Testing Co., Ltd., Guangdong Gangtong Vehicles Transportation Company Limited, Zhongshan City Yueyun Tongxing Transportation Co., Ltd., Zhongshan City Eastern Station Co., Ltd., Qingyuan Yueyun Vehicles Transportation Co., Ltd. Guangzhou Passenger Transportation Branch, Yangshan County Yueyun Motor Inspection Co., Ltd., Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd., and Meizhou Vehicle Materials Supply 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 2018 and 2019.

Note 4: The applicable Hong Kong profits tax rate for the year of 2018 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 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.

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 28 February 2018, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 75% exemption of profit tax in 2018 with the maximum of HK\$30,000.

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" (Caishui [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.

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1 The subsidiaries of the Group as at the end of 2019 and 2018

No.	Full name of the subsidiary	Туре	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
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
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	Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 3,000,000.00	67.00	67.00	Business combinations involving enterprises under common control
15	Guangdong Province Yangjiang City Guangyang High-Speed Railway Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 500,000.00	67.00	67.00	Business combinations involving enterprises under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
16	Guangdong Yueyun Second 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	Business combinations involving enterprises under common control
17	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	51.00	Business combinations involving enterprises under common control
18	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
19	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	51.00	Business combinations involving enterprises under common control
20	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
21	Guangdong Province Guangshen High Speed Coach Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 6,000,000.00	51.00	51.00	Business combinations involving enterprises under common control
22	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
23	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
24	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
25	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
26	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
27	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
28	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
29	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL **STATEMENTS** (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place;	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
30	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
31	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
32	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
33	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
34	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
35	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
36	Guangdong Yuntong Passenger Traffic 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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
37	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
38	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
39	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
40	Long Chuan County Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 9,500,000.00	100.00	100.00	Established
41	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
42	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
43	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
44	Zijin County Yueyun Property Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Property management	RMB 6,500,000.00	100.00	100.00	Established
45	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
46	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
47	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
48	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	100.00	100.00	Business combinations involving enterprises not under common control
49	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
50	Lianping County Zhongxin Town Yueyun Property Leasing Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Property Management	RMB 5,445,000.00	100.00	100.00	Established
51	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
52	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
53	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
54	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
55	Shaoguan Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic Transportation	RMB 142,779,951.08	59.70	59.70	Business combinations involving enterprises not under common control
56	Shaoguan Polycom 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
57	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
58	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
59	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
60	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
61	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
62	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
63	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
64	Shanwei City Yueyun New Energy Vehicles Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Station Service	RMB 110,000.00	100.00	100.00	Business combinations Involving enterprises not under common control
65	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
66	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
67	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
68	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
69	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
70	Heyuan Yue Payment Technology Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Development and sale of smart cards and electronic payment systems	RMB 1,000,000.00	70.00	70.00	Business combinations involving enterprises not under common control
71	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
72	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
73	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
74	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
75	Guangdong Yangjiang Vehicles Transportation Goup 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
76	Yangjiang City Tongguwan Vehicles Comprehensive Performance Testing Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Vehicle Testing	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
77	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
78	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
79	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
80	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
81	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
82	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
83	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
84	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1 The subsidiaries of the Group as at the end of 2019 and 2018 (Continued)

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
85	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
86	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
87	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
88	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
89	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

Note 1: According to shareholders' agreements, the Group's percentage of voting right is more than the percentage of direct and indirect holdings.

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2 Subsidiaries acquired through establishment or investment during the year

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)
1	Heyuan City Yuan Cheng District Yunshun Passenger Transport Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 100,000.00	100.00	100.00
2	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

3 Subsidiaries acquired through business combination under common control during the year

No.	Full name of the subsidiary	Туре	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)
1	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
2	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
3	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
4	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
5	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
6	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
7	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
8	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
9	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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4 Subsidiaries acquired through business combination not under common control during the year

No.	Full name of the subsidiary	Туре	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	Shaoguan Jitongtu Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB 16,180,000.00	RMB 16,180,000.00	100.00	100.00
2	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	RMB 8,434,400.00	50.12	50.12

5 Business combinations involving enterprises under common control during the year

(1) Acquisition of Chaozhou City Yueyun Vehicle Transportation Co., Ltd. and its subsidiaries ("Chaozhou Yueyun Group")

According to the share transfer agreement signed by Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management") and the Group on 26 August 2019, the Group purchased 100% equity interest of Chaozhou Yueyun Group from Yueyun Investment Management with consideration of RMB103,789,700.00. On 21 November 2019, the transaction was completed and the Group acquired control over Chaozhou Yueyun Group. The acquisition date is 21 November 2019 when the Group took control over Chaozhou Yueyun Group. The above entities involved in the transaction are all ultimately controlled by GCGC, the parent company of the Company, both before and after the business combination, and the control is not transitory.

Chaozhou Yueyun Group was established on 12 January 2016 in Chaozhou City, Guangdong Province. In September 2016, the State-owned Assets Supervision and Administration Commission of Chaozhou City signed the Gratuitous Transfer of the Enterprise's Property Rights agreement with Yueyun Investment Management to transfer 100% equity interest of Chaozhou Yueyun Group to Yueyun Investment Management, which was approved by the Yue Guo Zi Han [2016] No.895 of the State-owned Assets Supervision and Administration Commission of Guangdong Province. As Chaozhou Yueyun Group is ultimately controlled by GCGC, according to the Accounting Standards for Business Enterprises, the Group and Chaozhou Yueyun Group have been regarded as the same reporting entity since the beginning of control by GCGC, and the Group therefore, retrospectively adjusted the comparative figures of the consolidated financial statements according to Note II.6 (2).

Chaozhou Yueyun Group includes six companies, as mentioned in Note IV.3.

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Business combinations involving enterprises under common control during the year (Continued)

(1) Acquisition of Chaozhou City Yueyun Vehicle Transportation Co., Ltd. and its subsidiaries ("Chaozhou Yueyun Group") (Continued)

The carrying amounts of the assets and liabilities in the financial statements of ultimate holding company are as follows:

	Business combination date RMB	31 December 2018 RMB
Current assets	36,937,754.75	39,373,162.63
Fixed assets	211,632,010.03	220,546,557.25
Other non-current assets	50,974,384.84	49,081,029.19
Other payables	(88,017,400.42)	(96,178,404.78)
Other current liabilities	(58,652,517.62)	(87,224,193.11)
Non-current liabilities	(102,573,585.86)	(80,531,693.46)
Net assets	50,300,645.72	45,066,457.72
Less: Non-controlling interests	(673,581.37)	(1,069,454.92)
Net assets acquired	49,627,064.35	43,997,002.80

(2) Acquisition of Zhuhai Gongyun Coach Terminal Co., Ltd. ("Zhuhai Gongyun") and its subsidiaries ("Zhuhai Gongyun Group")

According to the share transfer agreement signed by Guangdong Gongbei Coach Transportation Co., Ltd. ("Gongbei Coach Transportation"), subsidiary of GCGC, and the Group on 26 August 2019, the Group purchased 100% equity interest of Zhuhai Gongyun Group from Gongbei Coach Transportation with consideration of RMB71,607,400.00. On 21 November 2019, the transaction was completed and the Group acquired control over Zhuhai Gongyun Group. The acquisition date is 21 November 2019 when the Group took control over Zhuhai Gongyun Group. The above entities involved in the transaction are all ultimately controlled by GCGC, the parent company of the Company, both before and after the business combination, and the control is not transitory.

Zhuhai Gongyun was established on 18 June 2019 in Zhuhai City, Guangdong Province by Gongbei Coach Transportation and is mainly engaged in mainland road passenger transportation business. After the establishment, Zhuhai Gongyun received assets and liabilities relating to the operation of mainland road passenger transportation business appropriated from Gongbei Coach Transportation. As Zhuhai Gongyun and the Company are all ultimately controlled by GCGC, the Group retrospectively adjusted the comparative figures of the consolidated financial statements according to Note II.6 (2).

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Business combinations involving enterprises under common control during the year (Continued)
 - (2) Acquisition of Zhuhai Gongyun Coach Terminal Co., Ltd. ("Zhuhai Gongyun") and its subsidiaries ("Zhuhai Gongyun Group") (Continued)

Before the establishment of Zhuhai Gongyun, its business was controlled and operated by Gongbei Coach Transportation and was not a separate legal vehicle, therefore, the Group retrospectively adjusted the comparative figures of the consolidated financial statements according to the financial position, financial performance and cash flows of the business accounted by Gongbei Coach Transportation. Specifically, as at 1 January 2018 and 31 December 2018, the consolidated balance sheet includes cash at bank and on hand, receivables, fixed assets, payables and other assets and liabilities and retained earnings relating to the business accounted by Gongbei Coach Transporation. For the year ended 31 December 2018 and the period from 1 January 2019 to 17 June 2019, the consolidated income statement includes the operating income, operating costs, related expenses and income tax expense calculated with applicable income tax rate of 25% accounted by Gongbei Coach Transportation, and the consolidated cash flow statement includes the cash flows relating to the business accounted by Gongbei Coach Transportation.

As at 18 June 2019 when Zhuhai Gongyun was established, the net assets of the business not appropriated to Zhuhai Gongyun was RMB51,174,941.44 (as shown in below table), including specific reserve of RMB20,561,095.35 and retained earnings of RMB30,613,846.09. As the related net assets were not appropriated to Zhuhai Gongyun, on 18 June 2019, the Group's specific reserve and retained earnings (the amount exceeding the balance of capital reserve) decreased by RMB20,561,095.35 and RMB30,613,846.09, respectively.

	18 June 2019 RMB
Cash at bank and on hand (Note V 54(4))	13,948,301.99
Other current assets	82,454,718.40
Non-current assets	874,045.19
Current liabilities	(46,102,124.14)
Net assets not appropriated	51,174,941.44

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5 Business combinations involving enterprises under common control during the year (Continued)

(2) Acquisition of Zhuhai Gongyun Coach Terminal Co., Ltd. ("Zhuhai Gongyun") and its subsidiaries ("Zhuhai Gongyun Group") (Continued)

Zhuhai Gongyun Group includes three companies, as mentioned in Note IV.3.

The carrying amounts of the assets and liabilities in the financial statement of ultimate holding company are as follows:

	Business combination date RMB	31 December 2018 RMB
Current assets	34,149,515.54	95,066,649.61
Long-term equity investments	21,817,106.40	22,065,920.40
Fixed assets	37,986,489.59	29,468,733.53
Other non-current assets	6,326,470.80	11,512,180.75
Other payables	(39,944,050.01)	(46,030,409.64)
Other current liabilities	(16,598,552.03)	(35,322,665.97)
Net assets acquired	43,736,980.29	76,760,408.68

6 Business combinations involving enterprises not under common control during the year

(1) Acquisition of Shaoguan Jitongtu Transportation Co., Ltd. ("Shaoguan Jitongtu")

On the purchase date of 1 January 2019, Shaoguan Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Group, purchased 100% equity of Shaoguan Jitongtu with cash of RMB15,418,679.78.

The fair value of Shaoguan Jitongtu's identifiable net assets acquired by the Group on the acquisition date was RMB15,418,679.78.

Shaoguan Jitongtu was established in Shaoguan City, Guangdong Province on 13 March 2018. It is mainly engaged in provincial passenger transportation and urban bus transportation. Before the business combinations, its ultimate controlling party was Shaoguan Automobile Transportation Co., Ltd.

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- 6 Business combinations involving enterprises not under common control during the year (Continued)
 - (1) Acquisition of Shaoguan Jitongtu Transportation Co., Ltd. ("Shaoguan Jitongtu") (Continued)

The main financial information of Shaoguan Jitongtu is set out as follows:

	From 1 January 2019 (Acquisition date) to 31 December 2019 RMB
Revenue	17,758,786.92
Net profit	1,675,765.58
Net cash inflow	5,387,627.32

Identifiable assets and liabilities:

	1 January	2019	31 December 2018
	Book Value	Fair Value	Book Value
	RMB	RMB	RMB
Current assets Fixed assets Intangible assets Current liabilities	1,314,787.26	1,314,787.26	1,314,787.26
	12,024,314.70	12,024,314.70	12,024,314.70
	–	3,518,485.97	–
	(1,438,908.15)	(1,438,908.15)	(1,438,908.15)
net identifiable assets	11,900,193.81	15,418,679.78	11,900,193.81

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6 Business combinations involving enterprises not under common control during the year (Continued)

(2) Acquisition of Guangdong FLY-E Logistics Technology Co.,Ltd. ("Guangdong FLY-E")

On 26 December 2019, the acquisition date, Guangdong Yueyun Development Co., Ltd., ("Yueyun Development"), a subsidiary of the Group, purchased 2% equity interest of Guangdong FLY-E from another shareholders' with consideration of RMB300,000.00. Besides, together with other shareholders, Yueyun Development injected capital of RMB934,400.00 to Guangdong FLY-E and obtained equity interest of 0.12%.

After the capital injection, the total registered and paid-in capital of Guangdong FLY-E is RMB16,830,000.00. Yueyun Development's total investment of RMB8,434,400.00 represented the 50.12% of total equity interest of Guangdong FLY-E and Yueyun Development obtained the control over Guangdong FLY-E and consolidated the financial statement accordingly. As described of accounting policies in Note II, 5 (2), in a step acquisition, the fair value of any non-controlling equity interest in the acquiree that is held immediately before obtaining control remeasured to fair value at the date of acquisition with any resulting gain or loss recognised in profit or loss. The non-controlling interest at the acquisition date is assessed at the fair value and the difference of RMB6,935,110.60 is recognized in profit or loss.

As the revenue, net profit and net cash inflow of Guangdong FLY-E from 26 December 2019 (the acquisition date) to 31 December 2019 were immaterial, no disclosure is made in the note of financial statements.

Identifiable assets and liabilities:

	26 Decemb	26 December 2019				
	Book Value RMB	Fair Value RMB	Book Value RMB			
Current assets	4,755,922.62	4,755,922.62	3,909,762.34			
Fixed assets	136,390.19	136,390.19	211,348.14			
Intangible assets	1,151,328.94	2,011,000.00	1,313,869.50			
Other non-current assets	-	-	18,563.48			
Current liabilities	(3,661,788.83)	(3,661,788.83)	(3,538,386.03)			
Net identifiable assets	2,381,852.92	3,241,523.98	1,915,157.43			

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7 Former subsidiaries that ceased to be consolidated during the year

In 2019, the Group disposed all of its investments in its subsidiaries, including Yangjiang City Yueyun Langri Property Development Company Limited, Heyuan City Yuancheng District Yueyun Transportation Co., Ltd., Heyuan City Yuan Cheng District Yunshun Passenger Transport Co., Ltd and Lianping County Yueyun Passenger Transportation 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.

Seven subsidiaries of the Group ceased operation, and were deregistered in 2019 and excluded from the consolidation scope, which include Yueyun Transportation Technology Service (Guangzhou) Co., Ltd., Zhaoqing City Yueyun Logistics Co., Ltd., Zhaoqing City Yueyun Car Leasing Co., Ltd., Yangjiang City Yueyun Langri Logistics Company Limited, Guangzhou City Yueyun Langri Transportation Co., Ltd., Yangshan County Shuntong Transportation Services Co., Ltd. and Guangdong Province Guangshan High Speed Passenger Traffic 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.

Shixing County Junxing City-Village Public Transportation Co., Ltd., a subsidiary of the Group, entered the bankruptcy liquidation procedure on 2 July 2019, and was no longer included in the scope of consolidation since then. The operating results and cash flow of the subsidiary before entering the bankruptcy liquidation procedure have been included in the consolidated income statement and consolidated cash flow statement of the Group this year.

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 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:

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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Material non-controlling interests (Continued)

2018

Name of the subsidiary	Proportion of ownership interest held by NCI	Profit or loss allocated to NCI during the year RMB (Restated)	Dividends paid to NCI during the year RMB (Restated)	Other changes during the year RMB (Restated)	Accumulated NCI at the end of the year RMB (Restated)
The Motor Transport Company					
of Guangdong and	200/	7 426 000 00	(2.244.002.44)	F F22 446 42	424.076.704.40
Hong Kong Limited Foshan City Yueyun Public	38%	7,426,998.08	(2,344,892.14)	5,533,146.13	124,976,701.48
Transportation Co., Ltd.	49%	9,723,231.62	(9,000,000.00)	568,139.89	150,597,896.57
Zhaoqing City Yueyun Motor	13 70	3,723,231.02	(3,000,000.00)	300,133.03	130,337,030.37
Transportation Co., Ltd.	40.38%	7,303,556.25	-	(20,669,689.13)	132,621,641.22
Guangdong Yueyun Langri					
Co., Ltd.	49%	15,666,208.12	(53,767,700.00)	8,765,969.61	162,162,165.96
Heyuan City Yueyun Motor					
Transportation Co., Ltd.	46.74%	(1,336,233.60)	(7,386,099.62)	(559,967.49)	109,718,772.74
Qingyuan Yueyun Vehicles					
Transportation Co., Ltd.	38.25%	10,482,110.21	(14,342,633.72)	(649,561.50)	177,075,989.64
Guangdong Shaoguan					
Vehicles Transportation	40.210/	C 27C 017 10	(11 714 000 02)	070 502 52	117 767 062 26
Group Co., Ltd.	40.31%	6,376,017.18	(11,714,988.02)	870,592.52	117,767,862.26

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 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:

				2019			
	The Motor Transport						Shaoguan
	Company of Guangdong and Hong Kong	Foshan City Yueyun Public Transportation	Zhaoqing City Yueyun Motor Transportation	Guangdong Yueyun Langri	Heyuan City Yueyun Motor Transportation	Qingyuan Yueyun Vehicles Transportation	Vehicles Transportation Group
	Limited RMB	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd.	Co., Ltd. RMB
Current assets Non-current assets	238,164,354.83 233,928,523.86	92,999,734.00 642,366,563.13	108,404,571.41 326,269,536.12	174,516,972.50 522,494,316.04	98,440,155.00 457,683,690.82	197,361,648.01 670,418,578.20	103,897,415.54 392,203,810.64
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 Non-current liabilities	97,187,718.96 9,447,150.76	145,441,363.92 276,558,202.63	42,408,261.72 67,810,294.20	296,626,602.37 77,805,294.60	218,163,786.59 135,785,441.65	150,834,118.33 214,277,206.94	127,460,985.50 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 Net profit/(loss) for	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
the year Total comprehensive	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
income Net cash inflow from	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
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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8 Material non-controlling interests (Continued)

				2018			
	The Motor Transport						Shaoguan
	Company of	Foshan City	Zhaoqing City		Heyuan City	Qingyuan	Vehicles
	Guangdong and	Yueyun Public	Yueyun Motor	Guangdong	Yueyun Motor	Yueyun Vehicles	Transportation
	Hong Kong	Transportation	Transportation	Yueyun Langri	Transportation	Transportation	Group
	Limited	Co., Ltd.	Co., Ltd.				
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)
Current assets	200,947,200.85	46,322,744.76	145,655,349.37	193,758,015.88	135,281,064.39	257,919,693.37	96,228,992.72
Non-current assets	224,708,988.19	578,634,181.85	314,434,758.49	567,574,426.09	498,052,966.16	559,821,351.08	367,531,720.50
Total assets	425,656,189.04	624,956,926.61	460,090,107.86	761,332,441.97	633,334,030.55	817,741,044.45	463,760,713.22
Current liabilities	74,465,510.84	154,178,561.41	71,701,234.30	291,532,181.07	190,627,007.86	214,409,627.33	130,928,006.67
Non-current liabilities	14,589,433.02	163,710,908.72	63,741,266.28	165,443,675.12	212,371,735.62	140,227,861.77	65,060,439.43
Total liabilities	89,054,943.86	317,889,470.13	135,442,500.58	456,975,856.19	402,998,743.48	354,637,489.10	195,988,446.10
Operating income	273,364,441.82	362,524,135.81	398,097,798.93	568,106,086.70	223,160,224.63	450,590,687.45	213,346,270.31
Net profit/(loss) for							
the year	19,045,283.01	19,880,385.17	16,172,993.08	31,333,903.19	(2,667,980.18)	27,406,717.48	14,862,041.31
Total comprehensive							
income	34,113,805.88	19,880,385.17	16,172,993.08	31,333,903.19	(2,667,980.18)	29,929,504.34	14,067,586.15
Net cash inflow from							
operating activities	56,482,674.66	106,783,243.17	67,194,717.13	92,565,126.92	33,034,784.43	37,342,595.46	34,446,177.54

9 Exchange rate used for major items in the financial statements of overseas operating entities

As at 31 December 2019, 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 RMB0.8958; 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 RMB0.8860.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS

1 Cash at bank and on hand

The Group

	31 [December 20)19	31 December 2018			
		Exchange			Exchange		
	Original currency	Rate	Amount in RMB	Original currency	Rate	Amount in RMB	
						(Restated)	
Cash on hand							
RMB	-	-	9,263,471.57	-	-	12,235,847.47	
HKD	124,351.37	0.8958	111,393.96	75,888.95	0.8762	66,493.90	
Deposits with banks							
RMB	-	-	517,997,498.95	-	-	537,175,376.48	
USD	2,732,549.00	6.9762	19,062,808.31	2,675,135.86	6.8632	18,359,992.43	
HKD	145,590,216.35	0.8958	130,419,715.81	133,070,109.62	0.8762	116,596,030.05	
Deposits in GCG Finance							
(Note 1)							
RMB	-	-	486,625,676.94	-	-	453,190,464.88	
Other monetary funds							
(Note 2)							
RMB	-		13,846,451.89	-	-	22,927,723.12	
HKD	3,600,000.00	0.8958	3,224,880.00	6,800,000.00	0.8762	5,958,160.00	
Total			1,180,551,897.43			1,166,510,088.33	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

1 Cash at bank and on hand (Continued)

The Company

	31 December 2019					
	Original currency	Exchange Rate	RMB	Original currency	Exchange Rate	RMB
Deposits with banks RMB Deposits in GCG Finance (Note 1)	-	-	209,636,531.69	-	-	341,821,007.21
RMB	-	-	366,262,781.14	-	-	281,163,923.20
Total			575,899,312.83			622,984,930.41

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 security deposits for letter of guarantee, bid bonds, Bank acceptance bond, tourism quality deposits and property maintenance funds.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Bills receivable

(1) Classification of bills receivable:

	The C	iroup	The Co	The Company		
	31 December	31 December	31 December	31 December		
	2019 2018		2019	2018		
	RMB RMB		RMB	RMB		
Bank acceptance bills	678,800.00	310,802.08	-	-		

(2) The Group and the Company had no pledged bank acceptance bills, undue discounted bank acceptance bills, undue endorsed bank acceptance bills or acceptance bills transferred to accounts receivable due to drawers' nonperformance on 31 December 2019 and 31 December 2018. The bills receivable above are due within one year.

3 Accounts receivable

(1) Accounts receivable by customer type:

Customer type	The G	iroup	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Amounts due from	27 240 040 04	24.046.427.44	44 476 404 00	40 206 452 05
related parties	27,249,818.94	31,846,427.44	14,176,184.93	18,286,453.85
Amounts due from third parties	412,233,114.95	453,649,273.78	145,823,970.98	203,439,751.12
Sub-total	439,482,933.89	485,495,701.22	160,000,155.91	221,726,204.97
Less: Provision for bad and doubtful				
debts	(56,735,460.36)	(50,215,718.11)	(30,261,492.09)	(27,105,775.28)
Total	382,747,473.53	435,279,983.11	129,738,663.82	194,620,429.69

(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 G	iroup	The Co	mpany
	31 December 2019 RMB	31 December 2018 RMB (Restated)	31 December 2019 RMB	31 December 2018 RMB
Within 3 months (inclusive) Over 3 months but within 6 months	318,208,984.86	413,032,874.65	127,254,275.82	171,912,573.77
(inclusive) Over 6 months but within 1 year	29,945,983.46	1,453,403.43	1,005,480.87	1,233,935.04
(inclusive) Over 1 year but within 2 years	36,325,149.01	5,269,851.07	793,361.52	2,050,783.26
(inclusive) Over 2 years but within 3 years	11,208,215.40	18,875,569.69	404,481.77	8,565,427.77
(inclusive) Over 3 years	5,881,650.41 37,912,950.75	7,394,599.40 39,469,402.98	- 30,542,555.93	3,784,171.13 34,179,314.00
Sub-total Less: Provision for bad and doubtful	439,482,933.89	485,495,701.22	160,000,155.91	221,726,204.97
debts	(56,735,460.36)	(50,215,718.11)	(30,261,492.09)	(27,105,775.28)
Total	382,747,473.53	435,279,983.11	129,738,663.82	194,620,429.69

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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Accounts receivable (Continued)

(3) The analysis of the movements of provision for bad and doubtful debts for the year is as follows:

	The G	iroup	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Balance at the				
beginning of the year	(50,215,718.11)	(115,397,387.38)	(27,105,775.28)	(44,880,504.59)
Charge into income				
statement during				
the year	(7,694,568.46)	36,364,063.60	(3,155,716.81)	17,774,729.31
Written-off during				
the year	573,180.99	604,626.80	-	-
Deductions resulting				
from consolidation				
scope change	606,524.45	28,212,978.87	-	-
Foreign currency				
financial statement				
translation differences	(4,879.23)	_	-	_
Balance at the end of				
the year	(56,735,460.36)	(50,215,718.11)	(30,261,492.09)	(27,105,775.28)

4 Prepayments

(1) The ageing analysis of prepayments is as follows:

The Group

		31 De	cember 2019		31 December 2018			
	Amount RMB	Percentage (%)	Provision for impairment RMB	Carrying amount RMB	Amount RMB (Restated)	Percentage (%) (Restated)	Provision for impairment RMB	Carrying amount RMB (Restated)
Within 1 year (inclusive) Over 1 year but	263,246,381.98	35.69	-	263,246,381.98	220,923,738.56	31.33	-	220,923,738.56
within 2 years (inclusive) Over 2 years but within 3 years	4,129,733.58	0.56	-	4,129,733.58	7,069,729.66	1.00	-	7,069,729.66
(inclusive)	304,449.83	0.04	-	304,449.83	318,008.17	0.05	-	318,008.17
Over 3 years	470,004,881.28	63.71	(468,768,532.00)	1,236,349.28	476,729,287.18	67.62	(474,069,652.45)	2,659,634.73
Total	737,685,446.67	100.00	(468,768,532.00)	268,916,914.67	705,040,763.57	100.00	(474,069,652.45)	230,971,111.12

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Prepayments (Continued)

(1) The ageing analysis of prepayments is as follows: (Continued) The Company

		31 De	cember 2019		31 December 2018			
	Amount RMB	Percentage (%)	Provision for impairment RMB	Carrying amount	Amount RMB	Percentage (%)	Provision for impairment RMB	Carrying amount RMB
Within 1 year (inclusive) Over 1 year but within 2 years (inclusive)	46,967,324.00	9.10	-	46,967,324.00	6,662,894.37	1.38	-	6,662,894.37
Over 2 years but within 3 years (inclusive) Over 3 years	- 469,110,521.36	- 90.90	- (468,764,363.80)	- 346,157.56	- 474,425,929.94	- 98.62	- (474,065,484.25)	- 360,445.69
Total	516,077,845.36	100.00	(468,764,363.80)	47,313,481.56	481,088,824.31	100.00	(474,065,484.25)	7,023,340.06

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

(2) Prepayments by nature

Nature	The Group		The Company	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Prepayment for				
goods	612,054,689.05	575,568,899.36	514,748,026.13	479,991,212.75
Prepayment for				
fuel purchase	27,317,509.27	30,052,369.74	_	_
Prepayment for				
insurance				
premium	66,240,345.23	65,458,743.51	_	_
Others	32,072,903.12	33,960,750.96	1,329,819.23	1,097,611.56
Sub-total	737,685,446.67	705,040,763.57	516,077,845.36	481,088,824.31
Less: Provision	(468,768,532.00)	(474,069,652.45)	(468,764,363.80)	(474,065,484.25)
Total	268,916,914.67	230,971,111.12	47,313,481.56	7,023,340.06

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Prepayments (Continued)

(3) As at 31 December 2018, individually significant prepayments aged over 3 years mainly include a payment for purchase of materials of RMB474,065,484.25. 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. As at 31 December 2019, the company has received the prepayment for purchase of materials of RMB5,301,120.45, and the related provision has returned.

5 Other receivables

Items	The G	iroup	The Company		
	31 December	31 December	31 December	31 December	
Note	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Interest receivable (1)	22,655.33	20,899.19	-	-	
Dividends receivable (2)	13,500,000.00	8,586,686.22	19,117,700.00	8,523,000.00	
Others (3)	505,687,664.54	536,497,485.93	143,626,644.76	93,451,256.21	
Total	519,210,319.87	545,105,071.34	162,744,344.76	101,974,256.21	

(1) Interest receivable by category:

Item	The Group		The Company	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
Term deposit	22,655.33	20,899.19	-	-

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other receivables (Continued)

(2) Dividends receivable

Investees	The Group		The Company	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
Shaoguan Libao Technology				
Company Limited	1,000,000.00	1,086,686.22	_	_
Southern United Assets and				
Equity Exchange Company				
Limited	12,500,000.00	7,500,000.00	12,500,000.00	7,500,000.00
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	-
Total	13,500,000.00	8,586,686.22	19,117,700.00	8,523,000.00

As at 31 December 2018, dividends receivable aged over 1 year of RMB1,086,686.22 is due from Shaoguan Libao Technology Company Limited. As at 31 December 2019, dividends receivable aged over 1 year of RMB1,000,000.00 is due from Shaoguan Libao Technology Company Limited.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other receivables (Continued)

(3) Others

(a) Analysis by customer type is as follows:

Customer type	The G	roup	The Company		
	31 December 2019 RMB	31 December 2018 RMB	31 December 2019 RMB	31 December 2018 RMB	
Amounts due from		(Restated)			
related parties Amounts due from third parties	47,394,057.97 571,022,832.23	119,451,532.58 539,859,348.56	118,106,306.40 60,292,734.54	71,075,354.32 57,769,354.35	
Sub-total Less: Provision for	618,416,890.20	659,310,881.14	178,399,040.94	128,844,708.67	
bad and doubtful debts	(112,729,225.66)	(122,813,395.21)	(34,772,396.18)	(35,393,452.46)	
Total	505,687,664.54	536,497,485.93	143,626,644.76	93,451,256.21	

(b) The ageing analysis is as follows:

Ageing	The G	iroup	The Company			
	31 December 2019 RMB	31 December 2018 RMB (Restated)	31 December 2019 RMB	31 December 2018 RMB		
Within 1 year (inclusive) Over 1 year but within 2 years	346,282,284.84	344,399,038.96	68,289,213.65	20,523,014.49		
(inclusive) Over 2 years but within 3 years	48,957,983.62	84,046,689.85	13,811,713.80	28,831,313.78		
(inclusive) Over 3 years	31,262,648.19 191,913,973.55	29,066,149.64 201,799,002.69	22,098,569.84 74,199,543.65	1,068,555.03 78,421,825.37		
Sub-total Less: Provision for bad and doubtful	618,416,890.20	659,310,881.14	178,399,040.94	128,844,708.67		
debts	(112,729,225.66)	(122,813,395.21)	(34,772,396.18)	(35,393,452.46)		
Total	505,687,664.54	536,497,485.93	143,626,644.76	93,451,256.21		

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other receivables (Continued)

- (3) Others (Continued)
 - (c) The analysis of the movements of provision for bad and doubtful debts for the year is as follows:

	The C	iroup	The Company		
	31 December 2019 RMB	31 December 2018 RMB (Restated)	31 December 2019 RMB	31 December 2018 RMB	
Balance at the beginning of the year Charge into income statement during	(122,813,395.21)	(102,299,690.09)	(35,393,452.46)	(37,248,201.76)	
the year Written-off during	(5,236,415.50)	(18,764,301.50)	621,056.28	1,854,749.30	
the year Deductions resulting from consolidation	4,393,090.87	1,124,454.35	-	-	
scope change Transfer from long- term receivables	10,927,494.18 -	337,310.17	-	-	
Balance at the end of the year	(112,729,225.66)	(122,813,395.21)	(34,772,396.18)	(35,393,452.46)	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Other receivables (Continued)

- (3) Others (Continued)
 - (d) Other receivables by nature:

Nature	The G	iroup	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Amount due from related					
parties					
Amount due from					
subsidiaries	_	-	109,960,537.22	62,967,315.47	
Deposits	29,310,360.59	29,798,976.09	8,003,895.41	8,012,295.41	
Others	18,083,697.38	89,652,556.49	141,873.77	95,743.44	
Amount due from third					
parties					
Deposits	82,896,668.67	114,422,922.30	8,831,898.10	14,424,742.01	
Government grants	255,660,517.54	182,853,252.59	-	-	
Staff advances	10,803,905.60	19,118,637.81	_	_	
Insurance compensation					
relating to traffic					
accidents	12,899,578.43	18,321,656.19	_	_	
Others	208,762,161.99	205,142,879.67	51,460,836.44	43,344,612.34	
Sub-total	618,416,890.20	659,310,881.14	178,399,040.94	128,844,708.67	
Less: Provision for bad					
and doubtful debts	(112,729,225.66)	(122,813,395.21)	(34,772,396.18)	(35,393,452.46)	
Total	505,687,664.54	536,497,485.93	143,626,644.76	93,451,256.21	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Inventories

Nature	The G	iroup	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Raw materials	20,184,902.26	26,654,405.11	_	-	
Finished goods	74,247,937.54	68,732,844.07	260,508.51	301,983.43	
Property under development	-	15,878,232.96	_	-	
Others	1,636,822.23	203,571.02	_	-	
Sub-total	96,069,662.03	111,469,053.16	260,508.51	301,983.43	
Less: Provision for impairment					
of inventories	(370,373.44)	(3,419,791.26)	_	-	
Total	95,699,288.59	108,049,261.90	260,508.51	301,983.43	

7 Other current assets

Nature	The C	iroup	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Deductable input VAT	50,664,155.48	58,259,832.54	_	-
Prepaid corporate income tax	11,216,248.27	1,706,614.77	9,123,326.08	_
Prepaid business tax and				
surcharges	1,592,258.65	1,426,426.35	-	-
Sub-total	63,472,662.40	61,392,873.66	9,123,326.08	-
Less: Provision for impairment	_	-	_	_
Total	63,472,662.40	61,392,873.66	9,123,326.08	-

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Long-term receivables

	The G	iroup	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
Finance leases	2,394,399.68	9,814,854.98	_	-
Less: Unearned finance income	(553,468.31)	(1,727,872.79)	_	_
Payment on behalf of third				
parties	_	-	50,600,000.00	-
Sub-total	1,840,931.37	8,086,982.19	50,600,000.00	-
Less: Due within one year	(1,269,554.64)	(2,140,743.97)	_	_
Provision for bad and				
doubtful debts	_	_	-	_
Total	571,376.73	5,946,238.22	50,600,000.00	-

An analysis of the above finance leases receivable is as follows:

	The Group		
	31 December 31 December 2019 20 RMB R		
Amount due from lessees Less: Unearned finance income	2,394,399.68 (553,468.31)	9,814,854.98 (1,727,872.79)	
Finance leases	1,840,931.37	8,086,982.19	

(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 G	The Group		
	31 December	31 December		
	2019 RMB	2018 RMB		
Within 1 year (inclusive)	1,749,377.68	3,414,026.95		
Over 1 year but within 2 years (inclusive)	645,022.00	3,038,958.19		
Over 2 years but within 3 years (inclusive) Over 3 years	- -	1,720,751.94 1,641,117.90		
Sub-total Less: Unearned finance income	2,394,399.68 (553,468.31)	9,814,854.98 (1,727,872.79)		
Total	1,840,931.37	8,086,982.19		

9 Long-term equity investments

		The G	iroup	The Company		
		31 December	31 December	31 December	31 December	
	Note	2019	2018	2019	2018	
		RMB	RMB	RMB	RMB	
			(Restated)			
Investments in subsidiaries	(1)	-	_	1,714,576,476.52	1,615,200,356.88	
Investments in joint ventures	(2)	173,000,538.52	146,009,779.44	6,555,133.61	7,386,439.50	
Investments in associates	(3)	256,893,070.19	259,619,231.83	93,912,269.83	89,185,035.79	
Sub-total		429,893,608.71	405,629,011.27	1,815,043,879.96	1,711,771,832.17	
Less: Provision for impairment						
– Investments in associates		(930,000.00)	-	-	-	
Total		428,963,608.71	405,629,011.27	1,815,043,879.96	1,711,771,832.17	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(1) As at 31 December 2019, the Company's investments in subsidiaries were as follows:

		Balance at the					
	Investment	beginning of	Increase/	Balance at the	Shareholding	Voting rights	Cash dividend
Investee	cost	the year	(decrease)	end of the year	percentage	percentage	for the year
	RMB	RMB	RMB	RMB	%	%	RMB
Guangdong Top-E Expressway Service Zone							
Company Limited	98,831,192.00	98,831,192.00	-	98,831,192.00	95.56%	95.56%	44,005,936.13
Guangdong Highway Media Company Limited	19,800,000.00	19,800,000.00	-	19,800,000.00	60.00%	60.00%	5,636,530.55
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%	6,518,490.53
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%	10,580,201.36
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%	4,932,018.22
Zhongshan City Yueyun Tongxing							
Transportation Co., Ltd.	3,403,136.63	3,403,136.63	-	3,403,136.63	51.00%	51.00%	357,000.00
Foshan City Yueyun Public Transportation Co.,							
Ltd.	128,000,000.00	128,000,000.00	-	128,000,000.00	51.00%	100.00%	7,182,400.51
Zhaoqing City Yueyun Motor Transportation							
Co., Ltd.	101,009,712.00	101,009,712.00	-	101,009,712.00	59.62%	59.62%	8,943,090.60
Yangjiang Yueyun Langri Vehicles Driving							
Training Co., Ltd.	78,580,658.61	78,580,658.61	-	78,580,658.61	51.00%	51.00%	5,237,700.00
Guangdong Yueyun Traffic Rescue Co., Ltd.	60,000,000.00	60,000,000.00	-	60,000,000.00	100.00%	100.00%	6,854,335.73
Foshan City Sanshui District Yueyun Traffic							
Co., Ltd.	20,579,475.24	20,579,475.24	-	20,579,475.24	51.00%	100.00%	1,508,781.39
Heyuan City Yueyun Motor Transportation							
Co., Ltd.	164,623,493.41	158,611,418.41	6,012,075.00	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	71,607,400.00	-	43,736,980.29	43,736,980.29	100.00%	100.00%	-
 Total	1 790 875 349 07	1,615,200,356.88	99 376 119 64	1,714,576,476.52			101,756,485.02

Detailed information about the subsidiaries is set out in Note IV.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) As at 31 December 2019, the Group's investments in joint ventures were as follows:

Name of investee	Investment cost RMB (Restated)	Balance at the beginning of the year RMB (Restated)	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							
Guangdong Zhong Yue Tong Oil							
Products Operation Company Limited ("Zhong Yue Tong")	15,000,000.00	35,051,930.17	13,494,345.13	48,546,275.30	50.00%	50.00%	3,500,000.00
Guangdong Zhongyou Top-E	13,000,000.00	33,031,330.17	13,434,343.13	40,340,273.30	30.00 /0	30.00 /0	3,300,000.00
Energy Trading Company Limited							
("Zhongyou Top-E Energy")	30,000,000.00	29,930,914.98	1,460,852.47	31,391,767.45	50.00%	50.00%	-
Zhuhai Yuegong Xinhai Transportation							
Co., Ltd. (Note 1)	64,451,675.67	67,107,383.39	11,480,726.23	78,588,109.62	49.00%	49.00%	-
Sub-total	109,451,675.67	132,090,228.54	26,435,923.83	158,526,152.37			3,500,000.00
(ii) Immaterial joint ventures							
Guangdong Roadnet Innovalues Media Information and Technology Co., Ltd.							
("Roadnet Innovalues Media")	5,906,850.00	5,439,403.80	(1,165,680.48)	4,273,723.32	50.00%	50.00%	-
Guangdong Yuehuahui Business							
Management Co., Ltd. ("Guangdong			(004 005 00)		·	==/	
Yuehuahui") (Note 2)	9,000,000.00	7,386,439.50	(831,305.89)	6,555,133.61	50.00%	50.00%	-
Shaoguan Yuehong Bus Station Company Limited	4,000,000.00	_	3,577,313.70	3,577,313.70	50.00%	50.00%	_
Others	1,500,000.00	1,093,707.60	(1,025,492.08)	68,215.52	50.00%	50.00%	_
					33.3370	33.3370	
Sub-total	20,406,850.00	13,919,550.90	554,835.25	14,474,386.15 			-
Total	129,858,525.67	146,009,779.44	26,990,759.08	173,000,538.52			3,500,000.00

Note 1: At the end of this year, the Group held 49% equity interests in Zhuhai Yuegong Xinhai Transportation Co., Ltd. According to the articles of association of Zhuhai Yuegong Xinhai Transportation Co., Ltd., the resolution of the shareholders' meeting must be accepted unanimously by the shareholders. Consequently, Zhuhai Yuegong Xinhai Transportation Co., Ltd. is a joint venture of the Group.

Note 2: 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 exercise 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.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(2) As at 31 December 2019, the Group's investments in joint ventures were as follows: (Continued)

As at 31 December 2019, 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	7,386,439.50	(831,305.89)	6,555,133.61	50.00%	50.00%	-

All joint ventures of the Group and the Company are non-listed companies. As at 31 December 2019, the ability to transfer fund from above joint ventures to the Group is not restricted (2018: 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
Zhong Yue Tong	Guangdong China	Guangdong China	30,000,000.00	50.00%	Wholesale of oil	Yes
Zhongyou Top-E Energy	Guangdong China	Guangdong China	60,000,000.00	50.00%	Wholesale of oil	Yes
Zhuhai Yuegong Xinhai					Road	
Transportation Co., Ltd.	Guangdong China	Guangdong China	10,000,000.00	49.00%	transportation	Yes

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- **9 Long-term equity investments** (Continued)
 - (2) As at 31 December 2019, 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:

	Zhong Yı	ue Tong
	31 December 2019 RMB	31 December 2018 RMB
Current assets Including: Cash and cash equivalents Non-current assets	83,410,771.29 37,500,449.22 22,504,290.02	61,710,002.83 51,006,551.29 9,277,478.73
Total assets	105,915,061.31	70,987,481.56
Current liabilities	(8,822,510.71)	(883,621.22)
Total liabilities	(8,822,510.71)	(883,621.22)
Net assets	97,092,550.60	70,103,860.34
Group's share of net assets	48,546,275.30	35,051,930.17
Carrying amount of interests in joint venture	48,546,275.30	35,051,930.17

	2019 RMB	2018 RMB
Operating income	267,127,019.03	206,472,871.91
Net financial (income)/expenses	(64,309.62)	92,892.88
Income tax expense	11,481,490.76	7,521,353.32
Net profit	33,988,690.26	22,344,718.58
Other comprehensive income	-	-
Total comprehensive income	33,988,690.26	22,344,718.58
Dividends received from joint ventures	3,500,000.00	14,085,000.00

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 9 Long-term equity investments (Continued)
 - (2) As at 31 December 2019, the Group's investments in joint ventures were as follows: (Continued)
 - (i) Details of the Group's material joint ventures are as follows: (Continued)

	Zhongyou Top-E Energy			
	31 December 2019 RMB	31 December 2018 RMB		
Current assets Including: Cash and cash equivalents Non-current assets	55,269,236.70 35,639,415.53 16,142,345.69	46,860,801.57 34,869,519.00 18,594,904.00		
Total assets	71,411,582.39	65,455,705.57		
Current liabilities	(8,628,047.49)	(5,593,875.61)		
Total liabilities	(8,628,047.49)	(5,593,875.61)		
Net assets	62,783,534.90	59,861,829.96		
Group's share of net assets	31,391,767.45	29,930,914.98		
Carrying amount of interests in joint venture	31,391,767.45	29,930,914.98		

	2019 RMB	2018 RMB
Operating income	127,540,545.09	93,715,486.36
Net financial income	(987,878.03)	(450,452.23)
Income tax expense	1,026,708.39	-
Net income	2,921,704.94	2,850,327.05
Other comprehensive income	-	-
Total comprehensive income	2,921,704.94	2,850,327.05
Dividends received from joint ventures	-	_

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 9 Long-term equity investments (Continued)
 - (2) As at 31 December 2019, 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 Transportation Co., Ltd.			
	31 December	31 December		
	2019	2018		
	RMB	RMB		
Current assets	4,316,975.38	4,634,821.06		
Including: Cash and cash equivalents	4,316,975.38	4,634,821.06		
Non-current assets	156,183,921.81	132,689,135.58		
Total assets	160,500,897.19	137,323,956.64		
Current liabilities	(117,000.01)	(370,113.00)		
Total liabilities	(117,000.01)	(370,113.00)		
Net assets	160,383,897.18	136,953,843.64		
Group's share of net assets	78,588,109.62	67,107,383.39		
Carrying amount of interests in joint venture	78,588,109.62	67,107,383.39		

	2019 RMB	2018 RMB
Operating income	_	_
Net financial net income	(7,970.41)	(349,970.17)
Income tax expense	110.83	29,061.51
Net income	23,430,053.53	4,711,657.28
Other comprehensive income	_	-
Total comprehensive income	23,430,053.53	4,711,657.28
Dividends received from joint ventures	-	-

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 9 Long-term equity investments (Continued)
 - (2) As at 31 December 2019, 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 G	iroup	The Company			
	31 December	31 December	31 December	31 December		
	2019	2018	2019	2018		
	RMB	RMB	RMB	RMB		
Aggregate carrying amount of						
investments	14,474,386.15	13,919,550.90	6,555,133.61	7,386,439.50		
	2019	2018	2019	2018		
	2019 RMB	2018 RMB	2019 RMB	2018 RMB		
Aggregate amount of share of						
Aggregate amount of share of – Net loss						
33 3	RMB	RMB	RMB	RMB		

(3) As at 31 December 2019, 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	68,767,625.53	(962,899.81)	67,804,725.72	25.00	25.00	12,500,000.00
Shenzhen Yueyun Investment							
Development Company Limited	48,590,602.00	48,908,124.15	(1,093,909.01)	47,814,215.14	20.00	20.00	-
Guangzhou City Tianhe Coach Terminal							
Co., Ltd.	2,000,000.00	24,394,937.62	3,303,811.98	27,698,749.60	20.00	20.00	-
Shantou City Automobile Passenger							
Traffic Center Co., Ltd.	25,206,264.00	23,815,336.47	(174,702.72)	23,640,633.75	35.00	35.00	-
CNPC Yueyun Natural Gas Co. Ltd.	12,000,000.00	17,611,298.67	(2,168,239.07)	15,443,059.60	24.00	24.00	1,200,000.00
Hong Kong-Zhuhai-Macao Bridge							
Shuttle Bus Co., Ltd.	20,329,088.00	21,985,869.03	5,211,334.75	27,197,203.78	20.00	20.00	-
Sub-total	128,125,954.00	205,483,191.47	4,115,396.12	209,598,587.59			13,700,000.00

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(3) As at 31 December 2019, the Group's investments in associates were as follows: (Continued)

Investee	Investment cost RMB (Restated)	Balance at the Beginning of the year RMB (Restated)	Increase/ (decrease) RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights (%)	Cash dividend for the year RMB
(ii) Immaterial associates							
Shaoguan Danxia Mountain Travel Bus							
Co., Ltd.	9,721,622.64	11,672,667.14	586,049.32	12,258,716.46	49.00	49.00	-
Guangdong Guangye Yueyun Natural							
Gas Co., Ltd.	6,000,000.00	10,415,062.03	827,794.56	11,242,856.59	30.00	30.00	750,000.00
Zhuhai Wandatong Hongkong-Zhuhai- Macau Bridge Port Passenger Service							
Co., Ltd	9,000,000.00	8,370,536.03	(2,492,658.19)	5,877,877.84	30.00	30.00	-
Guangdong South Passenger Network Center Co., Ltd. ("Nanyuetong")							
(Note 1)	8,000,000.00	6,291,129.17	(288,384.96)	6,002,744.21	16.00	16.00	-
Guangdong Guangjiang High Speed							
Passenger Traffic Co., Ltd.	420,000.00	2,358,926.94	(2,358,926.94)	-	42.00	42.00	-
Guangdong Guangye Shaoyun Natural							
Gas Co., Ltd.	3,400,000.00	2,566,289.67	(1,107,305.26)	1,458,984.41	34.00	34.00	-
Guangdong FLY- E (Note 2)	7,200,000.00	2,179,120.79	(2,179,120.79)	-	48.00	48.00	-
Lufeng Shenshan Expressway Company							
Limited	450,000.00	2,589,358.19	624,136.91	3,213,495.10	45.00	45.00	-
Shaoguan Libao Technology Co., Ltd.	1,418,462.00	905,533.02	424,321.71	1,329,854.73	42.00	42.00	147,000.00
Shantou City Chaonan Yueyun Sky							
Island Transportation Co., Ltd.	800,000.00	1,685,323.09	(71,781.34)	1,613,541.75	40.00	40.00	-
Jiangmen Guangjiang High Speed							
Passenger Traffic Co., Ltd.	420,000.00	1,327,426.25	(518,958.90)	808,467.35	42.00	42.00	-
Others	4,431,127.20	3,774,668.04	(286,723.88)	3,487,944.16			407,555.40
Sub-total	51,261,211.84	54,136,040.36	(6,841,557.76)	47,294,482.60			1,304,555.40
Total	179,387,165.84	259,619,231.83	(2,726,161.64)	256,893,070.19			15,004,555.40

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Long-term equity investments (Continued)

(3) As at 31 December 2019, the Group's investments in associates were as follows: (Continued)

As at 31 December 2019, 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	68,767,625.53	(962,899.81)	67,804,725.72	25.00	25.00	12,500,000.00
Zhong Yue Tong (Note 3)	6,250,000.00	14,611,710.18	5,612,668.11	20,224,378.29	20.83	20.83	1,458,100.00
Sub-total	26,250,000.00	83,379,335.71	4,649,768.30	88,029,104.01			13,958,100.00
(ii) Immaterial associates							
Nanyuetong (Note 1)	6,000,000.00	4,718,346.88	(216,288.72)	4,502,058.16	12.00	12.00	-
Yueyun Development	2,600,000.00	1,087,353.20	293,754.46	1,381,107.66	20.00	20.00	-
Sub-total	8,600,000.00	5,805,700.08	77,465.74	5,883,165.82			-
Total	34,850,000.00	89,185,035.79	4,727,234.04	93,912,269.83			13,958,100.00

- 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 December 26, 2019, Yueyun Development increased the shareholding ratio of Guangdong FLY-E to 50.12% through acquisition of minority shareholders' equity and capital increase of Guangdong FLY-E, making it a subsidiary of Yueyun Development and no longer an associated company of the group.
- Note 3: At the end of this year, the Company and Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, hold 20.83% and 29.17% equity interests in Zhong Yue Tong respectively. The Group holds a total of 50% equity interests in Zhong Yue Tong. Consequently, Zhong Yue Tong is a joint venture of the Group and an associate of the Company.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 9 Long-term equity investments (Continued)
 - (3) As at 31 December 2019, 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 2019, 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 (profits)/losses 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.	335,630.10	(5,827.90)	329,802.20
Qingyuan Kuaitong Car Lease Co., Ltd.	102,435.30	107,608.65	210,043.95
Total	438,065.40	101,780.75	539,846.15

Note 5: All associates of the Group and the Company are non-listed companies. As at 31 December 2019, the ability to transfer fund from the above associates to the Group is not restricted (2018: 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	Guangdong	Guangdong	RMB	25.00%	Property Exchange	Yes
Company Limited	China	China	80,000,000.00			
Shenzhen Yueyun Investment Development	Guangdong	Guangdong	RMB	20.00%	Passenger Terminal	Yes
Company Limited	China	China	30,000,000.00		Operation	
Shantou City Automobile Terminal Co., Ltd.	Guangdong	Guangdong	RMB	35.00%	Passenger Terminal	Yes
	China	China	7,575,000.00		Operation	
Guangzhou City Tianhe Coach Terminal Co.,	Guangdong	Guangdong	RMB	20.00%	Station Services	Yes
Ltd.	China	China	10,000,000.00			
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus	Hong Kong	Hong Kong	HKD	20.00%	Transportation	Yes
Co., Ltd.	China	China	1,000,000.00			
CNPC Yueyun Natural Gas Co. Ltd.	Guangdong	Guangdong	RMB	24.00%	Gas Wholesale	Yes
	China	China	50,000,000.00		and Retail	

(Expressed in Renminbi Yuan)

9 Long-term equity investments (Continued)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- (3) As at 31 December 2019, the Group's investments in associates were as follows: (Continued)
- 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.and Zhong Yue Tong. Detailed information of Southern United Assets and Equity Exchange Company Limited. is set out below, and detailed information of Zhong Yue Tong is set out in note V. 9(2).

	Southern United	United	Shenzhen Yueyun Investment	nzhen Yueyun Investment	Guangzhou City	ou City	Shantou City	u City			Hong Kong-Zhuhai-Macao Bridge	ai-Macao Bridge		
	Assets and Equity Excha Company Limited	ury exchange Limited	Development Company Limited	pment Limited	Terminal Co., Ltd.	coacn Co., Ltd.	Automobile Terminal Co., Ltd.	td.	CINFC TUEYUN NATURAN Gas Co., Ltd.	n Natural Ltd.	Snuttle Bus Co., Ltd.	, Ltd.	Total	<u></u>
	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB	2019 RMB	2018 RMB
Current assets Non-current assets	273,551,280.96 60,925,328.44	271,466,165.45 58,667,648.68	16,213,652.66 233,568,533.61	15,379,637.58	151,573,251.73 100,198,583.57	138,070,537.45 98,627,429.91	4,967,776.90 79,128,428.14	4,411,359.91	58,004,764.79 24,538,178.48	58,211,976.20 28,051,221.99	9,252,403.19	8,994,056.71	513,563,130.23 625,106,104.62	496,533,733.30 606,427,629.08
Total assets	334,476,609.40	330,133,814.13	249,782,186.27	255,103,439.19	251,771,835.30	236,697,967.36	84,096,205.04	84,818,788.49	82,542,943.27	86,263,198.19	135,999,455.57	109,944,155.02	109,944,155.02 1,138,669,234.85	1,102,961,362.38
Current liabilities Non-current liabilities	(62,757,706.52)	(51,363,312.01)	(10,711,110.57)	(10,562,818.44)	(10,562,818,44) (113,278,087.30) (114,723,279.26)	(114,723,279.26)	(16,379,037.18)	(16,774,970.00)	(18,196,861.60)	(12,882,787.06)	(13,436.67)	(14,809.87)	(221,336,239.84) (672,500.00)	(206,321,976.64)
Total liabilities	(63,257,706.52)	(55,063,312.01)	(10,711,110.57)	(10,562,818.44)	(113,278,087.30) (114,723,279.26)	(114,723,279.26)	(16,551,537.18)	(16,774,970.00)	(18,196,861.60)	(12,882,787.06)	(13,436.67)	(14,809.87)	(222,008,739.84)	(210,021,976.64)
Net assets	271,218,902.88	275,070,502.12	239,071,075.70	244,540,620.75	138,493,748.00	121,974,688.10	67,544,667.86	68,043,818.49	64,346,081.67	73,380,411.13	135,986,018.90	109,929,345.15	916,660,495.01	892,939,385.74
Group's share of net assets	67,804,725.72	68,767,625.53	47,814,215.14	48,908,124.15	27,698,749.60	24,394,937.62	23,640,633.75	23,815,336.47	15,443,059.60	17,611,298.67	27,197,203.78	21,985,869.03	209,598,587.59	205,483,191.47
Carrying amount of interests in associates	67,804,725.72	68,767,625.53	47,814,215.14	48,908,124.15	27,698,749.60	24,394,937.62	23,640,633.75	23,815,336.47	15,443,059.60	17,611,298.67	27,197,203.78	21,985,869.03	209,598,587.59	205,483,191.47
Operating income Net profit/(loss)	83,705,182.20 46,148,400.76	123,666,919.13 60,549,659.56	29,769,472.06 3,530,454.93	28,741,050.12 3,177,701.25	- 16,519,059.90	- 18,184,962.40	7,136,062.64 (499,150.63)	7,253,006.03 (420,371.94)	73,021,093.18 (4,034,329.46)	115,508,959.70 5,334,568.42	23,342,211.60	3,307,341.03	193,631,810.08 85,006,647.10	275,169,934.98 90,133,860.72
income	ı	1	ı	I	1	1	'	1	1	ı	1	ı	ı	1
income income	46,148,400.76	60,549,659.56	3,530,454.93	3,177,701.25	16,519,059.90	18,184,962.40	(499,150.63)	(420,371.94)	(4,034,329.46)	5,334,568.42	23,342,211.60	3,307,341.03	85,006,647.10	90,133,860.72
Dividends received from associates for the year	7,500,000.00	10,000,000.00	ı	ı	1	ı	'	ı	1,200,000.00	1,920,000.00	,	1	8,700,000.00	11,920,000.00

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- 9 Long-term equity investments (Continued)
 - (3) As at 31 December 2019, 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 G	iroup	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Aggregate carrying amount				
of investments	47,294,482.60	54,136,040.36	5,883,165.82	5,805,700.08

Aggregate amount of share of

	2019 RMB	2018 RMB (Restated)	2019 RMB	2018 RMB
– Net (loss)/profit	(3,948,704.74)	16,880.35	77,465.74	(930,804.83)
 Other comprehensive income 	-	_	_	-
– Total comprehensive income	(3,948,704.74)	16,880.35	77,465.74	(930,804.83)

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Investments in other equity instruments

	The C	Group	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
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	50,000.00	_	-
Guangdong Jindaoda				
Expressway Economic				
Development Company				
Limited	_	-	777,412.45	777,412.45
Others	126,460.00	30,000.00	_	_
Total	4,224,048.22	1,297,588.22	1,377,412.45	1,377,412.45

(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	-	-	-
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: Guangzhou Yueyun Transportation Co., Ltd. holds 40% equity interests in Puning City Yueyun Development Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. holds 30% equity interests in Yangjiang City Haoxing Automobile Comprehensive Examination 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 2019, 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 2019, 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 28.8 million yuan 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

(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 Zhongdao tourism	With the intention of maintaining a long-term investment for strategic reasons 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 Jindaoda respectively, and the Group holds 100% equity interests in total.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Investment properties

The Group

	Buildings RMB	Land use rights RMB	Total RMB
Cost			
Balance as at 1 January 2018	138,148,672.31	66,788,735.09	204,937,407.40
Decrease during the year	(270, 220, 00)		(270 220 00)
Disposals	(279,330.00)	(27,062,120,55)	(279,330.00)
Transfer to fixed assets/intangible assets Foreign currency financial statement translation differences	(46,292,743.09) 146,624.91	(27,863,138.55)	(74,155,881.64) 800,747.05
- Totalgri currency infancial statement translation unreferices	140,024.91	654,122.14	000,747.03
Balance as at 31 December 2018	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	(20.000.05)		(20.000.05)
Disposals Transfer to fixed assets	(38,968.05)	_	(38,968.05)
Foreign currency financial statement translation differences	(9,898,191.90) 71,256.27	- 317,888.10	(9,898,191.90) 389,144.37
- Toreign currency inflancial statement translation unreferices	71,230.27	317,000.10	303,144.37
Balance as at 31 December 2019	85,535,349.12	39,897,606.78	125,432,955.90
Accumulated depreciation or amortisation	(15,680,957.66)	(8,964,718.70)	(24,645,676.36)
Balance as at 1 January 2018			
Additions during the year	(2,232,361.64)	(777,173.20)	(3,009,534.84)
Charge for the year			
Decrease during the year	276 000 52		276 000 52
Disposals	276,000.52	2 500 021 10	276,000.52
Transfer to fixed assets/intangible assets	11,558,163.23	3,599,021.10	15,157,184.33
Foreign currency financial statement translation differences	(128,310.97)	(142,778.64)	(271,089.61)
Balance as at 31 December 2018	(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	(72,002,60)	2,853,682.66
Foreign currency financial statement translation differences	(63,691.51)	(73,902.69)	(137,594.20)
Balance as at 31 December 2019	(6,289,932.89)	(7,203,522.60)	(13,493,455.49)
Carrying amounts			
As at 31 December 2019	79,245,416.23	32,694,084.18	111,939,500.41
As at 31 December 2018	85,515,757.61	33,294,069.24	118,809,826.85

Note 1: The remaining period of amortisation of land use rights is 22 to 63 years.

Note 2: As at 31 December 2019, no investment properties were pledged for long-term loans since the long-term loans were fully repaid (31 December 2018: RMB21,606,802.16).

(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	Pier RMB	Total RMB
Cost							
Balance as at 1 January 2018 (Restated)	1,259,125,872.01	161,095,431.67	147,419,979.93	307,338,513.08	3,259,889,212.21	90,628,461.88	5,225,497,470.78
Additions during the year – Purchases	17,037,442.68	129,928.20	14,659,359.94	30,708,226.83	240,861,749.67		303,396,707.32
- Transfer from investment properties - Transfer from investment properties	46,292,743.09	123,320.20	14,035,335.54	30,700,220.03	240,001,743.07	_	46,292,743.09
Transfer from construction in progress	225,922,609.30	31,333,944.74	15,684,814.87	9,960,736.35	372,943,550.82	-	655,845,656.08
Reductions during the year	223,322,003.30	31,333,344.74	13,004,014.07	3,300,730.33	312,343,330.02	-	033,043,030.00
Disposals or adjustment upon completion during							
- Disposals of adjustment upon completion during the year	(2 207 275 50)	/2 070 140 15\	/2 160 677 12\	(7 775 710 22)	(160 647 709 07)		/104 OED 61D 1E\
– Transfer to right-of-use assets	(2,387,275.59)	(2,879,148.15)	(2,169,677.12)	(7,775,719.32)	(169,647,798.97) (93,570,642.82)	_	(184,859,619.15) (93,570,642.82)
Deductions resulting from consolidation scope	-	_	-	-	(33,370,042.02)	_	(93,370,042.02)
- Deductions resulting from consolidation scope	(15,012,160.91)		(78,849,989.91)	(3,137,253.56)	(11,382,086.76)	(90,628,461.88)	(199,009,953.02)
Foreign currency financial statement translation	(13,012,100.31)	_	(70,043,303.31)	(3,137,233.30)	(11,302,000.70)	(90,020,401.00)	(199,009,933.02)
differences	1,620,614.24		50,427.15	339,243.84	6,536,870.00		8,547,155.23
unielences	1,020,014.24		30,427.13	339,243.04	0,330,670.00		0,347,133.23
Balance as at 31 December 2018 (Restated) Additions during the year	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
- 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 (Note 1)	_	_	_	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 (Note 2)	_	_	_	(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
Less: Accumulated depreciation							
Balance as at 1 January 2018 (Restated)	(313,559,338.00)	(106,168,967.38)	(69,807,708.43)	(202,730,862.03)	(1,720,573,485.29)	(12,864,878.41)	(2,425,705,239.54)
Charge for the year	(50,482,712.23)	(8,339,959.20)	(7,691,299.78)	(39,811,928.40)	(418,212,549.34)	(632,010.87)	(525,170,459.82)
Transfer from investment properties	(11,558,163.23)	-	-	-	_	-	(11,558,163.23)
Written off on disposal	548,700.31	-	428,465.47	7,937,702.79	144,216,103.19	-	153,130,971.76
Transfer to right-of-use assets	_	-	-	_	1,244,442.38	-	1,244,442.38
Deductions resulting from consolidation scope							
change	4,932,174.29	-	43,506,179.05	2,028,557.20	6,331,237.49	13,496,889.28	70,295,037.31
Foreign currency financial statement translation							
differences	(597,117.76)		(49,234.91)				(4,984,217.00)

(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	Pier RMB	Total RMB
Balance as at 31 December 2018 (Restated)	(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 (Note 2)	=	-	-	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)
Less: Provision for impairment							
Balance as at 1 January 2018	-	-	-	-	(3,421,457.35)	-	(3,421,457.35)
Charge for the year	-	-	-	-	(3,489,850.82)	-	(3,489,850.82)
Written off on disposal	-	-	-	-	1,210,626.11	-	1,210,626.11
Balance as at 31 December 2018	-	-	-	-	(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)
Carrying amounts							
As at 31 December 2019	1,483,397,142.03	152,627,886.03	78,634,073.16	100,147,265.77	2,073,642,365.02	-	3,888,448,732.01
As at 31 December 2018 (Restated)	1,161,883,388.20	75,171,229.88	63,181,316.26	104,609,879.03	1,608,845,393.94	-	3,013,691,207.31

Note 1: As mentioned in Note IV. 6, the additions of fixed assets due to acquisition of subsidiaries are included in the additions resulting from consolidation scope change.

Note 2: As mentioned in Note IV. 7, the deductions of fixed assets due to disposal of subsidiaries are included in the deductions resulting from consolidation scope change.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Fixed assets (Continued)

The Group (Continued)

As at 31 December 2019, fixed assets with carrying amount of RMB403,898,449.23 (31 December 2018: RMB232,177,152.14 (Restated)) were pledged for bank loans, among which, RMB355,884,996.26 (31 December 2018: RMB214,449,500.79(Restated)) were pledged for long-term loans and RMB48,013,452.97 (31 December 2018: RMB17,727,651.35) were pledged for short-term loans. As at 31 December 2019, there were no other restricted fixed assets.

As at 31 December 2019, the buildings and structures in Guangzhou, Qingyuan, Foshan, Shaoguan, Zhaoqing, Shanwei, Meizhou and Heyuan etc. have not yet obtained the certificates of title. As at 31 December 2019, the carrying amount of such buildings was RMB342,296,838.19 (31 December 2018: RMB345,082,144.28 (Restated)).

Except for the above, there are no other restricted fixed assets at the end of the year.

As at 31 December 2019, transportation vehicles with carrying amount of RMB22,106,005.10 (31 December 2018: RMB34,545,926.62) were leased out under operating leases.

(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 2018 Additions during the year	10,572,013.42	10,475,667.11	3,424,779.00	24,472,459.53
– Purchases	-	2,601,808.97	-	2,601,808.97
Disposals during the year	(3,527,208.74)	-	-	(3,527,208.74)
Balances as at 31 December 2018 Additions during the year	7,044,804.68	13,077,476.08	3,424,779.00	23,547,059.76
– 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
Less: Accumulated depreciation				
Balances as at 1 January 2018	(9,878,757.04)	(8,302,933.04)	(325,354.08)	(18,507,044.16)
Charge for the year	(82,724.16)	(1,014,222.32)	(162,677.04)	(1,259,623.52)
Written off on disposals	3,476,713.74	-	-	3,476,713.74
Balances as at 31 December 2018	(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)
Carrying amount				
As at 31 December 2019	794,217.72	4,260,181.62	2,760,514.42	7,814,913.76
As at 31 December 2018	560,037.22	3,760,320.72	2,936,747.88	7,257,105.82

As at 31 December 2019, the Company had no restricted fixed assets (31 December 2018: Nil) and had no buildings and structures without certificate or title of which had not been officially transferred to the Company (31 December 2018: Nil).

As at 31 December 2019, the Company had no fixed asset acquired under finance lease (31 December 2018: Nil) and no fixed asset leased out under operating lease (31 December 2018: Nil).

(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 2018 (Restated)	322,040,483.56	_
Additions during the year	1,144,396,905.29	10,024,755.26
Transfer to fixed assets	(655,845,656.08)	_
Other decrease	(88,903,094.25)	(7,316,660.00)
Balance as at 31 December 2018 (Restated)	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
Less: Provision for impairment		
Balance as at 1 January 2018	(4,386,465.12)	_
Written off on disposals	3,934,508.02	_
Balance as at 31 December 2018 and Balance		
as at 31 December 2019	(451,957.10)	-
Carrying amount		
As at 31 December 2019	407,199,387.20	4,564,848.41
As at 31 December 2018 (Restated)	721,236,681.42	2,708,095.26

(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 2019 are outlined below:

	Balances at the beginning of the year RMB (Restated)	Additions during the year RMB	Decreases during the year RMB	Balances at the end of the year RMB
Purchase of vehicles	486,250,775.57	697,998,798.73	(923,376,289.99)	260,873,284.31
Meizhou Central Bus Station	22,276,691.35	13,125,047.28	-	35,401,738.63
Construction of self-owned service building	28,645,633.00	85,021,207.80	(84,400,188.27)	29,266,652.53
Reconstruction project of "Three Old"	14,878,562.56	-	-	14,878,562.56
Commercial transformation of service zones	93,790,983.94	211,275,583.76	(293,829,127.62)	11,237,440.08
Digital Media Project	5,603,242.00	-	-	5,603,242.00
Yuexing & Yueyun Application and its				
infrastructure	-	4,592,900.00	-	4,592,900.00
Construction of Advertising post of				
Jiangzhao expressway	3,255,142.23	8,247,882.09	(7,302,917.09)	4,200,107.23
Charging Station	1,421,181.63	5,813,301.06	(4,448,581.02)	2,785,901.67
Construction of Information system	1,952,500.00	2,718,600.00	(2,351,700)	2,319,400.00
Total	658,074,712.28	1,028,793,320.72	(1,315,708,803.99)	371,159,229.01

(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	Coastline use F rights 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 2018									
(Restated)	914,144,256.33	42,747,190.60	46,389,899.40	7,110,000.00	25,263,172.95	387,478,456.26	207,336,494.78	4,316,379.48	1,634,785,849.80
Additions during the year	22,380,492.73	-	14,282,259.03	-	11,642,960.00	-	11,404,000.00	-	59,709,711.76
Transferred from investment									
properties	27,863,138.55	-	-	-	-	-	-	-	27,863,138.55
Disposals during the year	(1,807,491.19)	-	-	-	-	-	-	-	(1,807,491.19)
Deductions resulting from									
consolidation scope change	(97,676,190.69)	-	(2,196,666.66)	(7,110,000.00)	-	-	-	(70,000.00)	(107,052,857.35)
Foreign currency financial									
statement translation									
differences	1,740,949.13	-	-	-	1,491,018.88	-	-	-	3,231,968.01
Balances as at 31 December 2018									
(Restated)	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									
(Note)	-	-	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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Intangible assets (Continued)

The Group (Continued)

	Land use rights RMB	Joint operation earning rights RMB	Computer software RMB	Coastline use rights 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
Accumulated amortisation									
Balances as at 1 January 2018									
(Restated)	(132,906,122.48)	(11,705,340.51)	(25,878,967.55)	(1,626,255.33)	_	(230,675,249.71)	(94,514,753.77)	(1,106,871.50)	(498,413,560.85)
Charge for the year	(18,730,146.65)	(3,901,780.17)	(5,783,562.84)	(38,816.55)	_	(18,129,980.38)	(17,926,413.14)	(255,648.52)	(64,766,348.25)
Transferred from investment									
properties	(3,599,021.10)	-	-	-	-	-	-	-	(3,599,021.10)
Written off on disposal	880,373.18	-	-	-	-	-	-	-	880,373.18
Deductions resulting from									
consolidation scope change	22,753,003.28	-	1,246,025.64	1,665,071.88	-	-	-	70,000.00	25,734,100.80
Foreign currency financial									
statement translation									
differences	(401,616.49)	-	-	-	-	-	-	-	(401,616.49)
Balances as at 31 December 2018									
(Restated)	(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)
Carrying amount									
As at 31 December 2019	733,334,971.58	25,189,179.83	34,209,526.89	-	39,255,193.64	120,545,245.79	135,729,175.08	2,891,618.27	1,091,154,911.08
As at 31 December 2018 (Restated)	734,641,624.60	27,140,069.92	28,058,987.02	-	38,397,151.83	138,673,226.17	106,299,327.87	2,953,859.46	1,076,164,246.87

Note: As mentioned in Note IV. 6, the additions of intangible assets due to acquisition of subsidiaries are included in the additions resulting from consolidation scope change.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Intangible assets (Continued)

The Group (Continued)

As at 31 December 2019, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB74,529,760.30 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 2018: RMB91,440,914.14). In addition, land use rights with carrying amount of RMB242,768,866.37 (31 December 2018: RMB171,389,758.04) were pledged for bank loans, among which, RMB152,570,542.04(31 December 2018: RMB155,809,179.83) were pledged for long-term loans and RMB90,198,324.33(31 December 2018: RMB15,580,578.21) were pledged for short-term loans. As at 31 December 2019, intangible assets with carrying amount of RMB931,902.00 (31 December 2018: RMB931,902.00) were pledged for long-term payables. As at 31 December 2019, 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 2019, the carrying amount of land use rights without certificate of title for the Group was RMB10,994,860.20 (31 December 2018: RMB14,685,234.20).

As at 31 December 2019, land use rights with original costs of RMB88,503,568.31 (31 December 2018: RMB79,643,883.74) were obtained through allocation.

(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 2018	30,439,360.83	334,103,442.14	364,542,802.97
Additions during the year	13,137,040.00	-	13,137,040.00
Balances as at 31 December 2018	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
Accumulated amortisation			
Balances as at 1 January 2018	(23,987,581.60)	(225,751,374.16)	(249,738,955.76)
Charges for the year	(2,519,791.66)	(16,911,153.84)	(19,430,945.50)
Balances as at 31 December 2018	(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)
Carrying amount			
As at 31 December 2019	16,259,722.57	74,529,760.30	90,789,482.87
As at 31 December 2018	17,069,027.57	91,440,914.14	108,509,941.71

As at 31 December 2019, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB74,529,760.30 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 2018: RMB91,440,914.14). As at 31 December 2019, there were no other restricted intangible assets of the Company.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 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
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
Yangjiang Vehicles Transportation	7,558,101.69	_	7,558,101.69
Yangjiang City Yangzha New Image Public Transportation Company Limited	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	-	6,809,901.49	6,809,901.49
Others	1,930,966.69	-	1,930,966.69
Total	104,166,326.02	6,809,901.49	110,976,227.51

For the purpose of impairment testing, the Group, taking the above subsidiaries as separate asset groups, allocates the goodwill to such asset groups for impairment testing. The Group estimates the recoverable amount of each asset group individually based on the present value of expected future cash flow of such asset groups on the assumption of going concern in light of the operating characteristics of such asset groups. Cash flow projections are based on the financial budget covering of five-year period forecasted by the management and the assumption that the growth rate of cash flow beyond five-year period is zero. The adopted discount rate is 10.5%~12.60%. Other key assumptions used in estimating future cash flow include the past performance of such asset groups and the management's expectation of market development. The management considers that the reasonable changes in above assumptions would not result in carrying amount in excess of the recoverable amount, therefore there is no impairment on goodwill.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Long-term deferred expenses

The Group

31 December 2019

Items	Balance at the beginning of the year RMB (Restated)	Additions during the year RMB	Decrease during the year RMB	Balance at the end of the year RMB
Leasehold improvements Others	96,079,957.54	80,747,384.05	(31,097,873.96)	145,729,467.63
	14,886,550.03	3,693,255.20	(7,144,296.51)	11,435,508.72
Sub-total Less: Provision for impairment Leasehold improvements	110,966,507.57	84,440,639.25	(38,242,170.47)	157,164,976.35
	(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

31 December 2018

Items	Balance at the beginning of the year RMB (Restated)	Additions during the year RMB	Decrease during the year RMB	Balance at the end of the year RMB (Restated)
Leasehold improvements Others	46,397,195.38 19,993,170.13	71,414,756.34 3,954,325.24	(21,731,994.18) (9,060,945.34)	96,079,957.54 14,886,550.03
Sub-total Less: Provision for impairment Leasehold improvements	66,390,365.51	75,369,081.58	(30,792,939.52)	110,966,507.57
Total	59,227,822.29	75,369,081.58	(30,792,939.52)	103,803,964.35

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Long-term deferred expenses (Continued)

The Company
31 December 2019

Items	Balance at the beginning of the year RMB (Restated)	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

31 December 2018

Items	Balance at the beginning of the year RMB (Restated)	Additions during the year RMB	Decrease during the year RMB (Restated)	Balance at the end of the year RMB (Restated)
Leasehold improvements	8,615,339.76	-	(1,445,582.40)	7,169,757.36
Others	1,114,610.23	116,936.20	(472,868.15)	758,678.28
Sub-total	9,729,949.99	116,936.20	(1,918,450.55)	7,928,435.64
Less: Provision for impairment				
Leasehold improvements	(7,162,543.22)	-	-	(7,162,543.22)
Total	2,567,406.77	116,936.20	(1,918,450.55)	765,892.42

(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 (Restated)	Balances at the beginning of the year RMB (Restated)	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	107,845,314.44	26,961,328.61	2,446,317.86	(7,687.73)	29,399,958.74	117,599,834.96	
Including: Accounts receivable	41,974,887.16	10,493,721.79	1,628,877.63	-	12,122,599.42	48,490,397.68	
Other receivables	65,870,427.28	16,467,606.82	817,440.23	(7,687.73)	17,277,359.32	69,109,437.28	
Provision for impairment of assets	483,559,690.60	120,889,922.65	(2,670,237.55)	-	118,219,685.10	472,878,740.40	
Including: Inventories	3,113,958.56	778,489.64	(692,610.00)	-	85,879.64	343,518.56	
Prepayment	468,239,496.80	117,059,874.20	(1,325,280.11)	-	115,734,594.09	462,938,376.36	
Other non-current assets	12,206,235.24	3,051,558.81	(652,347.44)	-	2,399,211.37	9,596,845.48	
Accrued Expenses	46,149,608.20	11,537,402.05	(6,698,009.12)	-	4,839,392.93	19,357,571.72	
Employee benefits payable	39,208,881.96	9,802,220.49	(1,066,548.82)	-	8,735,671.67	34,942,686.68	
Amortisation of intangible assets	13,860,188.40	3,465,047.10	(39,971.07)	-	3,425,076.03	13,700,304.12	
Unrealised profits arising from transaction	ons						
within the Group	9,676,888.72	2,419,222.18	(1,462,772.93)	-	956,449.25	3,825,797.00	
Long-term employee benefits payable	30,089,413.88	7,522,353.47	450,073.17	-	7,972,426.64	31,889,706.56	
Deductible tax losses	45,809,662.48	11,452,415.62	13,602,612.11	-	25,055,027.73	100,220,110.92	
Deferred revenue	71,939,552.04	17,984,888.01	(632,305.69)	-	17,352,582.32	69,410,329.28	
Lease expense	187,732,760.88	46,933,190.22	13,756,176.35	-	60,689,366.57	242,757,466.28	
Others	3,791,841.60	947,960.40	(914,460.42)	-	33,499.98	133,999.93	
Sub-total	1,039,663,803.20	259,915,950.80	16,770,873.89	(7,687.73)	276,679,136.96	1,106,716,547.85	
Amount of offsetting	(69,254,423.08)	(17,313,605.77)			(34,110,477.36)	(136,441,909.44)	
Balance after offsetting	970,409,380.12	242,602,345.03			242,568,659.60	970,274,638.41	

(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 liabilities						
	Amount of temporary differences at the beginning of the year RMB (Restated)	Balances at the beginning of the year RMB (Restated)	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 liabilities:							
Assets appraisal appreciation	(99,718,142.64)	(24,929,535.66)	708,636.94	-	(24,220,898.72)	(96,883,594.88)	
Debit difference of long-term equity investments	(17,915,874.08)	(4,478,968.52)	114,845.35	-	(4,364,123.17)	(17,456,492.68)	
Investment income	(17,343,301.72)	(4,335,825.43)	(613,664.11)	-	(4,949,489.54)	(19,797,958.16)	
Depreciation of fixed assets	(80,387,522.52)	(20,096,880.63)	(30,321,501.86)	4,206.09	(50,414,176.40)	(201,656,705.60)	
Government grants	(60,965,344.00)	(15,241,336.00)	(4,676,936.24)	-	(19,918,272.24)	(79,673,088.96)	
Sub-total	(276,330,184.96)	(69,082,546.24)	(34,788,619.92)	4,206.09	(103,866,960.07)	(415,467,840.28)	
Amount of offsetting	69,254,423.08	17,313,605.77			34,110,477.36	136,441,909.44	
Balance after offsetting	(207,075,761.88)	(51,768,940.47)			(69,756,482.71)	(279,025,930.84)	

(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 (Restated)	Balances at the beginning of the year RMB (Restated)	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	56,072,355.20	14,018,088.80	633,665.13	14,651,753.93	58,607,015.73	
Including: Accounts receivable	25,415,902.60	6,353,975.65	788,929.20	7,142,904.85	28,571,619.41	
Other receivables	30,656,452.60	7,664,113.15	(155,264.07)	7,508,849.08	30,035,396.32	
Provision for impairment of assets	468,238,405.08	117,059,601.27	(1,325,280.11)	115,734,321.16	462,937,284.63	
Including: Prepayments	468,238,405.08	117,059,601.27	(1,325,280.11)	115,734,321.16	462,937,284.63	
Accrued expenses	7,731,339.92	1,932,834.98	(1,817,777.45)	115,057.53	460,230.13	
Employee benefits payable	20,648,780.72	5,162,195.18	(977,709.29)	4,184,485.89	16,737,943.57	
Amortisation of intangible assets	11,784,191.36	2,946,047.84	-	2,946,047.84	11,784,191.36	
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	780,284.15	195,071.04	(32,596.37)	162,474.67	649,898.66	
Total	572,417,899.71	143,104,474.93	(3,519,698.09)	139,584,776.84	558,339,107.36	

(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

	31 December 2019 RMB	31 December 2018 RMB (Restated)
Deductible tax losses Deductible temporary differences	370,242,745.26 209,800,163.52	423,574,075.28 146,300,333.12
Total	580,042,908.78	569,874,408.40

The Group considers 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.

Tax losses of RMB73,126,344.76 for which deferred tax assets are not recognised in previous years were expired in this year. The tax losses which are not recognised as deferred tax assets as at 31 December 2019 will be expired during the period from 31 December 2020 to 31 December 2024. (The tax losses which are not recognised as deferred tax assets as at 31 December 2018 would be expired during the period from 31 December 2019 to 31 December 2023.)

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Other non-current assets

	The C	Group	The Company	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Prepayments for land use rights	92,613,079.14	92,613,079.14	_	_
Pending deduct input VAT	70,272,404.84	45,535,520.57	_	_
Prepayments for long-term assets	25,883,617.25	30,295,265.18	90,000.00	199,600.00
Revaluation increment of asset value				
of Guangdong Yueyun Langri Co.,				
Ltd. (Note)	17,456,492.72	17,915,874.11	-	-
Prepaid taxes	12,805,452.89	13,343,395.66	-	-
Others	9,600,000.00	47,932,400.31	-	-
Total	228,631,046.84	247,635,534.97	90,000.00	199,600.00

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.

(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 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	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Assets with restricted ownership or right of use (Continued)

		The Group					
		Balance as	Addition	Decrease	Balance as at		
		at 1 January	during	during	31 December		
	Note V	2018	the year	the year	2018		
		RMB	RMB	RMB	RMB		
Assets pledged as collateral							
– Investment properties	11	22,392,714.56	-	(785,912.40)	21,606,802.16		
– Fixed assets	12	297,921,987.99	61,236,758.20	(126,981,594.05)	232,177,152.14		
– Intangible assets	14	128,336,476.05	70,060,368.44	(26,075,184.45)	172,321,660.04		
– Right to use assets	59	133,688,369.79	92,371,661.85	(45,403,096.23)	180,656,935.41		
Sub-total		582,339,548.39	223,668,788.49	(199,245,787.13)	606,762,549.75		
Assets pledged as counter guarantee							
– Intangible assets	14	108,352,067.98	-	(16,911,153.84)	91,440,914.14		
Sub-total		108,352,067.98	-	(16,911,153.84)	91,440,914.14		
Assets with restrictions arising from other							
reasons							
– Cash at bank and on hand	1	18,574,706.90	18,469,876.70	(8,158,700.48)	28,885,883.12		
Sub-total		18,574,706.90	18,469,876.70	(8,158,700.48)	28,885,883.12		
Total		709,266,323.27	242,138,665.19	(224,315,641.45)	727,089,347.01		

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19 Assets with restricted ownership or right of use (Continued)

		The Company				
	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 counter guarantee – Intangible assets	14	91,440,914.14	-	(16,911,153.84)	74,529,760.30	

		The Company					
	Note V	Balance as at 1 January 2018	Balance as at 31 December 2018				
		RMB	the year RMB	the year RMB	RMB		
Assets pledged as counter guarantee – Intangible assets	14	108,352,067.98	-	(16,911,153.84)	91,440,914.14		

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Short-term loans

		The C	Group	The Company		
		31 December	31 December	31 December	31 December	
	Note	2019	2018	2019	2018	
		RMB	RMB	RMB	RMB	
Unsecured loans		109,900,000.00	80,000,000.00	95,000,000.00	40,000,000.00	
Including: Loans from banks		109,900,000.00	40,000,000.00	95,000,000.00	40,000,000.00	
Loans from GCG						
Finance		-	40,000,000.00	-	-	
Loans secured by mortgages	(1)	74,000,000.00	29,800,000.00	_	_	
Guaranteed and mortgaged						
loans	(2)	19,174,050.00	_	-	-	
Pleged loan	(3)	18,000,000.00	_	-	-	
Total		221,074,050.00	109,800,000.00	95,000,000.00	40,000,000.00	

- (1) For the details of assets pledged for secured loans as at 31 December 2019, 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 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 Group'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..

As at 31 December 2019, the Group's short-term loans were borrowings from banks or other financial institutions within 1 year, which bear interest rates ranging from 3.92% – 4.35% per annum (31 December 2018: 4.26% – 4.35%). The Group had no overdue short-term loans as at 31 December 2019 (31 December 2018: Nil).

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Bills payable

	The G	iroup	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
Bank acceptance bills	55,300,000.00	12,944,770.00	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 C	Group	The Company	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		(Restated)
Materials payable	124,936,917.01	118,231,659.90	39,729,045.70	43,574,138.43
Transportation fee payable	138,390,269.64	152,124,651.88	_	_
Contract payments for cars	232,314,668.13	365,996,957.02	-	_
Expressway service zones				
contracts fee payable	28,360,195.34	7,469,545.93	-	_
Progress payments for				
constructions	226,731,189.62	120,348,187.48	2,789,804.19	3,138,313.08
Fuel expenses payable	16,180,306.84	12,451,462.80	-	_
Service fees payable	10,459,400.98	15,555,198.28	-	_
Others	35,118,332.80	36,513,595.71	4,572,215.78	1,814,083.88
Total	812,491,280.36	828,691,259.00	47,091,065.67	48,526,535.39

(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 C	Group	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)		(Restated)	
Within 3 months (inclusive)	605,456,947.56	609,472,141.96	40,424,488.58	39,420,485.76	
Over 3 months but within					
6 months (inclusive)	60,316,091.60	44,137,190.16	2,374,888.40	276,517.65	
Over 6 months but within					
1 year (inclusive)	33,621,111.41	88,613,317.13	610,787.32	1,689,555.43	
Over 1 year but within					
2 years (inclusive)	84,670,027.84	47,453,531.92	1,543,400.77	733,998.78	
Over 2 years but within					
3 years (inclusive)	5,143,292.29	9,734,539.78	0.47	2,977,858.56	
Over 3 years	23,283,809.66	29,280,538.05	2,137,500.13	3,428,119.21	
Total	812,491,280.36	828,691,259.00	47,091,065.67	48,526,535.39	

(3) Significant accounts payable with ageing of more than one year:

As at 31 December 2019, 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
Guangzhou BYD Automobile Sales Co., Ltd. Maoming Dianbai Eryun Transportation Co., Ltd.	15,412,457.16 23,100,294.00	Contract payments for cars undue. Contract payments for cars undue.
Total	38,512,751.16	

(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		The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Advances from contractors Advances for advertising space	90,434,158.98	89,993,560.74	-	-
rental fee	16,502,640.21	20,914,588.81	_	_
Other advances	12,095,410.87	12,932,875.60	-	-
Total	119,032,210.06	123,841,025.15	-	-

(2) The ageing analysis of advances from customers is as follows:

	The C	Group	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Within 1 year (inclusive)	115,493,509.37	120,297,374.16	-	-	
Over 1 year but within 2 years (inclusive)	1,424,348.68	1,503,992.33	-	-	
Over 2 years but within					
3 years (inclusive)	970,545.73	727,632.24	_	_	
Over 3 years	1,143,806.28	1,312,026.42	_	_	
Total	119,032,210.06	123,841,025.15	_	-	

(3) As at 31 December 2019, the Group and the Company had no advances from customers with ageing over one year and individual amount over RMB10 million.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Contract liabilities

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Advances payments for				
transportation fees	7,189,251.36	6,987,538.00	_	-
Advances payments for goods	22,619,311.01	49,655,006.69	16,356,988.35	28,770,335.75
Advances payments for				
services fee	4,881,775.38	4,986,368.09	_	_
Total	34,690,337.75	61,628,912.78	16,356,988.35	28,770,335.75

25 Employee benefits payable

		The C	Group	The Co	mpany
	Note	2019	2018	2019	2018
		RMB	RMB	RMB	RMB
			(Restated)		
Short-term employee benefits Post-employment benefits	(1)	169,182,080.01	155,768,732.13	16,071,794.58	15,491,327.09
- defined contribution plans	(2)	12,888,156.43	9,790,324.37	1,023,580.02	446,443.24
Termination benefits		3,039,610.12	3,135,741.50	2,173,877.04	2,173,877.04
Long-term employee benefits due within one year					
(Note V. 32)		8,617,239.40	11,553,448.14	-	-
Total		193,727,085.96	180,248,246.14	19,269,251.64	18,111,647.37

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Employee benefits payable (Continued)

(1) Short-term employee benefits

	The Group			
		Accrued	Paid	Balance at
	Balance at	during	during	31 December
	1 January 2019	the year	the year	2019
	RMB	RMB	RMB	RMB
	(Restated)			
Salaries, bonuses, allowances	138,434,742.25	1,556,799,071.19	(1,544,404,201.72)	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	1,891,049,866.20	(1,877,636,518.32)	169,182,080.01

(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	Accrued during	Paid during	Balance at
	1 January 2018	the year	the year	31 December 2018
	RMB	RMB	RMB	RMB
	(Restated)			
Salaries, bonuses, allowances	156,621,123.76	1,471,066,219.85	(1,489,252,601.36)	138,434,742.25
Staff welfare	106,856.61	64,286,464.64	(64,286,935.77)	106,385.48
Social insurance	1,661,726.67	86,148,188.78	(83,704,440.48)	4,105,474.97
Including: Medical insurance	1,652,760.28	73,669,405.43	(71,524,616.39)	3,797,549.32
Work-related injury				
insurance	5,041.95	4,959,521.63	(4,723,194.05)	241,369.53
Maternity insurance	3,924.44	7,392,057.45	(7,331,725.63)	64,256.26
Others	-	127,204.27	(124,904.41)	2,299.86
Housing fund	2,893,423.83	81,378,223.77	(80,839,091.91)	3,432,555.69
Labor union fee, staff and workers'				
education fee	9,385,087.10	26,342,237.01	(26,996,219.54)	8,731,104.57
Other short-term employee benefits	147,141.07	1,178,273.77	(367,395.67)	958,019.17
Labor protection fee	-	8,841,483.99	(8,841,033.99)	450.00
Labor service charge	-	45,939,573.95	(45,939,573.95)	-
Total	170,815,359.04	1,785,180,665.76	(1,800,227,292.67)	155,768,732.13

(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

(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	Accrued during	Paid during	Balance at 31
	1 January 2018	the year	the year	December 2018
	RMB	RMB	RMB	RMB
Salaries, bonuses, allowances	16,674,314.16	33,835,312.76	(38,002,207.19)	12,507,419.73
Staff welfare	-	1,694,663.28	(1,694,663.28)	-
Social insurance	1,465,150.31	2,247,123.73	(2,247,123.73)	1,465,150.31
Including: Medical insurance	1,464,312.70	1,886,670.59	(1,886,670.59)	1,464,312.70
Work-related injury				
insurance	488.57	36,812.75	(36,812.75)	488.57
Maternity insurance	349.04	229,096.83	(229,096.83)	349.04
Others	_	94,543.56	(94,543.56)	-
Housing fund	249,335.00	3,433,687.00	(3,433,687.00)	249,335.00
Labor union fee, staff and workers'				
education fee	969,307.16	1,380,003.33	(1,120,501.53)	1,228,808.96
Other short-term employee benefits	40,613.09	278,500.00	(278,500.00)	40,613.09
Labor service charge	-	146,971.45	(146,971.45)	-
Total	19,398,719.72	43,016,261.55	(46,923,654.18)	15,491,327.09

(2) Post-employment benefits – defined contribution plans

	The Group			
	Balance at 1 January 2019 RMB (Restated)	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2019 RMB
Basic pension insurance Unemployment insurance Annuity Mandatory provident fund	8,559,416.37 222,556.82 1,008,351.18	143,232,579.09 2,609,686.10 13,021,718.22 1,198,462.20	(141,983,010.30) (2,526,393.85) (11,256,747.20) (1,198,462.20)	9,808,985.16 305,849.07 2,773,322.20
Total	9,790,324.37	160,062,445.61	(156,964,613.55)	12,888,156.43

(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 2018 RMB (Restated)	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2018 RMB	
Basic pension insurance Unemployment insurance Annuity Mandatory provident fund	8,784,156.94 176,450.33 191,116.31 1,937,458.35	129,488,899.41 5,146,515.78 7,848,529.14 1,149,595.41	(129,713,639.98) (5,100,409.29) (7,031,294.27) (3,087,053.76)	8,559,416.37 222,556.82 1,008,351.18	
Total	11,089,181.93	143,633,539.74	(144,932,397.30)	9,790,324.37	

	The Company			
	Balance at 1	Accrued	Paid	Balance at 31
	January 2019	during the year	during the year	December 2019
	RMB	RMB	RMB	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

(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 2018 RMB	January 2018 during the year during the year December						
Basic pension insurance Unemployment insurance Annuity	36,683.46 8,807.67	3,435,711.86 129,372.46 1,537,647.44	(3,435,711.86) (129,372.46) (1,136,695.33)	36,683.46 8,807.67 400,952.11				
Total	45,491.13	5,102,731.76	(4,701,779.65)	446,443.24				

The Group and the Company paid termination benefits amounting to RMB10,114,354.23 and RMB0.00 respectively in 2019 (The Group and the Company paid termination benefits amounting to RMB18,114,342.21 and RMB0.00 respectively in 2018).

26 Taxes payable

	The C	Group	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
VAT	18,004,756.08	20,465,926.53	5,579,760.27	8,918,914.06	
Corporate income tax	64,773,986.95	58,208,121.43	_	1,991,531.85	
Property tax	6,494,054.43	9,997,036.27	_	-	
Land use tax	2,270,023.21	3,479,322.89	_	-	
Individual income tax	2,196,837.12	2,862,994.94	_	292,015.14	
Urban maintenance and					
construction tax	1,133,314.61	1,464,399.83	120,818.11	341,714.27	
Education surcharges and local					
education surcharges	897,760.52	1,062,648.87	84,525.45	247,465.54	
Land appreciation tax	7,771,408.70	1,930,555.27	_	-	
Others	4,697,337.31	6,300,203.83	1,021,261.68	1,766,407.09	
Total	108,239,478.93	105,771,209.86	6,806,365.51	13,558,047.95	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Other payables

	The	Group	The Company		
	31 December	31 December	31 December	31 December	
Not	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Interest payable (1)	4,894,625.43	5,722,059.43	3,853,742.15	4,843,075.46	
Dividends payable (2)	61,030,050.23	95,180,917.62	_	_	
Others (3)	751,850,295.42	773,991,880.19	552,876,282.78	558,567,661.28	
Total	817,774,971.08	874,894,857.24	556,730,024.93	563,410,736.74	

(1) Interest payable

	The G	iroup	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Interest payable for					
corporate bonds	3,853,742.15	4,752,500.12	3,853,742.15	4,752,500.12	
Interest payable for bank loans	320,571.97	431,087.62	-	90,575.34	
Interest payable for GCG Finance	720,311.31	538,471.69	-	_	
Total	4,894,625.43	5,722,059.43	3,853,742.15	4,843,075.46	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Other payables (Continued)

(2) Dividends payable

	The G	iroup
	31 December	31 December
	2019	2018
	RMB	RMB
Yangjiang City Yueyun Langri Hezheng		
Investment Consulting Service Company Limited	43,936,358.18	53,568,190.91
Qingyuan Traffic Construction and Development Company	_	11,193,024.57
Shaoguan Jinye Development Company	4,732,161.38	8,517,397.61
Committee of Shaoguan Vehicles Transportation Group	-	8,283,252.55
Guangdong Heyuan motor vehicle Group Company Limited	407,318.63	4,898,943.63
Guangzhou Long-Distance Transportation Company	1,848,000.00	3,432,000.00
Individual shareholders of subsidiaries	9,092,489.32	2,956,585.63
Heyuan City Traffic Group Company Limited	43,362.72	987,162.72
Others	970,360.00	1,344,360.00
Total	61,030,050.23	95,180,917.62

(3) Others

(a) Other payables by category:

	The C	Group	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Related Party Third Party	57,551,439.57 694,298,855.85	88,832,166.37 685,159,713.82	531,520,308.25 21,355,974.53	537,900,431.48 20,667,229.80	
Total	751,850,295.42	773,991,880.19	552,876,282.78	558,567,661.28	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Other payables (Continued)

- (3) Others (Continued)
 - (b) Other payables by nature:

	The G	iroup	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Related Parties				
Equity Acquisition Payment	3,218,870.19	_	_	_
Others	54,332,569.38	88,832,166.37	531,520,308.25	537,900,431.48
Third Parties				
Deposits	278,167,343.50	296,186,615.60	7,253,486.12	7,444,712.84
Deposits received from				
drivers for safety				
management purposes	32,364,440.36	39,975,681.33	-	-
Amount paid on behalf of				
the Group	172,184,532.48	168,646,589.29	-	-
Construction payables	67,221,053.52	78,107,796.44	3,037,460.68	3,873,443.77
Accidents compensation				
payables	12,720,233.00	14,711,589.17	-	-
Professional Service Fee	19,007,291.10	15,295,109.27	5,454,899.05	6,151,237.19
Water, electricity and fuel				
charges	12,367,505.39	8,244,169.32	-	-
Others	100,266,456.50	63,992,163.40	5,610,128.68	3,197,836.00
Total	751,850,295.42	773,991,880.19	552,876,282.78	558,567,661.28

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Other payables (Continued)

(3) Others (Continued)

(c) As at 31 December 2019, 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.	30,339,585.60	Construction in progress, unbilled
China Petrochemical Sales Co., Ltd. Guangdong Branch	19,881,300.00	Deposit not yet due
Total	87,992,783.60	

As at 31 December 2019, 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 C	Group	The Company	
		31 December	31 December	31 December	31 December
	Note	2019	2018	2019	2018
		RMB	RMB	RMB	RMB
			(Restated)		
Long-term loans due within one year	29	445,062,584.81	188,145,791.97	4,000,000.00	-
Long-term payables due within one year	31	22,046,427.60	53,287,967.54	-	_
Deferred income due within one year	34	_	51,687,503.76	-	_
Lease liabilities due within one year	59	189,313,299.21	154,264,654.12	194,084.29	8,285,468.07
Bonds payable due within one year	30	339,334,228.04	-	339,334,228.04	-
Total		995,756,539.66	447,385,917.39	343,528,312.33	8,285,468.07

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 Long-term loans

		The Group		
	Note	31 December 2019 RMB	31 December 2018 RMB (Restated)	
Unsecured loans		834,946,877.79	630,073,915.15	
Including: Loans from banks		154,046,877.79	42,873,915.15	
Loans from GCG Finance		680,900,000.00	587,200,000.00	
Loans secured by mortgages	(1)	208,720,094.59	105,812,739.21	
Guaranteed loans	(3)	38,336,138.31	63,163,451.67	
Guaranteed and mortgaged loans	(4)	223,058,840.85	96,971,531.33	
Credit and mortgaged loans	(5)	116,589,153.48	74,537,264.07	
Total		1,421,651,105.02	970,558,901.43	
Less: long-term loans due within one year				
Including: Unsecured loans		(338,904,733.32)	(93,668,637.36)	
Loans secured by mortgages		(43,767,244.84)	(51,443,091.25)	
Guaranteed loans		(22,121,038.36)	(24,827,313.32)	
Secured and guaranteed loans		(36,269,568.29)	(18,206,750.04)	
Credit and mortgaged loans		(4,000,000.00)	-	
Sub-total (Note V. 28)		(445,062,584.81)	(188,145,791.97)	
Long-term loans due after 1 year		976,588,520.21	782,413,109.46	
Including: Due after 1 year but within 2 years		129,746,401.64	410,927,192.61	
Due after 2 years but within		., .,	, , , , , , , , , , , , , , , , , , , ,	
5 years		846,842,118.57	371,485,916.85	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 Long-term loans (Continued)

	The Company		
	31 December		
	2019	2018	
	RMB	RMB	
		(Restated)	
Unsecured loans			
Including: Loans from banks	105,230,000.00	-	
Loans from GCG Finance	40,000,000.00	-	
Total	145,230,000.00	-	
Less: long-term loans due within one year			
Including: Unsecured loans	4,000,000.00	-	
Sub-total (Note V. 28)	4,000,000.00	-	
Long-term loans due after 1 year	141,230,000.00	-	
Including: Due after 1 year but within 2 years	17,484,500.00	-	
Due after 2 years but within	123,745,500.00	-	

- (1) For the details of assets pledged for secured loans as at 31 December 2019, please refer to Note V. 11, 12 and 14.
- (2) As at 31 December 2019, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 4.27% ~ 4.90% per annum (31 December 2018: 4.28% ~ 5.23%).
- (3) As at 31 December 2019 and 31 December 2018, 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 2019 and 31 December 2018, 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., 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 and 31 December 2018, 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 2019, there was no overdue borrowing by the Group (31 December 2018: Nil).

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 Bonds payable

The Group and the Company

ltem	Period	lssue date	Issuing amount RMB	Carrying amount as at 1 January 2019 RMB	Amortisation for the year RMB	Due within one year RMB	Carrying amount as at 31 December 2019 RMB
2014 corporate bond (first phase)	7 years	28/09/2015	400,000,000.00	397,924,333.14	237,220.27	-	398,161,553.41
2014 corporate bond (second phase)	5 years	17/12/2015	340,000,000.00	338,415,295.67	918,932.37	(339,334,228.04)	-
Total			740,000,000.00	736,339,628.81	1,156,152.64	(339,334,228.04)	398,161,553.41

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

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.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31 Long-term payables

The Group

	31 December 2019 RMB	31 December 2018 RMB (Restated)
Payables for vehicles purchase Station construction fees Deposits Others	196,874,359.02 24,038,866.00 11,171,615.28 110,263.06	137,192,786.44 24,238,866.00 13,748,099.42 110,263.06
Total Less: Long-term payables due within one year Payables for purchasing vehicles	232,195,103.36 22,046,427.60	175,290,014.92 53,287,967.54
Sub-total (Note V.28) Long-term payables due after one year	22,046,427.60 210,148,675.76	53,287,967.54 122,002,047.38

32 Long-term employee benefits payable

The Group

	Note V	2019 RMB	2018 RMB (Restated)
Termination benefits Less: Settled within one year	25	197,315,998.70 8,617,239.40	211,103,987.32 11,553,448.14
Total		188,698,759.30	199,550,539.18

(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 2019, 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:

	2019 RMB	2018 RMB (Restated)
Balance at the beginning of the year	211,103,987.32	227,756,952.60
Included in profit or loss: - Current cost - Net interest	12,045,409.87 4,799,754.35	12,571,590.44 3,927,542.21
Included in other comprehensive income: – Actuarial loss Other movements	(1,679,584.24)	(2,147,167.03)
– Benefits paid	(28,953,568.60)	(31,004,930.90)
Balance at the end of the year	197,315,998.70	211,103,987.32
Including: Retirement subsidy plan Post-retirement medical benefits plan	191,918,765.72 5,397,232.98	206,117,581.42 4,986,405.90

(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:

	2019	2018
Discount rate	3.72% - 4.42%	3.21% - 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:

2019:

	The Group	
	Increase RMB	Decrease RMB
Discount rate (changes 0.1%) Average longevity expectancy (changes 1 year)	1,005,452.50 2,955,004.77	1,002,001.90 3,266,074.20

2018:

	The Group		
	Increase RMB	Decrease RMB	
Discount rate (changes 0.1%)	891,444.69	857,539.02 2,940,779.55	
Average longevity expectancy (changes 1 year)	2,777,558.89		

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.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 Provisions

As at 31 December 2019 and 2018, the provision was made for compensations for pending laysuits.

34 Deferred income

The Group

	31 December 2019 RMB	31 December 2018 RMB (Restated)
Government grant related to assets (Note V.55(1)) Prepayments of contracts Rental of stations and advertising sites	290,743,909.14 253,820,560.48 13,623,636.37	272,028,782.34 283,063,898.21 14,215,172.33
Sub-total Less: Government grants due within one year (Note V.28)	558,188,105.99 –	569,307,852.88 51,687,503.76
Deferred income due after one year	558,188,105.99	517,620,349.12

35 Share capital

The Group and the Company

	1 January 2018, 31 December 2018
	and
	31 December 2019 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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36 Capital Reserve

The Group

Items	Balance as at 1 January 2019 RMB (Restated)	Additions during the year RMB	Reductions during the year RMB	Balance as at 31 December 2019 RMB
Share premium Other capital reserve	148,751,040.22 18,800,491.50	15,661,367.54 –	(164,412,407.76) –	- 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.

Items	Balance as at 1 January 2018 RMB (Restated)	Additions during the year RMB	Reductions during the year RMB	Balance as at 31 December 2018 RMB (Restated)
Share premium Other capital reserve	314,365,387.37 18,800,491.50	31,099,036.35 –	(196,713,383.50) –	148,751,040.22 18,800,491.50
Total	333,165,878.87	31,099,036.35	(196,713,383.50)	167,551,531.72

In 2018, the Group's share premium increased due to the capital invested by the original owners in business combination involving enterprises under common control was RMB31,099,036.35, and as a result of the common control transactions, the share premium, surplus reserve and the retained earnings of the Group decreased by RMB196,713,383.50, RMB9,829,606.40 and RMB88,466,457.62 respectively.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

36 Capital Reserve (Continued)

The Company

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 Other capital reserve	197,916,569.78 12,630,075.81	- -	(82,033,055.36) –	115,883,514.42 12,630,075.81
Total	210,546,645.59	_	(82,033,055.36)	128,513,590.23
Items	Balance as at 1 January 2018 RMB	Additions during the year RMB	Reductions during the year RMB	Balance as at 31 December 2018 RMB
Share premium Other capital reserve	233,390,031.30 12,630,075.81	-	(35,473,461.52) –	197,916,569.78 12,630,075.81
Total	246,020,107.11	_	(35,473,461.52)	210,546,645.59

37 Other comprehensive income

	The Group			
	Balance at the beginning of the year attributable to shareholders of the Company RMB (Restated)	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 Changes in fair value gains or losses on investments in other	(2,089,987.84)	1,679,584.24	798,138.63	(1,208,542.23)
equity instruments Translation differences of foreign currency	109,360.02	-	-	109,360.02
financial statements	(21,257,348.34)	7,762,303.74	2,732,632.47	(16,227,677.07)
Total	(23,237,976.16)	9,441,887.98	3,530,771.10	(17,326,859.28)

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38 Specific reserve

	The Group		The Company	
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Balance at the beginning				
of the year	50,934,741.35	55,186,799.07	_	_
Additions during the year	39,718,655.50	33,464,247.21	226,004.69	525,000.00
Reductions during the year	(46,568,355.70)	(37,716,304.93)	(226,004.69)	(525,000.00)
Other changes in business				
combination involving				
enterprises under common				
control (Note IV 5 (2))	(20,561,095.35)	-	_	
Balance at the end of the year	23,523,945.80	50,934,741.35	_	-

According to the Administration instruction on using and provision of enterprises' safety specific reserve (Caiqi [2012] 16) 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 by regressive method monthly based on last year's actual operating income.

(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 2018 (Restated)	186,668,434.59	175,137,881.43
Additions during the year	16,800,814.37	16,800,814.37
Reduction due to the effect of a business combination		
involving enterprises under common control (Note V 36)	(9,829,606.40)	-
Balance as at 31 December 2018 (Restated)	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

In 2019, as a result of acquisition of non-controlling interests, the surplus reserve of the Group decreased by RMB1,149,717.17.

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	2019 RMB	2018 RMB (Restated)
Retained earnings at the beginning of the year Add: Net profit for the year attributable		1,174,583,143.55	1,111,847,057.62
to the shareholders of the Company		304,969,979.22	300,020,996.48
Less: Appropriation for statutory surplus reserve Final dividends in respect of the previous financial		(11,997,685.95)	(16,800,814.37)
year, approved and declared during the year	(1)	(135,974,126.00)	(127,975,648.00)
Purchase of non-controlling interests		-	(4,041,990.56)
Business combinations under common control – consideration for business combination			
(Note V.36)		(9,886,223.02)	(88,466,457.62)
Business combinations under common control – other changes (Note IV 5 (2))		(30,613,846.09)	-
Retained earnings at the end of the year	(2)	1,291,081,241.71	1,174,583,143.55

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

40 Retained earnings (Continued)

	The Company		
	Note	2019	2018
		RMB	RMB
			(Restated)
Retained earnings at the beginning of the year		253,322,919.63	229,817,381.85
Add: Net profit for the year		119,976,859.51	168,282,000.15
Less: Appropriation for statutory surplus reserve		(11,997,685.95)	(16,800,814.37)
Final dividends in respect of the previous financial			
year, approved and declared during the year	(1)	(135,974,126.00)	(127,975,648.00)
Retained earnings at the end of the year	(3)	225,327,967.19	253,322,919.63

- (1) A final dividend of RMB0.17 per share (tax included) for year 2018 were approved for distribution by shareholders at the Annual General Meeting held on 17 June 2019. The total amount of 2018 final dividend was RMB135,974,126.00, calculated based on the total number of shares of 799,847,800 after taking into account of the conversion of PSCS (2018: RMB0.16 per share (tax included), amounting to RMB127,975,648.00 in total).
- (2) As at 31 December 2019, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB389,514,799.05 (31 December 2018: RMB366,369,947.55 (Restated)).
- (3) As of 31 December 2019, the Company's distributable profits is RMB225,327,967.19. (As of 31 December 2018, the Company's distributable profits amounted to RMB253,322,919.63).

(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

	2019		2018	
	Operating income RMB	Operating cost RMB	Operating income RMB (Restated)	Operating cost RMB (Restated)
Operating income from principal activities Other operating income	6,650,244,854.57 6,968,019.40	5,597,787,459.46 6,208,258.59	6,524,945,542.71 6,902,123.98	5,367,304,725.42 6,464,007.54
Total	6,657,212,873.97	5,603,995,718.05	6,531,847,666.69	5,373,768,732.96

The Company

	2019		2018	
	Operating income RMB	Operating cost RMB	Operating income RMB	Operating cost RMB (Restated)
Operating income from principal activities	617,937,064.49	492,638,304.14	852,262,694.49	627,856,002.59

(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	
		2019 RMB	2018 RMB (Restated)	2019 RMB	2018 RMB
1.	Operating income from principal activities Road passenger transportation and auxiliary services				
	(Note 1)	3,787,137,533.95	3,652,097,388.60	7,738,595.82	6,292,659.83
	Expressway service zones services Taiping interchange	2,252,908,851.95	1,715,907,492.33	-	-
	assets operation services Material logistics	137,833,405.11	220,019,375.74	137,833,405.11	220,019,375.74
_	services	472,365,063.56	936,921,286.04	472,365,063.56	625,950,658.92
	Sub-total	6,650,244,854.57	6,524,945,542.71	617,937,064.49	852,262,694.49
2.	Other operating income	6,968,019.40	6,902,123.98	-	-
To	tal	6,657,212,873.97	6,531,847,666.69	617,937,064.49	852,262,694.49

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 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 RMB589,578,703.24, representing 8.86% of total operating income (2018: RMB445,538,080.27, representing 6.82% of total operating income).

(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 2019 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	Travel services RMB	Material logistics RMB	Other business RMB	Inter-segment elimination RMB	Total RMB
Operating income from by						
principal products and	V.41(1)	3,787,137,533.95				2 707 127 522 05
services category Road passenger	V.41(1)	3,707,137,333.93	-	-	-	3,787,137,533.95
transportation and						
auxiliary services						
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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

42 Taxes and surcharges

	The Group		The Company	
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Property tax	17,111,484.43	17,910,276.45	_	_
Urban maintenance and construction				
tax	9,440,018.62	10,004,178.83	208,268.31	82,644.38
Education surcharges and local				
education surcharges	7,199,914.17	7,803,709.01	206,812.51	151,245.31
Cultural undertakings fee	1,877,560.35	3,954,354.08	-	_
Land use tax	1,452,922.05	2,708,499.73	-	_
Others	5,416,779.13	6,603,195.04	321,334.90	1,397,075.56
Total	42,498,678.75	48,984,213.14	736,415.72	1,630,965.25

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

43 Financial expenses

		The C	Froup	The Co	mpany
	Note	2019	2018	2019	2018
		RMB	RMB	RMB	RMB
			(Restated)		(Restated)
Interest expenses from loans,					
bonds and payables		96,174,016.20	77,983,579.89	37,742,754.13	33,901,300.31
Less: Borrowing costs		, , ,	,,.		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
capitalised	(1)	(5,539,051.59)	(8,002,784.60)	-	-
Net interest expenses		90,634,964.61	69,980,795.29	37,742,754.13	33,901,300.31
Less: Interest income		(19,440,663.32)	(24,449,826.48)	(12,589,887.12)	(15,077,066.49)
Exchange (gains)/losses		(1,266,172.32)	774,364.69	767,048.18	543,454.73
Amortisation of unrecognized					
financing charges		6,120,770.17	4,468,730.94	-	_
Interest expenses from lease					
liabilities		100,477,686.30	97,365,748.62	303,086.93	636,351.23
Others		10,416,419.94	7,542,316.12	1,245,928.84	1,220,344.26
Total		186,943,005.38	155,682,129.18	27,468,930.96	21,224,384.04

⁽¹⁾ Capitalised borrowing costs of the Group in 2019 was RMB5,539,051.59 (2018: RMB8,002,784.60), with a capitalisation rate of 5% (2018: 5%).

44 Other income

The Group

	2019 RMB	2018 RMB (Restated)
Government grants related to assets(Note V.55(1)) Government grants related to income(Note V.55(2)) VAT super-deduction	82,521,716.91 254,196,053.33 3,862,908.83	50,451,606.83 214,910,335.96 –
Total	340,580,679.07	265,361,942.79

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

45 Investment income

	The G	iroup	The Co	mpany
	2019 RMB	2018 RMB (Restated)	2019 RMB	2018 RMB
Income from investments in subsidiaries accounting for using cost method Income from investments in	-	-	101,756,485.02	48,590,048.37
associates accounting for using equity method Income from investments in joint ventures accounting for using	15,123,798.95	19,873,858.83	18,685,334.04	18,806,208.64
equity method Gains on disposal of long-term	27,007,355.83	13,010,129.17	(831,305.89)	(1,613,560.50)
equity investments Gains from remeasurement of original investment at fair value	10,167,021.84	2,349,420.56	-	-
after acquisition of control right Others	6,935,110.60 (459,381.38)	- (459,381.39)	- 859,864.00	928,879.29
Total	58,773,905.84	34,774,027.17	120,470,377.17	66,711,575.80
Including: Income from investments in associates accounting for using equity method attributable to shareholders of the company	17,030,181.04	19,695,623.11	18,685,334.04	18,806,208.64
Income from investments in joint ventures accounting for using equity method attributable to shareholders of the company	26,697,006.34	13,490,721.73	(831,305.89)	(1,613,560.50)

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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

46 (Accrual)/reversal of credit losses

	The Group		The Company	
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Accounts receivable	(7,694,568.46)	36,364,063.60	(3,155,716.81)	17,774,729.31
Other receivables	(5,236,415.50)	(18,764,301.50)	621,056.28	1,854,749.30
Total	(12,930,983.96)	17,599,762.10	(2,534,660.53)	19,629,478.61

47 Impairment (losses)/reversal

	The Group		The Co	mpany
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Long-term equity investments	(930,000.00)	-	_	-
Prepayments	5,301,120.45	(78,863.32)	5,301,120.45	_
Inventories	(6,200.00)	-	_	_
Fixed assets	(993,002.59)	(3,489,850.82)	_	-
Other Non-current assets	(7,970,268.22)	(2,383,522.75)	-	-
Total	(4,598,350.36)	(5,952,236.89)	5,301,120.45	-

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

48 Gains from asset disposals

	The Group		The Co	mpany
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		(Restated)
Gains from disposal of fixed assets	39,546,620.00	12,199,854.72	_	_
Gains from disposal of other non-current assets	37,595.40	2,462,594.10	-	_
Gains from disposal of right-of-use assets	925,560.79	552,251.63	-	502,267.89
Total	40,509,776.19	15,214,700.45	_	502,267.89

49 Non-operating income and non-operating expense

(1) Non-operating income by item is as follows:

		The G	iroup	The Company		
	Note	2019	2018	2019	2018	
		RMB	RMB	RMB	RMB	
			(Restated)			
Gains on disposal of						
non-current assets		2,609,879.73	363,411.78	-	_	
Government grants	(2)	11,405,318.80	2,896,766.93	1,000,000.00	_	
Compensations		1,428,219.53	2,030,347.66	-	171,938.76	
Others		13,647,501.61	13,614,716.52	187,225.00	0.84	
Total		29,090,919.67	18,905,242.89	1,187,225.00	171,939.60	

⁽²⁾ The government grants of the Group and the Company recognised as non-operating income in 2019 and 2018 is disclosed in Note V 55(2) (c).

(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 G	iroup	The Company		
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Losses on disposal of					
non-current assets	8,059,277.64	5,849,440.07	-	_	
Road accidents losses	4,567,223.80	4,908,122.54	_	_	
Donations	349,649.93	989,623.99	-	_	
Penalty expenses	1,284,775.36	1,526,771.63	-	_	
Others	5,942,242.58	2,554,516.51	2,799,833.65	-	
Total	20,203,169.31	15,828,474.74	2,799,833.65	-	

50 Income tax expenses

The Group

(1) Income tax expenses

	2019 RMB	2018 RMB (Restated)
Current tax expense for the year based on tax law and		
regulations	113,702,165.41	116,692,927.55
Including: Mainland China	113,576,992.74	116,607,944.22
Hong Kong	125,172.67	84,983.33
Adjustments of tax filing differences	504,807.79	(166,246.42)
Changes in deferred tax	18,017,746.03	30,292,934.53
Total	132,224,719.23	146,819,615.66

(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 profit is as follows:

	2019 RMB	2018 RMB (Restated)
Profits before taxation	497,308,422.03	496,612,238.89
Expected income tax expense at tax rate of 25% (2018: 25%)	124,327,105.51	124,153,059.72
Effect of non-deductible expenses	6,220,480.74	13,253,294.14
Effect of non-taxable income	(24,589,727.12)	(17,651,406.93)
Effect of unrecognised deductible tax losses and temporary differences Effect of utilisation of temporary differences and deductible	48,493,990.46	32,726,561.99
tax losses in previous years	(20,402,174.32)	(4,601,625.95)
Effect of different tax rates applied by certain subsidiaries	(2,329,763.83)	(894,020.89)
Adjustments of tax filing differences	504,807.79	(166,246.42)
Total	132,224,719.23	146,819,615.66

The Company

(1) Income tax expenses

	2019 RMB	2018 RMB (Restated)
Current tax expense for the year based on tax law and regulations Adjustments of tax filing differences Changes in deferred tax	12,076.54 1,794,167.67 3,519,698.09	27,541,483.76 474,857.95 6,599,494.86
Total	5,325,942.30	34,615,836.57

(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:

	2019 RMB	2018 RMB (Restated)
Profits before taxation	125,302,801.81	202,897,836.72
Expected income tax expense at tax rate of 25% (2018: 25%)	31,325,700.45	50,724,459.18
Effect of non-deductible expenses	2,323,668.47	94,413.39
Effect of non-taxable investment income	(30,117,594.29)	(16,677,893.95)
Adjustments of tax filing differences	1,794,167.67	474,857.95
Total	5,325,942.30	34,615,836.57

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 profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The calculation is as follows:

	2019 RMB	2018 RMB (Restated)
Consolidated net profit attributable to ordinary shareholders		
of the Company (Note)	304,969,979.22	300,020,996.48
Weighted average number of ordinary shares outstanding	799,847,800.00	799,847,800.00
Basic earnings per share (RMB/share)	0.38	0.38

(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:

	2019 Shares	2018 Shares
Issued ordinary shares at the beginning and the end of the year Weighted average number of ordinary shares at the end	799,847,800.00	799,847,800.00
of the year	799,847,800.00	799,847,800.00

Note: On 26 August 2019, the Group entered into equity transfer agreements with Yueyun Investment Management and Gongbei Coach Transportation, subsidiaries of GCGC. On 21 November 2019, the Group acquired 100% equity of Chaozhou Yueyun Group from Yueyun Investment Management and 100% equity of Zhuhai Gongyun Group from Gongbei Coach Transportation. The restated consolidated net profit attributable to ordinary shareholders of the Company in 2018 has included the net profit of Chaozhou Yueyun Group and Zhuhai Gongyun Group attributable to ordinary shareholders of the Company.

(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.

(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 (Restated)	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	(2,089,987.84)	881,445.61		(1,208,542.23)
(2) Attributable to snareholders of the Company	(1,655,646.68)	798,138.63	_	(857,508.05)
Investments in other equity instruments	(.,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	, 50, .50.05		(63.73.66.63)
(1) Attributable to shareholders of the Company	109,360.02	-	-	109,360.02
Subtotal	(3,636,274.50)	1,679,584.24	-	(1,956,690.26)
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	(21,257,348.34)	5,029,671.27	-	(16,227,677.07)
(2) Attributable to non-controlling interests	(13,393,853.86)	2,732,632.47	_	(10,661,221.39)
Subtotal	(34,651,202.20)	7,762,303.74	-	(26,888,898.46)
Total	(38,287,476.70)	9,441,887.98	_	(28,845,588.72)

(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 Co	mpany
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		(Restated)
Operating income	6,657,212,873.97	6,531,847,666.69	617,937,064.49	852,262,694.49
Less: Changes in finished goods	1,975,524,463.70	1,966,244,184.36	461,582,530.36	586,684,934.70
Employee benefits expenses	2,073,175,944.53	1,956,611,365.80	51,699,756.08	48,032,471.86
Depreciation and amortization	742,963,925.37	618,955,088.85	24,525,884.15	22,609,019.57
Depreciation of right-of-use	195,587,774.33	185,810,876.68	8,458,061.93	8,285,249.99
Raw materials used	141,589,796.29	104,728,748.21	-	-
Rental expenses	69,126,209.57	59,393,743.46	819,760.00	582,643.03
Financial expenses	186,943,005.38	155,682,129.18	27,468,930.96	21,224,384.04
Other income	(340,580,679.07)	(265,361,942.79)	-	-
Accrual/(reversal) of Impairment losses	4,598,350.36	5,952,236.89	(5,301,120.45)	_
Accrual/(reversal) of credit losses	12,930,983.96	(17,599,762.10)	2,534,660.53	(19,629,478.61)
Investment income	(58,773,905.84)	(34,774,027.17)	(120,470,377.17)	(66,711,575.80)
Other expenses	1,165,706,333.72	1,302,669,554.58	39,703,567.64	48,459,148.59
Operating profit	488,420,671.67	493,535,470.74	126,915,410.46	202,725,897.12

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

54 Supplement to cash flow statement

(1) Reconciliation of net profit to cash flows from operating activities:

The Group

	2019 RMB	2018 RMB (Restated)
Net profit	365,083,702.80	349,792,623.23
Add: Provisions/(reversal) for impairment of assets and		
credit loss	17,529,334.32	(11,647,525.21)
Depreciation of fixed assets	634,259,822.26	525,170,459.82
Depreciation of Right-of-use assets	195,587,774.33	185,810,876.68
Depreciation of investment properties	3,372,671.36	3,009,534.84
Amortisation of intangible assets	68,663,579.19	64,766,348.25
Amortisation of long-term deferred expenses	36,667,852.56	26,008,745.94
Net gains on disposal of fixed assets, intangible assets,		
and other long-term assets	(35,060,378.28)	(9,861,952.54)
Financial expenses	194,376,039.72	166,936,205.29
Investment income	(58,773,905.84)	(34,774,027.17)
Decrease in deferred tax assets	25,997.70	11,148,344.52
Increased in deferred tax liabilities	17,991,748.33	23,321,709.22
Increase in inventories	(5,317,997.81)	(51,044,063.05)
(Increase)/decrease in operating receivables	(41,951,937.81)	17,609,605.32
Increase/(decrease) in operating payables	92,821,596.98	(544,240,618.64)
Decrease in specific reserve	(9,773,597.45)	(9,389,986.20)
Decrease/(increase) in restricted cash	11,814,551.23	(10,311,176.22)
Decrease/(increase) in long-term receivables	7,117,240.15	(2,072,777.63)
Decrease in long-term payables	(2,576,484.13)	(4,397,640.41)
Net cash inflow from operating activities	1,491,857,609.61	695,834,686.04

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

- **54** Supplement to cash flow statement (Continued)
 - (1) Reconciliation of net profit to cash flows from operating activities: (Continued)

 The Company

	2019 RMB	2018 RMB (Restated)
Net profit	119,976,859.51	168,282,000.15
Add: Provisions/(reversal) for impairment of credit loss	2,534,660.53	(19,629,478.61)
Reversal for impairment of assets	(5,301,120.45)	_
Depreciation of fixed assets	1,879,774.12	1,259,623.52
Depreciation of right-of-use assets	8,458,061.93	8,285,249.99
Amortisation of intangible assets	22,127,146.84	19,430,945.50
Amortisation of long-term deferred expenses	518,963.19	1,918,450.55
Net gains on disposal of other long-term assets	-	(502,267.89)
Financial expenses	27,895,504.76	22,175,039.01
Investment income	(120,470,377.17)	(66,711,575.80)
Decrease in deferred tax assets	3,519,698.09	6,599,494.86
Decrease in inventories	41,474.92	14,348,711.66
Decrease in operating receivables	15,258,819.31	334,436,038.61
Increase/(Decrease) in operating payables	46,313,522.56	(519,515,872.97)
Others	2,877,506.65	-
Net cash inflow/(outflow) from operating activities	125,630,494.79	(29,623,641.42)

(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

	2019 RMB	2018 RMB (Restated)
Cash and cash equivalents at the end of the year (Note) Less: Cash and cash equivalents at the beginning of	1,163,480,565.54	1,137,624,205.21
the year (Note)	1,137,624,205.21	1,903,297,453.21
Net increase/(decrease) in cash and cash equivalents	25,856,360.33	(765,673,248.00)

Note: As at 31 December 2019, the balance of cash included restricted cash such as security deposits for letter of guarantee, property maintenance funds and tourism quality deposits in an aggregate amount of RMB17,071,331.89 (31 December 2018: RMB28,885,883.12), which was deducted from the balance of cash and cash equivalents.

The Company

	2019 RMB	2018 RMB
Cash and cash equivalents at the end of the year Less: Cash and cash equivalents at the beginning of the year	575,899,312.83 622,984,930.41	622,984,930.41 929,531,026.45
Net decrease in cash and cash equivalents	(47,085,617.58)	(306,546,096.04)

(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

	2019 RMB	2018 RMB (Restated)
(a) Cash at bank and on handCash on handBank deposits available on demandCash with restricted usage	9,374,865.53 1,154,105,700.01 17,071,331.89	12,302,341.37 1,125,321,863.84 28,885,883.12
(b) Closing balance of cash and cash equivalents Less: Cash with restricted usage	1,180,551,897.43 (17,071,331.89)	1,166,510,088.33 (28,885,883.12)
(c) Closing balance of cash and cash equivalents available on demand	1,163,480,565.54	1,137,624,205.21

The Company

	2019 RMB	2018 RMB
(a) Cash at bank and on hand – Cash on hand – Bank deposits available on demand	- 575,899,312.83	- 622,984,930.41
(b) Closing balance of cash and cash equivalents	575,899,312.83	622,984,930.41
(c) Closing balance of cash and cash equivalents available on demand	575,899,312.83	622,984,930.41

(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	2019 RMB	2018 RMB
Consideration of acquiring subsidiaries (Note IV.5)	175,397,100.00	-
Cash and cash equivalents paid for acquiring subsidiaries Add: Cash and cash equivalents not appropriated in business reorganization during the period of business combination under common control (Note IV.5(2)) Cash or cash equivalents paid during the year for acquiring subsidiaries in previous years	175,397,100.00 13,948,301.99 –	- 44,487,000.00
Net cash outflow for the acquisition	189,345,401.99	44,487,000.00

Acquired of subsidiaries (business combination not under common control)

The Group

Items	2019 RMВ
Consideration of acquiring subsidiaries (Note IV.6) Cash and cash equivalents paid for acquiring subsidiaries Less: Cash and cash equivalents held by acquired subsidiaries	16,653,079.78 16,153,059.56 5,394,331.95
Net cash outflow for the acquisition	10,758,727.61

(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

	2019 RMB	2018 RMB
Consideration of disposal	36,828,137.81	323,389,447.52
Cash and cash equivalents received from disposal of subsidiaries Less: Cash and cash equivalents held by subsidiaries Net cash inflow/(outflow) for the disposal	36,828,137.81 10,480,652.94 26,347,484.87	28,380,000.00 133,868,801.47 (105,488,801.47)
Non-cash assets and liabilities held by the acquired subsidiaries Current assets Non-current assets Current liabilities Non-current liabilities	24,239,047.90 10,187,977.97 (15,723,785.17) –	675,694,638.08 222,658,555.95 (706,243,658.78) (2,588,889.20)

(5) Cash payment for other financing activities of the Group represents the net cash outflow in the cash pool accounts, which centrally managed the funds from the bank accounts of 4 related parties.

Cash payment/proceed from other financing activities of the Company represent the net cash outflow/inflow 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.

(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

	2019	2018
	RMB	RMB
Fixed assets from land changing	14,118,244.00	-

55 Government grants

The Group

	2019 RMB	2018 RMB (Restated)
Government grants related to assets Government grants related to income	82,521,716.91 403,946,612.19	50,451,606.83 385,085,734.97
Total	486,468,329.10	435,537,341.80

(1) Government grants related to assets

The government grants of the Group related to assets for 2019 are summarised as follows:

Items	Balance at the beginning of the year RMB (Restated)	Additions during the year RMB	Recognition as other income 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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

55 Government grants (Continued)

(2) Government grants related to income

Government grants of the Group and the Company that are related to income for 2019 are summarised as follows:

Impact on income statement items

(a) Offsetting against operation costs:

Item	The Group		
	2019	2018	
	RMB	RMB	
		(Restated)	
Fuel subsidies	138,345,240.06	167,278,632.08	

(b) Recognising as other income:

Item	The Group			
	2019	2018		
	RMB	RMB		
		(Restated)		
Subsidies for operation of bus lines	118,094,201.06	137,689,169.72		
Subsidies for operation of new energy vehicles	102,384,032.09	62,100,000.00		
Subsidies of elderly concessionary travel card	23,115,820.89	8,349,539.24		
Other subsidies	10,601,999.29	6,771,627.00		
Total	254,196,053.33	214,910,335.96		

(c) Recognising as non-operating income:

Items	The G	iroup	The Co	mpany
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Subsidies for vehicles disposals	3,253,338.73	1,211,000.00	_	_
Other subsidies	8,151,980.07	1,685,766.93	1,000,000.00	-
Total	11,405,318.80	2,896,766.93	1,000,000.00	-

(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

	2019				
	Travel services	Material logistics	Other business	Inter-segment eliminations	Total
	RMB	RMB	RMB	RMB	RMB
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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

56 Segment reporting (Continued)

(1) Segment reporting (Continued)

			2019 (Postated)		
			2018 (Restated)		
	Travel services RMB	Material logistics RMB	Other business RMB	Inter-segment eliminations RMB	Total RMB
Operating income Operating income from external					
customers Inter-segment operating income	5,588,024,256.67 –	936,921,286.04	6,902,123.98 7,420,529.56	- (7,420,529.56)	6,531,847,666.69 -
Total segment operating income	5,588,024,256.67	936,921,286.04	14,322,653.54	(7,420,529.56)	6,531,847,666.69
Operating costs Interest in the profit or loss of	4,481,762,463.71	885,556,363.59	7,304,172.67	(854,267.01)	5,373,768,732.96
associates and joint ventures	32,883,988.00	-	-	-	32,883,988.00
Impairment losses	5,952,236.89	-	-	-	5,952,236.89
Depreciation and amortisation	795,456,048.90	8,273,485.20	1,104,791.81	(68,360.38)	804,765,965.53
Profit before income tax	417,237,359.76	78,901,622.53	1,035,114.77	(561,858.17)	496,612,238.89
Income tax expenses	123,511,609.39	20,573,908.48	410,329.16	2,323,768.63	146,819,615.66
Net profit	293,725,750.37	58,327,714.05	624,785.61	(2,885,626.80)	349,792,623.23
Total assets	12,998,569,728.99	30,868,726.02	40,553,542.25	(2,557,045,315.35)	10,512,946,681.91
Total liabilities	7,851,941,543.33	18,583,961.48	54,011,017.78	(918,078,071.38)	7,006,458,451.21
Other important non-cash items: - Long-term equity investments in					
associates and joint ventures - The amounts of increase/ (decrease) of non-current assets other than long-term	405,629,011.27	-	-	-	405,629,011.27
equity investments	984,199,722.87	(217,429,129.98)	(1,048,879.73)	3,156,465.82	768,878,178.98

(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-cu				
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)		(Restated)	
China					
Including: Mainland China	6,341,452,814.61	6,258,483,224.87	8,104,501,273.60	7,497,293,272.19	
Hong Kong	315,760,059.36	273,364,441.82	231,164,588.91	221,993,540.96	
Total	6,657,212,873.97	6,531,847,666.69	8,335,665,862.51	7,719,286,813.15	

(3) Major customers

Operating income from each individual customer of the Group is below 10% of the Group's total operating income in 2019 and 2018.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

57 Net current (liabilities)/assets

	The G	iroup	The Company		
	2019 RMB	2018 RMB (Restated)	2019 RMB	2018 RMB (Restated)	
Current assets Less: Current liabilities	2,512,546,911.13 (3,358,085,953.80)	2,549,759,935.51 (2,745,206,197.56)	925,079,637.56 (1,140,082,008.43)	926,904,939.80 (720,662,771.27)	
Net current (liabilities)/assets	(845,539,042.67)	(195,446,262.05)	(215,002,370.87)	206,242,168.53	

58 Total assets less current liabilities

	The Group		The Company	
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		(Restated)
Total assets	11,095,005,481.46	10,512,946,681.91	3,038,845,995.62	2,914,599,240.00
Less: Current liabilities	(3,358,085,953.80)	(2,745,206,197.56)	(1,140,082,008.43)	(720,662,771.27)
Total assets less current liabilities	7,736,919,527.66	7,767,740,484.35	1,898,763,987.19	2,193,936,468.73

(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 2018	1,988,897,224.33	163,847,049.93	77,808,900.42	11,725,777.12	2,242,278,951.80
Additions during the year Reduction during the year	332,080,365.53 (85,675,081.93)	93,965,878.20 (1,279,951.26)	32,795,577.48 (127,614.49)	12,796,059.22 (1,773,343.02)	471,637,880.43 (88,855,990.70)
Balance as at 31 December 2018	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	150,009,267.34	252,274.95	1,260,922.65	230,903,957.40
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
Less: Accumulated depreciation Balance as at 1 January 2018	(482,360,191.87)	(28,326,926.85)	(23,619,224.06)	(8,463,866.31)	(542,770,209.09)
Balance as at 31 December 2018	(585,286,252.17)	(74,124,987.57)	(30,738,137.85)	(12,707,688.07)	(702,857,065.66)
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)
Carrying amounts Balance as at 1 January 2018	1,506,537,032.46	135,520,123.08	54,189,676.36	3,261,910.81	1,699,508,742.71
Balance as at 31 December 2018	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

As at 31 December 2019, transportation vehicles with carrying amount of RMB272,390,927.87 were ledged for lease (31 December 2018: RMB180,656,935.41).

(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 2018	22,097,580.64	10,676,101.04	32,773,681.68
Additions during the year	11,333,410.03	_	11,333,410.03
Reduction during the year	(22,097,580.64)	-	(22,097,580.64)
Balance as at 31 December 2018	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
Less: Accumulated depreciation			
Balance as at 1 January 2018	(6,802,246.61)	(6,189,887.74)	(12,992,134.35)
Balance as at 31 December 2018	(3,347,513.00)	(6,662,052.63)	(10,009,565.63)
Balance as at 31 December 2019	_	(7,134,217.53)	(7,134,217.53)
Carrying amounts			
Balance as at 1 January 2018	15,295,334.03	4,486,213.30	19,781,547.33
Balance as at 31 December 2018	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

As at 31 December 2019, the Company had no right-of-use assets which were ledged for lease.(31 December 2018: Nil).

(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 2019 RMB	31 December 2018 RMB	31 December 2019 RMB	31 December 2018 RMB
Long-term lease liabilities Less: lease liabilities due	2,037,643,345.59	2,005,393,828.74	1,940,778.90	10,226,246.97
within one year	(189,313,299.21)	(154,264,654.12)	(194,084.29)	(8,285,468.07)
Total	1,848,330,046.38	1,851,129,174.62	1,746,694.61	1,940,778.90

	The G	iroup	The Co	mpany
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
Short-term lease expenses applied the practical expedient	44,538,371.47	40,504,269.54	678,749.60	432,886.00
Variable lease payments not included in the measurement of lease				
liabilities	22,797,562.54	16,907,392.42	-	-
Income from sub-leasing right-of-use assets Total cash outflow for leases	511,448,200.70 320,412,592.71	467,105,599.73 315,260,434.12	- 9,267,304.60	- 8,956,221.00

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

59 Lease (Continued)

(2) As a lessor

(a) Operating lease

	The Group		
	2019	2018	
	RMB	RMB	
Lease income	665,227,531.82	629,087,341.92	
Including: income related to variable lease payments not included in lease receipts	38,833,613.08	40,336,876.78	

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

	The Group		
	2019	2018	
	RMB	RMB	
Within 1 year (inclusive)	551,491,587.59	532,872,857.75	
Over 1 year but within 2 years (inclusive)	497,479,674.73	490,190,022.42	
Over 2 years but within 3 years (inclusive)	418,073,459.07	462,671,014.81	
Over 3 years but within 4 years (inclusive)	347,793,692.49	394,369,895.88	
Over 4 years but within 5 years (inclusive)	290,919,317.40	332,670,852.94	
Over 5 years	2,095,299,439.17	2,116,371,885.90	
Total	4,201,057,170.45	4,329,146,529.70	

As at 31 December 2019, the company had no operating lease (31 December 2018: Nil).

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

59 Lease (Continued)

(2) As a lessor (Continued)

(b) Finance lease

	The Group		
	2019 RMB	2018 RMB	
Finance income on the net investment in the lease Income relating to variable lease payments not included in the net investment in the lease	834,859.53 -	1,635,018.79 –	

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

	The Group		
	2019 RMB	2018 RMB	
Within 1 year (inclusive) Over 1 year but within 2 years (inclusive) Over 2 years but within 3 years (inclusive) Over 3 years	1,749,377.68 645,022.00 – –	3,414,026.95 3,038,958.19 1,720,751.94 1,641,117.90	
Subtotal of undiscounted lease receipts Less: Unearned finance income	2,394,399.68 (553,468.31)	9,814,854.98 (1,727,872.79)	
Net investment in the lease	1,840,931.37	8,086,982.19	

As at 31 December 2019, the Company had no finance lease. (31 December 2018: Nil)

(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 Province Bus Terminal Co., Ltd.	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
Jiangmen Guangjiang Expressway Passenger 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	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 Daxia 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

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4 Information on other related parties

Other related parties

Guangdong Provincial Highway Construction Company Limited

Guangdong Province Road & Bridge Construction Development Company Limited

Zhaoqing City Guang-He Expressway Company Limited

Guangdong Oriental Thought Technology Company Limited

Guangdong Nan Yue Logistics International Services Company Limited

Guangdong Xinyue Communications Investment Company Limited

Yueyun Investment Management

Guangdong Bo-Da Expressway Company Limited

Guangdong Guangle Expressway Company Limited

Guangdong He-Hui Expressway Company Limited

Guangdong Jiangzhong Expressway Company Limited

Guangdong Kai Yang Expressway Company Limited

Guangdong Litong Properties Investment Company Limited

Guangdong Maozhan Expressway Company Limited

Guangdong Meihe Expressway Company Limited

Guangdong Shanfen Expressway Company Limited

Guangdong Provincial Freeway Company Limited

Poly Changda Engineering Company Limited (former name: Guangdong Provincial Changda Highway Engineering Company Limited)

Guangdong Taishan Coastal Expressway Company Limited

Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited

Guangdong Yang-Mao Expressway Company Limited

Guangdong Yu-Zhan Expressway Company Limited

Guangdong Yue Dong Freeway Industry Development Company Limited

Guangdong Yue-Gan Expressway Company Limited

Guangdong Yun-Wu Expressway Company Limited

Guangdong Zhaoyang Expressway Company Limited

Guangfo Expressway Company Limited

Guang-Shen-Zhu Expressway Company Limited

Guangzhou Newsoft Technology Company Limited

Guangzhou Xin Yue Asphalt Company Limited

Heyuan He-Long Expressway Company Limited

Jingzhu Expressway Guangzhu Section Company Limited

Weisheng Transportation Enterprises Company Limited

Xinyue Company Limited

Yunfu City Guangyun Expressway Company Limited

Related party relationships

Controlled by the ultimate holding company Being controlled by the ultimate holding company before 18 August 2018, and being an associate of the ultimate holding company from 18 August 2018

Controlled by the ultimate holding company Controlled by the ultimate holding company

Controlled by the ultimate holding company

(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 Western Coastal Expressway Operation Company Limited Controlled by the ultimate holding company Guangdong Western Shen-Shan Expressway Company Limited Controlled by the ultimate holding company Guangdong Gao-Da Property Development Company Limited Controlled by the ultimate holding company Gongbei Coach Transportation Controlled by the ultimate holding company Kee Kwan Motor Road Company Limited Controlled by the ultimate holding company Guangdong Province Western Coastal Expressway Xinhui Section 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 Controlled by the ultimate holding company Guangdong Luo-Yang Expressway Company Limited Guangdong Provincial Fokai Expressway Company Limited Controlled by the ultimate holding company Guangdong Province Expressway Construction Materials Supply Station Controlled by the ultimate holding company Kwong Fat Transport Company Limited Controlled by the ultimate holding company 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 Controlled by the ultimate holding company Guangdong Baomao Expressway Company Limited Kee Kwan Travel Tour Transportation HongKong 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 Guangdong Provincial Traffic Development Company Limited Controlled by the ultimate holding company Dongguan Weisheng International Logitics Company Limited Controlled by the ultimate holding company Guangdong Kee Kwan Transportation Company Limited Controlled by the ultimate holding company Guangdong Road and Bridge Electronics Company Limited Controlled by the ultimate holding company Guangdong Guangfozhao Expressway Company Limited Controlled by the ultimate holding company Controlled by the ultimate holding company GCG Finance Guangdong Union Electronic Service Company Limited ("Union Electronic") Controlled by the ultimate holding company

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

4 Information on other related parties (Continued)

Other related parties

Guangdong Chaoshan Circle Line Expressway Company Limited
Guangdong Province Yue-zhan High Speed Passenger Traffic Co., Ltd.
Guangdong Hui-qing Expressway Company Limited
Guangdong Gaoen Expressway Company Limited
Guangdong Provincial Expressway Development Company Limited
Guangdong Gaintop Highway Engineering Construction Group Company Limited

Guangdong Meiping Expressway Company Limited
Meizhou Vehicles Freight Company Limited
Guangdong Humen Bridge Company Limited
Guangdong Feida Traffic Engineering Company Limited
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited
Foshan Guang-San Expressway Company Limited
Guangdong Shenzhen-Shantou (Eastern Section) Expressway Company Limited
Jiangmen City Jiang-He Expressway Company Limited
Shenzhen Huiyan Expressway Company Limited
Guangdong Telecommunication Company Limited
Hui-Shen (Yantian) Expressway Huizhou Company Limited
Zhaoqing Yuezhao Expressway Company Limited
Guangdong Guangzhu Expressway West Section Company Limited
Guangdong South China Logistics Enterprise Company Limited

Guangdong Yueyun Jiafu Enterprise Company Limited

Related party relationships

Controlled by the ultimate holding company Being an associate of the ultimate holding company before 18 August 2018, and beging non-affiliate from 18 August 2018 Controlled by the ultimate holding company Controlled by the ultimate holding company Joint venture of the ultimate holding company Associate of the ultimate holding Company Being a subsidiary of the Company before 30 March 2018, and being controlled by the ultimate holding company from 30 March 2018 Being a subsidiary of the Company before 30 March 2018, and being controlled by the ultimate holding

company from 30 March 2018

(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 identied as follows:

 - * The transactions with connected persons constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.
 - 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	2019 RMB	2018 RMB
Guangdong South China Logistics	Purchase of materials	242 042 425 27	115 221 000 10
Enterprise Company Limited# Guangdong Guangye Yueyun	Purchase of materials	213,942,125.37	115,221,909.10
Natural Gas Co., Ltd.	ruicilase of illateriais	39,137,529.55	53,881,531.48
Guangzhou Xinyue Company	Purchase of materials	20,121,022100	55,551,551115
Limited#		-	48,366,229.36
Guangdong Yuehuahui	Purchase of materials	7,994,857.18	1,305,297.62
Guangzhou Xin Yue Asphalt	Purchase of materials		
Company Limited#		-	11,456.22
Shaoguan Libao Technology			
Company Limited	Purchase of materials	2,030,659.00	83,068.41
Others	Purchase of materials	69,429.25	19,902.02
Total		263,174,600.35	218,889,394.21

(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 Group (Continued)

Related Parties	Caption	2019 RMB	2018 RMB (Restated)
Dongguan Weisheng International Logitics Company Limited#	Receipt of services	_	986,528.81
Guangdong HuaLu Transport Technology Company Limited#	Receipt of services	_	416,968.00
Guangdong Humen Bridge Company Limited#	Receipt of services	5,534,937.64	6,254,654.99
Kee Kwan Motor Road Company Limited ^β	Receipt of services	1,526,494.05	486,505.81
Guangdong Xinyue Communications Investment Company Limited ^β	Receipt of services	346,106.42	-
Guangdong Oriental Thought Technology Company Limited#	Receipt of services	322,736.98	153,476.22
Others ^β	Receipt of services	1,056,887.61	1,009,055.40
Total		8,787,162.70	9,307,189.23

The Company

Related Parties	Caption	2019 RMB	2018 RMB
Guangdong South China Logistics Enterprise Company Limited Yueyun Transportation (HK)	Purchase of materials Purchase of materials	213,942,125.37	131,741,263.89
Company Limited		-	19,241,755.66
Total		213,942,125.37	150,983,019.55

Related Parties	Caption	2019 RMB	2018 RMB
Guangdong Humen Bridge Company Limited	Receipt of services	5,534,937.64	6,254,654.99
Guangdong Province Transportation Engineering Company Limited	Receipt of services	-	44,833.00
Guangdong HuaLu Transport Technology Company Limited	Receipt of services	_	416,968.00
Others	Receipt of services	2,388,206.04	850,000.00
Total		7,923,143.68	7,566,455.99

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

- Significant transactions between the Group and its related parties for the year (Continued)
 - (2) Sales and rendering of services
 The Group

Related Parties	Caption	2019 RMB	2018 RMB (Restated)
Poly Changda Engineering Company Limited#	Sales of materials	_	21,304,780.70
Guangdong South China Logistics Enterprise Company Limited#	Sales of materials	-	23,793,202.15
Guangzhou Xin Yue Asphalt Company Limited#	Sales of materials	-	2,912,123.82
Guangdong Provincial Freeway Company Limited#	Sales of materials	2,346,938.08	-
Others ^β	Sales of products	333,754.96	923,200.16
Total		2,680,693.04	48,933,306.83

Related Parties	Caption	2019 RMB	2018 RMB
Guangdong Humen Bridge Company Limited [#]	Expressway service operation income	890,616.08	2,469,393.60
Zhongyou Top-E Energy	Expressway service operation income	1,238,938.05	1,400,000.00
Poly Changda Engineering Company Limited# Others#	Expressway service operation income	-	546,109.65
Others*	Expressway service operation income	690,596.30	2,962,396.31
Total		2,820,150.43	7,377,899.56

Related Parties	Caption	2019 RMB	2018 RMB
Express Cross-Border Coach	Logistics service income		
Management Company Limited		31,769,267.26	33,399,341.33
Guangdong FLY-E	Logistics service income	14,976,091.61	18,468,564.25
Guangdong Chao-Hui Expressway	Logistics service income		
Company Limited ^β		1,424,466.02	1,693,203.88
Guangzhou Newsoft Technology	Logistics service income		
Company Limited ^β		1,071,165.05	924,271.84
Others ^β	Logistics service income	4,392,704.70	2,905,672.10
Total		53,633,694.64	57,391,053.40

(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	2019 RMB	2018 RMB (Restated)
Guangdong Province Road & Bridge Construction Development Company Limited#	Road rescue service income	9,885,594.34	9,885,594.34
Guangdong Provincial Freeway	Road rescue service		
Company Limited# Guangdong Guangle Expressway	income Road rescue service	7,953,042.45	7,953,042.45
Company Limited# Guangdong Chao-Hui Expressway	income Road rescue service	4,202,830.19	4,202,830.19
Company Limited# Guangdong Er-Guang Expressway	income Road rescue service	3,491,037.74	3,491,037.74
Company Limited#	income	2,716,981.13	2,716,981.13
Guangdong Guangfozhao Expressway Company Limited#	income	2,474,787.74	2,474,787.74
Guangdong Yun-Wu Expressway Company Limited#	Road rescue service income	2,317,924.53	2,317,924.53
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 Provincial Highway Construction Company Limited#	Road rescue service income	3,381,304.25	3,244,542.45
Guangdong Kai Yang Expressway	Road rescue service		
Company Limited# Guangdong Baomao Expressway	income Road rescue service	1,783,018.87	1,783,018.87
Company Limited# Guangdong Zhaoyang Expressway	income Road rescue service	1,730,660.38	1,730,660.38
Company Limited# Guangdong Ping-Xing Expressway	income Road rescue service	1,680,495.28	1,680,495.28
Company Limited# Guangdong Yue Dong Freeway	income Road rescue service	1,394,490.57	1,394,490.57
Industry Development Company Limited#	income	1,223,306.60	1,223,306.60
Guangdong Taishan Coastal	Road rescue service		
Expressway Company Limited# Guangdong Luo-Yang Expressway	income Road rescue service	1,220,929.25	1,220,929.25
Company Limited# Guangdong He-Hui Expressway	income Road rescue service	1,178,462.26	1,178,462.26
Company Limited# Guangdong Yang-Mao Expressway	income Road rescue service	1,139,150.94	1,139,150.94
Company Limited# Guangdong Ninghua Expressway	income Road rescue service	1,128,679.25	1,128,679.25
Company Limited# Others#	income	1,189,316.04	1,189,316.04
Others"	Road rescue service income	5,430,754.70	4,199,396.21
Total		59,672,969.34	58,304,849.05

(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	2019 RMB	2018 RMB
Othersβ	Repairing income	493,043.68	706,286.81
Related Parties	Caption	2019 RMB	2018 RMB
Union Electronic ^β	Rendering of other services income	1,289,335.95	-
Roadnet Innovalues Media Others ^β	Rendering of other services income Rendering of other	490,367.48	777,685.64
Others	services income	2,503,062.47	930,118.33
Total		4,282,765.90	1,707,803.97

The Company

Related Parties	Caption	2019 RMB	2018 RMB
Guangdong South China Logistics Enterprise Company Limited	Sales of materials	_	31,633,654.98
Poly Changda Engineering Company Limited	Sales of materials	_	2,019,928.44
Guangdong Provincial Freeway Company Limited	Sales of materials	2,346,938.08	-
Total		2,346,938.08	33,653,583.42

(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
 - (a) Entrusted management:

The Group and the Company

Consignor	Contractor	Entrusted object	Start date	End date	Entrusted income/ Pricing basis	Entrusted income in 2019 RMB	Entrusted income in 2018 RMB
Yueyun Investment Management [#]	Guangdong Yueyun Transportation Company Limited	Equity and operation management	01/01/2015	31/12/2018	Negotiated price	-	4,174,979.30
Yueyun Investment Management [#]	Guangdong Yueyun Transportation Company Limited	Equity and operation management	01/09/2018	20/11/2019	Negotiated price	2,093,564.23	788,317.39
GCGC*	Guangdong Yueyun Transportation Company Limited	Equity and operation management	01/09/2018	20/11/2019	Negotiated price	334,970.28	125,096.92
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	5,088,393.61

(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):

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract expenses in 2019 RMB	Contract expenses in 2018 RMB (Restated)
Guangdong Guangzhu Expressway West Section Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	25/01/2013	23/01/2038	Negotiated price	13,172,656.85	10,630,810.75
Guangdong Guangzhu Expressway West Section Company Limited*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	01/12/2013	30/11/2023	Negotiated price	6,891,097.52	4,591,382.27
Guang-Shen-Zhu Expressway Company Limited#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	01/12/2010	31/12/2019	Negotiated price	9,765,113.83	15,360,000.70
Guang-Shen-Zhu Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/12/2017	30/06/2027	Negotiated price	6,627,557.42	6,075,881.63
Guangdong Provincial Highway Construction Company Limited*	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/01/2011	31/12/2035	Negotiated price	11,593,761.73	11,568,037.27
Guangdong Guangle Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	27/09/2014	26/09/2039	Negotiated price	10,860,218.41	11,015,687.24
Guangdong Province Road & Bridge Construction Development Company Limited*	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/01/2007	12/01/2034	Negotiated price	14,565,146.56	8,228,316.72
Guangdong Yue-Gan Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/10/2005	Termination date of the highway toll	Negotiated price	-	7,853,484.22
Guangdong Provincial Freeway Company Limited [#]	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	03/04/2003	28/10/2026	Negotiated price	20,727,605.06	5,282,931.35
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	1,258,834.63	1,168,831.17
Guangdong Guangfozhao Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/01/2017	31/12/2041	Negotiated price	7,855,357.46	7,908,288.48
Guangdong Kai Yang Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	03/09/2003	23/07/2027	Negotiated price	9,052,314.67	7,453,851.65
Guangdong Chao-Hui Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	30/12/2015	31/12/2041	Negotiated price	6,394,244.55	6,477,671.02

(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 2019 RMB	Contract expenses in 2018 RMB (Restated)
Guangdong Yun-Wu Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/10/2010	25/09/2035	Negotiated price	-	4,866,104.30
Guangdong Meihe Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	21/12/2005	02/10/2033	Negotiated price	4,016,491.90	3,893,278.46
Guangdong Yangmao Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/12/2004	Termination date of the highway toll	Negotiated price	3,246,806.24	3,349,733.67
Guangdong Bo-Da Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	28/12/2014	27/12/2039	Negotiated price	4,390,386.46	4,488,226.52
Guangdong Shanfen Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/01/2009	23/11/2025	Negotiated price	2,039,894.78	2,123,708.84
Guangdong Jiangzhong Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	08/11/2005	07/11/2027	Negotiated price	3,316,448.61	3,438,415.60
Guangdong Maozhan Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	27/11/2009	26/11/2029	Negotiated price	5,156,426.17	2,543,168.58
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	1,733,291.68	2,484,253.18
Guangdong Provincial Fokai Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	Completion date of the project	Termination date of the highway toll	Negotiated price	-	2,877,854.09
Guangdong Ping-Xing Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	31/12/2015	30/12/2040	Negotiated price	1,859,113.30	1,964,763.07
Guangdong Yu-Zhan Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	30/04/2007	30/04/2032	Negotiated price	-	2,423,225.88
Guangdong Er-Guang Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	31/12/2014	31/12/2038	Negotiated price	3,295,242.57	3,340,884.11
Guangdong Baomao Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	30/12/2015	29/12/2040	Negotiated price	593,761.02	2,616,278.62

(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 2019 RMB	Contract expenses in 2018 RMB (Restated)
Guangdong Zhaoyang Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	01/01/2011	31/12/2033	Negotiated price	2,448,195.83	2,489,642.76
Jingzhu Expressway Guangzhu Section Company Limited#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	03/04/2003	18/10/2026	Negotiated price	3,115,107.05	2,055,247.20
Guangdong Luo-Yang Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	31/10/2016	30/10/2041	Negotiated price	2,121,587.64	2,234,801.13
Yunfu City Guangyun Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	Opening date of highway	Termination date of the highway toll	Negotiated price	1,483,356.37	1,016,328.75
Heyuan He-Long Expressway Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	21/12/2005	14/06/2033	Negotiated price	1,397,691.36	1,433,539.45
Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	28/12/2015	19/08/2032	Negotiated price	1,081,142.91	1,159,929.33
Zhaoqing Yuezhao Expressway Company Limited [#]	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	05/01/2004	Termination date of the highway toll	Negotiated price	1,146,118.77	1,778,256.51
Guangdong Provincial Expressway Development Company Limited#	Guangdong Tongyi Landscape Co., Ltd.	Expressway services	Completion date of the project	Termination date of the highway toll	Negotiated price	1,388,956.89	-
Others*		Expressway services/ advertisement resources operation	1 7	, , , ,	Negotiated price	16,021,334.04	11,408,090.34
						178,615,262.28	167,600,904.86

Note: As mentioned in Note II.32(2)(a), the Group has applied new leases standard since 1 January 2019 and has chosen to adopt the retroactive adjustment method. 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.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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 2019 RMB	Lease income recognised in 2018 RMB
Express Cross-Border Coach Management Company Limited Guangdong South China Logistics	Traffic line/Buildings and structures Buildings and structures	1,349,185.57	1,349,835.41
Enterprise Company Limited Others	Buildings and structures	2,501,433.94 1,326,676.24	2,334,169.43 538,289.64
Total		5,177,295.75	4,222,294.48

(b) As the lessee (note):

The Group

Lessor	Type of assets leased	Lease income recognised in 2019 RMB	Lease income recognised in 2018 RMB (Restated)
Guangdong Litong Properties	Buildings and structures	40 752 704 00	0.002.445.57
Investment Company Limited#		10,752,701.00	9,093,445.57
Yueyun Investment Management ^β	Buildings and structures	_	55,500.00
Gongbei Coach Transportation ^β	Buildings and structures	1,217,832.66	2,435,665.32
Kee Kwan Motor Road	Buildings and structures,		
Company Limited $^{\beta}$	and Transportation		
	vehicles	685,714.32	6,226,171.44
Others $^{\beta}$	Buildings and structures	1,547,929.15	962,422.23
Total		14,204,177.13	18,773,204.56

Note: As mentioned in Note II.32(2)(a), the Group has applied new leases standard since 1 January 2019 and has chosen to adopt the retroactive adjustment method. Under new leases standard, lease expenses include depreciation expense of right-of-use assets, interest expenses of lease liabilities, and short-term lease expenses.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

- 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 2019 RMB	Lease income recognised in 2018 RMB (Restated)
Guangdong Litong Properties Investment Company Limited	Buildings and structures	8,939,641.17	8,480,663.83
Guang-Shen-Zhu Expressway Company Limited	Buildings and structures	601,593.21	834,315.92
Total		9,541,234.38	9,314,979.75

(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	No
	780,000,000.00			

(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 2019 RMB	Additions during the year RMB	Repayments during the year RMB	Decrease due to change of consolidation scope RMB	Ending balance at 31 December 2019 RMB	Period
GCG Finance	4.37%	9,500,000.00	-	(9,500,000.00)	-	-	28/06/2016 – 27/06/2019
GCG Finance	4.275%	4,500,000.00	-	(4,500,000.00)	-	-	18/07/2016 - 17/07/2019
GCG Finance	4.37%	2,000,000.00	-	(2,000,000.00)	-	-	29/08/2016 - 28/08/2019
GCG Finance	4.37%	26,000,000.00	-	(26,000,000.00)	-	-	19/12/2016 - 18/12/2019
GCG Finance	4.465%	16,600,000.00	-	(16,600,000.00)	-	-	20/12/2016 - 19/12/2019
GCG Finance	4.37%	19,600,000.00	-	(19,600,000.00)	-	-	28/12/2016 - 27/12/2019
GCG Finance	4.275%	2,500,000.00	-	(2,500,000.00)	-	-	28/12/2016 - 27/12/2019
GCG Finance	4.37%	12,000,000.00	-	(12,000,000.00)	-	-	18/01/2017 - 17/01/2020
GCG Finance	4.275%	5,000,000.00	-	(200,000.00)	-	4,800,000.00	22/02/2017 - 21/02/2020
GCG Finance	4.37%	4,600,000.00	-	(200,000.00)	-	4,400,000.00	06/03/2017 - 05/03/2020
GCG Finance	4.37%	30,000,000.00	-	(100,000.00)	-	29,900,000.00	22/03/2017 - 21/03/2020
GCG Finance	4.37%	36,000,000.00	-	(1,000,000.00)	-	35,000,000.00	22/03/2017 - 21/03/2020
GCG Finance	4.37%	10,000,000.00	-	-	-	10,000,000.00	27/04/2017 - 26/04/2020
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%	17,000,000.00	-	(2,000,000.00)	-	15,000,000.00	04/07/2017 - 03/07/2020
GCG Finance	4.275%	29,700,000.00	-	(200,000.00)	-	29,500,000.00	13/07/2017 - 12/07/2020
GCG Finance	4.37%	19,200,000.00	-	(200,000.00)	-	19,000,000.00	17/07/2017 - 16/07/2020
GCG Finance	4.41%	3,500,000.00	-	(1,000,000.00)	-	2,500,000.00	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%	19,700,000.00	-	(200,000.00)	-	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%	2,000,000.00	-	(2,000,000.00)	-	-	13/09/2017 - 12/09/2020
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
GCG Finance	4.275%	5,000,000.00	-	-	-	5,000,000.00	06/12/2017 - 05/12/2020

(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 2019 RMB	Additions during the year RMB	Repayments during the year RMB	Decrease due to change of consolidation scope RMB	Ending balance at 31 December 2019 RMB	Period
GCG Finance	4.275%	29,800,000.00	-	(200,000.00)	-	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%	47,500,000.00	-	(1,000,000.00)	-	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%	29,000,000.00	-	(2,000,000.00)	-	27,000,000.00	21/09/2018 - 20/09/2021
GCG Finance	4.263%	20,000,000.00	-	(20,000,000.00)	-	-	26/10/2018 - 25/10/2019
GCG Finance	4.608%	45,000,000.00	-	(6,000,000.00)	-	39,000,000.00	23/11/2018 - 22/11/2023
GCG Finance	4.608%	15,000,000.00	-	-	-	15,000,000.00	26/11/2018 – 25/11/2021
GCG Finance	4.608%	30,000,000.00	-	(12,000,000.00)	-	18,000,000.00	11/12/2018 - 10/12/2023
GCG Finance	4.263%	20,000,000.00	-	(20,000,000.00)	-	-	27/12/2018 - 26/12/2019
GCG Finance	4.608%	-	40,000,000.00	(4,000,000.00)	-	36,000,000.00	11/01/2019 - 10/01/2024
GCG Finance	4.608%	-	83,000,000.00	(8,300,000.00)	-	74,700,000.00	04/03/2019 - 03/03/2024
GCG Finance	4.275%	-	35,000,000.00	(1,000,000.00)	-	34,000,000.00	08/08/2019 - 07/08/2022
GCG Finance	4.275%	-	40,000,000.00	-	-	40,000,000.00	24/12/2019 – 24/12/2022
GCG Finance	4.275%	-	30,000,000.00	-	-	30,000,000.00	26/12/2019 – 25/12/2024
Total		627,200,000.00	228,000,000.00	(174,300,000.00)	-	680,900,000.00	

(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 2019	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2019 RMB	Period
GCG Finance	4.40%	-	40,000,000.00	-	40,000,000.00	24/12/2019 – 24/12/2022

Lending to related parties

Related parties	Annual interest rate	Opening Balance at 1 January 2019 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2019 RMB	Period
GVTG	-	-	30,000,000.00	-	30,000,000.00	29/01/2019 – 29/01/2020
GVTG	-	-	20,000,000.00	-	20,000,000.00	25/12/2019 – 25/12/2020
Guangdong Province Transportation Engineering Company Limited	4.35%	7,500,000.00	-	(500,000.00)	7,000,000.00	17/09/2018 -16/09/2020
Shanwei Yueyun Vehicles Transportation Co., Ltd	4.35%	-	20,000,000.00	(20,000,000.00)	-	16/05/2019 – 30/12/2019
Guangdong Yueyun Development Co., Ltd	-	-	2,600,000.00	-	2,600,000.00	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		7,500,000.00	120,600,000.00	(20,500,000.00)	107,600,000.00	

For details of interest income arising from the above lending, please refer to Note VI. 5(7).

(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	2019 RMB	2018 RMB (Restated)
GCG Finance	9,188,065.14	8,186,696.46
Interest expenses	2019 RMB	2018 RMB (Restated)
GCG Finance Guangzhou Yueyun	32,088,996.75 1,999,325.02	23,356,228.87 2,215,911.14
Total	34,088,321.77	25,572,140.01

The Company

Others

Interest income	2019 RMB	2018 RMB
GVTG GCG Finance Others	- 7,265,570.03 818,531.79	3,127,417.45 4,845,660.23 840,874.61
Total	8,084,101.82	8,813,952.29
Interest expenses	2019 RMB	2018 RMB

1,476,089.17

1,836,186.58

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

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	2019 RMB	2018 RMB
Compensation for key management personnel	8,152,378.89	9,852,578.56

(9) Freight transportation service outsourcing

The Group

Tractions with Weisheng Transportation Enterprises		
Company Limited	2019	2018
	RMB	RMB
Freight transportation outsourcing income#	4,880,032.92	5,739,368.66
Disbursements#	5,752,505.88	7,941,148.05
Total	10,632,538.80	13,680,516.71

(10) Passenger transportation service outsourcing

The Group

Tractions with Weisheng Transportation Enterprises Company Limited	2019 RMB	2018 RMB (Restated)
Passenger transportation contracting fee (note)# Disbursements#	3,780,097.88 2,954,263.08	4,588,331.66 3,010,141.59
Total	6,734,360.96	7,598,473.25

Note: As mentioned in Note II.32(2)(a), the Group has applied new leases standard since 1 January 2019 and has chosen to adopt the retroactive adjustment method. Under new leases standard, passenger transportation contracting fee include depreciation expense of right-of-use assets, interest expenses of lease liabilities.

(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. Since 2018, the Group's subsidiaries which are engaged in transportation services paid certain road and bridge tolls to those road and bridge companies held by GCGC through Union Electronic.

(13) Asset Swap

The Group entered into the Asset Swap Agreement with Yueyun Investment Management, a subsidiary of GCGC, on 21 December 2017. According to the Asset Swap Agreement, the Group agreed to sell and Yueyun Investment Management agreed to acquire 100% equity of the Group's subsidiary, South China Logistics Enterprise, which shall be satisfied by Yueyun Investment Management by way of transferring to the Group 100% equity of Meizhou Yueyun Group and payment of RMB28,380,000.00 in cash representing the difference. On 30 March 2018, the Group obtained the substantial control over Meizhou Yueyun Group.

(14) 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 Yueyun Investment Management, transferred to Yueyun Investment Management 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.

(15) 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 Gongbei Coach Transportation, 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 Gongbei Coach Transportation at the consideration of RMB71,607,400.00. On 21 November 2019, the above equity transfer formalities have been completed

(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)

(16) Acquire of right-of-use assets

The Group

Lessor	Type of assets leased	2019 RMB	2018 RMB
Guangdong Kai Yang Expressway Company Limited	Buildings and structures	276,999.10	_
Shenzhen Yueyun	Buildings and structures	2,356,756.36	-
Guangdong Litong Properties Investment	Buildings and	_,,550,,500,50	44 200 007 52
Company Limited Guangzhou Yueyun	structures Buildings and	_	14,390,007.53
	structures	-	1,047,276.03
Yunfu City Guangyun Expressway Company Limited	Buildings and structures	4,391,062.73	_
Jingzhu Expressway Guangzhu Section	Buildings and	.,55 .,6625	
Company Limited	structures	2,464,252.67	-
Guangdong Er-Guang Expressway Company Limited	Buildings and structures	_	8,216,170.85
Guangdong Meiping Expressway	Buildings and		
Company Limited Guangdong Shanfen Expressway	structures Buildings and	7,178,158.76	-
Company Limited	structures	_	2,399,552.44
Guangdong Provincial Highway	Buildings and	F 24F 266 04	
Construction Company Limited Guangdong Province Road &	structures Buildings and	5,215,266.94	-
Bridge Construction Development	structures		
Company Limited Guangdong Provincial Freeway	Duildings and	631,654.31	-
Company Limited	Buildings and structures	7,056,157.13	13,054,989.74
Guangdong Humen Bridge	Buildings and		
Company Limited Guangdong Gaoen Expressway	structures Buildings and	-	2,084,969.11
Company Limited	structures	37,221,169.90	_
Guang-Shen-Zhu Expressway	Buildings and		25 545 742 40
Company Limited Zhaoqing Yuezhao Expressway	structures Buildings and	_	35,515,742.10
Company Limited	structures	-	54,455.10
Weisheng Transportation Enterprises Company Limited	Other	-	12,787,130.96
Total		66,791,477.90	89,550,293.86

In 2018, The Company acquire right-of-use assets, which were buildings and structures, from Guangdong Litong Properties Investment Company Limited of RMB11,333,410.04 (2019: Nil).

(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	As at
	31 December	31 December
	2019	2018
	RMB	RMB
		(Restated)
Cash at bank and on hand	486,625,676.94	453,190,464.88

The Company

	As at	As at
	31 December	31 December
	2019	2018
	RMB	RMB
Cash at bank and on hand	366,262,781.14	281,163,923.20

According to the intercompany settlement account management agreement and general agreement on deposit with GCG Finance, the Company opened a deposit account in GCG Finance with a demand interest rate or conventional interest rate. The deposit is deposited in GCG Finance, and recored as "Cash at bank and on hand" by the Group.

(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

	As at 31 Dec	cember 2019	As at 31 Dec	ember 2018
Related Parties	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB (Restated)	Provision for bad and doubtful debts RMB (Restated)
Guangdong Humen Bridge Company Limited Guangdong Province Road &	7,480,983.94	(374,049.20)	7,799,839.45	(389,991.97)
Bridge Construction Development Company Limited Express Cross-Border Coach	4,237,585.20	(1,070,774.69)	5,279,647.58	(1,592,885.97)
Management Company Limited Guangdong Provincial Freeway	1,947,431.44	-	1,299,229.85	(180,976.82)
Company Limited Guangdong Meihe Expressway	1,884,375.19	(769,219.59)	2,777,118.35	(1,222,841.74)
Company Limited Guangdong Guangle Expressway	1,600,095.97	(800,047.99)	1,600,095.97	(800,047.99)
Company Limited Guangdong Chao-Hui Expressway	507,533.44	(25,376.67)	514,833.30	(25,741.67)
Company Limited Guangdong Provincial Highway	349,763.82	(17,488.19)	349,040.31	(17,452.02)
Construction Company Limited Guangdong South Passenger Network Center Company Limited	351,498.40 3,610,991.90	(17,574.92)	324,454.14 2,382,555.59	(16,222.71)
Guangdong Ping-Xing Expressway Company Limited	140,392.49	(7,019.62)	140,392.49	(7,019.62)
Poly Changda Engineering Company Limited	74,000.00	(3,700.00)	2,453,772.96	(122,688.65)
Yueyun Investment Management Guangdong Baomao Expressway	-	-	828,767.10	(41,438.36)
Company Limited Others	5,065,167.15	(611,264.73)	276,839.64 5,819,840.71	(13,841.98) (654,820.11)
Total	27,249,818.94	(3,821,451.33)	31,846,427.44	(5,205,097.39)

(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

	As at 31 Dec	ember 2019	As at 31 Dec	ember 2018
Related Parties	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB	Provision for bad and doubtful debts RMB
Guangdong Humen Bridge Company Limited Guangdong Province Road & Bridge Construction	6,508,653.31	(325,432.67)	6,216,492.14	(310,824.61)
Development Company Limited Guangdong Provincial Freeway	1,908,656.52	(954,328.26)	2,953,119.10	(1,476,559.55)
Company Limited Poly Changda Engineering	1,500,001.83	(750,000.92)	2,479,716.50	(1,207,971.65)
Company Limited Guangdong Meihe Expressway	-	-	1,904,363.52	(95,218.18)
Company Limited Yueyun Transportation (HK)	1,600,095.97	(800,047.99)	1,600,095.97	(800,047.99)
Company Limited	1,471,080.88	-	1,471,080.88	(44, 420, 26)
Yueyun Investment Management Others	- 1,187,696.42	- (374,481.98)	828,767.10 832,818.64	(41,438.36) (398,176.43)
Total	14,176,184.93	(3,204,291.82)	18,286,453.85	(4,330,236.77)

(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 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong South China Logistics Enterprise		
Company Limited	30,446,848.00	-
Union Electronic	8,480,362.08	5,411,165.09
Guangdong Guangzhu Expressway West Section		
Company Limited	-	2,396,583.12
Others	1,255,000.49	3,648,559.45
Total	40,182,210.57	11,456,307.66

The Company

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB
Guangdong South China Logistics Enterprise Company Limited Others	30,446,848.00 353,402.13	- -
Total	30,800,250.13	-

(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

Related Parties	As at 31 Dece	ember 2019	As at 31 Dec	ember 2018
	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB (Restated)	Provision for bad and doubtful debts RMB (Restated)
Weisheng Transportation Enterprises Company Limited Shantou City Automobile Passenger Traffic Center	9,206,871.39	(141,016.56)	5,059,993.43	(252,999.67)
Company Limited Shantou City Chaonan Yueyun Sky Island Transportation	4,221,868.79	(4,217,668.79)	4,221,868.79	(2,110,934.40)
Company Limited Shantou City Chaoyang Yueyun Sky Island Transportation	1,867,229.02	(1,787,238.94)	1,752,957.48	(876,478.74)
Company Limited Guangdong Chaoshan Circle Line Expressway Company	1,081,223.65	(1,081,223.65)	1,081,223.65	(540,611.83)
Limited Union Electronic Guang-Shen-Zhu Expressway	8,003,895.41 4,281,210.76	(34,931.56)	8,003,895.41 3,517,320.65	(19,363.41)
Company Limited Guangdong Guangzhu Expressway West Section	3,375,600.00	-	3,371,400.00	-
Company Limited Guangdong Guangye Yueyun	1,688,300.00	-	1,583,300.00	- (402 204 27)
Natural Gas Company Limited Guangdong Province Road & Bridge Construction Development Company	1,450,000.00	_	1,759,782.53	(102,391.27)
Limited Guangdong Maozhan	1,329,690.89	-	1,327,390.99	-
Expressway Company Limited Poly Changda Engineering	1,000,000.00	-	1,000,000.00	-
Company Limited Guangdong Litong Properties	574,190.16	-	567,990.75	(835.05)
Investment Company Limited Kee Kwan Motor Road	66,878.00	-	561,706.00	-
Company Limited Guangdong FLY-E	3,294.87 -	(3,294.87)	24,776,965.59 1,733,755.53	(2,638,595.94) (13,128.03)
Others	9,243,805.03	(211,434.06)	59,131,981.78	(10,126,681.09)
Total	47,394,057.97	(7,476,808.43)	119,451,532.58	(16,682,019.43)

(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 Dec	ember 2019	As at 31 Dec	ember 2018
	Amount RMB	Provision for bad and doubtful debts RMB	Amount RMB	Provision for bad and doubtful debts RMB
GVTG	59,031,261.12	_	9,052,212.11	-
Guangdong Province Transportation Engineering Company Limited	47,851,595.83	_	48,546,077.50	_
Yueyun Transportation Technology Services (Guangzhou) Company				
Limited	-	-	2,799,833.65	-
Yueyun Transportation (HK) Company Limited Guangdong Chaoshan	2,496,651.10	-	2,568,887.01	-
Circle Line Expressway				
Company Limited	8,003,895.41	-	8,003,895.41	-
Others	722,902.94	(50,171.72)	104,448.64	(47,871.72)
Total	118,106,306.40	(50,171.72)	71,075,354.32	(47,871.72)

(e) Other non-current assets

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangzhou Tianhe Coach Terminal Co., Ltd.	9,600,000.00	9,600,000.00

(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)

(f) Long-term receivables

The Company

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB
Guangdong Yueyun Development Co., Ltd Chaozhou Yueyun Automobile Transportation	2,600,000.00	-
Company Limited	48,000,000.00	_
Total	50,600,000.00	-

(2) Amounts due to related parties

(a) Accounts payable

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong Provincial Freeway Company Limited	1,975,110.83	10,285,509.37
Guangdong South China Logistics Enterprise		
Company Limited	-	8,989,739.53
Poly Changda Engineering Company Limited	1,575,657.72	1,575,657.72
Guangdong Guangye Yueyun Natural Gas	4 574 024 72	620 004 07
Company Limited	1,574,031.72	629,884.07
Guangdong Kai Yang Expressway Company Limited	3,198,399.53	881,060.31
Guangdong Humen Bridge Company Limited	879,400.67	1,280,564.39
Guang-Shen-Zhu Expressway Company Limited	7,381,260.19	899,983.21
Guangfo Expressway Company Limited	1,715,729.34	1,099,380.17
Foshan Guangsan Expressway Company Limited	1,408,292.06	-
Jingzhu Expressway Guangzhu Section Company Limited	2,588,252.31	126,600.00
Guangdong Guangzhu Expressway West Section	4 400 070 04	50,000,00
Company Limited	1,109,272.34	60,000.00
Guangdong Yuehuahui	2,750,965.74	1,305,297.62
Union Electronic	1,181,975.91	1,239,258.26
Others	11,358,602.79	7,244,979.23
Total	38,696,951.15	35,617,913.88

(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 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong South China Logistics Enterprise		
Company Limited	_	8,989,739.53
Poly Changda Engineering Company Limited (Note)	1,427,597.24	1,427,597.24
Guangdong Yueyun Development Co., Ltd.	500,000.00	-
Others	1,408,295.52	1,058,797.62
Total	3,335,892.76	11,476,134.39

Note: According to the Material Supply Management Agreement between the Company and Poly Changda Engineering Company Limited on 29 May 2018, the Company shall pay Poly Changda Engineering Company Limited the management fees for the provision of management services for supply of major materials in respect of Project Yunwu completed in previous years. The Company recognised the management service fee to the corresponding year, and adjusted the balance payable to Poly Changda Engineering Company Limited in corresponding period.

(b) Advances from customers

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB
Others	507,374.89	560,655.93
Total	507,374.89	560,655.93

(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

The Group

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited Others	2,153,282.88 2,908,678.47	2,153,282.88 2,611,678.41
Total	5,061,961.35	4,764,961.29

The Company

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong Province Western Coastal Expressway Zhuhai Section Company Limited Others	2,153,282.88 4,548.44	2,153,282.88 251,483.27
Total	2,157,831.32	2,404,766.15

(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

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB (Restated)
GCGC	2,944,346.83	2,944,346.83
Yueyun Investment Management	291,086.41	42,596,047.47
Gongbei Coach Transportation	20,921,823.38	13,395,417.60
Kee Kwan Motor Road Company Limited	17,878,803.63	17,582,936.67
Union Electronic	2,858,214.64	685,716.66
Zhong Yue Tong	1,038,000.00	1,028,000.00
Shaoguan Yuehong Bus Station Company Limited	2,000,000.00	-
Hui Ke Tong Technology (Zhuhai) Company Limited	2,332,986.39	-
Others	7,147,423.94	6,370,715.48
Total	57,412,685.22	84,603,180.71

(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 2019 RMB	As at 31 December 2018 RMB
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	6,736,869.14	7,137,517.00
Qingyuan City Yueyun Public Transportation Co., Ltd.	3,966,270.00	_
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	2,476,118.09	1,972,510.09
Xingning Vehicles Transportation Co., Ltd.	1,295,770.00	-
Meizhou Yueyun Vehicles Transportation		
Company Limited	972,316.50	3,927,573.00
Heyuan City Yueyun Motor Transportation Co., Ltd.	3,199,637.10	3,618,193.00
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	812,068.50	2,143,464.00
Guangzhou Yueyun Transportation Co., Ltd.	3,098,659.00	1,083,574.50
GCGC	2,944,346.83	984,346.83
Guangdong Yueyun Langri Co., Ltd.	2,425,015.23	747,986.00
Weisheng Transportation Enterprises Company Limited	710,917.15	710,917.15
Others	4,364,876.80	1,794,840.01
Total	33,002,864.34	24,120,921.58

(e) Other payables – cash pool

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB
Guangdong Guangjiang Expressway Passenger Traffic Co., Ltd. Guangdong Province Bus Terminal Co., Ltd. Others	- - 138,754.35	3,174,030.83 1,052,964.33 1,990.50
Total	138,754.35	4,228,985.66

(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 2019	As at 31 December
	2019	the state of the s
		2018
	RMB	RMB
GVTG	840,741.15	103,796,172.08
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	36,421,073.07	54,659,889.17
Guangdong Yueyun Development Co., Ltd.	5,264,491.19	2,303,329.48
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	39,238,948.15	90,302,909.64
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	42,887,187.54	23,085,834.15
Guangdong Tongyi Landscape Co., Ltd.	106,179,750.13	97,137,601.05
Qingyuan City Yueyun Public Transportation Co., Ltd.	20,852,097.74	6,772,584.84
Guangdong Jindaoda Expressway Economic		
Development Co., Ltd.	43,079,648.04	50,912,719.77
Guangdong Highway Media Company Limited	70,035,198.24	51,551,092.63
Guangdong Tongyi Landscape Co., Ltd.	16,703,114.26	12,871,700.58
Guangdong Province Transportation Engineering		
Company Limited	7,313,439.80	5,980,763.12
Yueyun Transportation Technology Services		
(Guangzhou) Company Limited	-	98,370.51
GCGC	-	1,960,000.00
Maoming City Dianbai District Yueyun Vehicles		
Transportation Co., Ltd.	9,157,145.28	6,091,493.36
Shaoguan Polycom Motor Vehicles Driving		
Training Co., Ltd.	866,129.31	2,644,024.31
Ruyuan Yao Autonomous County Shunda City-Village		
Public Passenger Transport Co., Ltd.	1,505,143.11	1,582,974.71
Heyuan City Yueyun Motor Transportation Co., Ltd.	8,599,534.80	-
Guangdong Yueyun Langri Co., Ltd.	39,346,220.12	-
Qingyuan Qingxin District Yueyun Public	40.000.007.43	
Transportation Co., Ltd.	10,960,687.43	_
Zhongshan City Eastern Station Co., Ltd. Shaoguan Jitongtu Transportation Co., Ltd.	5,904,906.22	_
Zhongshan Yueyun Tongxing Transportation	5,387,627.32	_
Company Limited	3,974,055.18	
Yangjiang City Yueyun Langri Public	3,374,033.10	_
Transportation Co., Ltd.	3,620,726.60	_
Huaiji County Yueyun City-Village Public	3,020,720.00	
Transportation Co., Ltd.	3,493,079.91	_
Zhongshan City Yueyun Airport Express Passenger	3,133,073131	
Traffic Co., Ltd.	2,711,563.91	_
Yangjiang City Yueyun Langri Fuels Company Limited	2,185,379.23	_
Yangxi County Yueyun Langri Passenger	,,	
Transportation Co., Ltd.	1,764,719.51	_
Others	10,224,836.67	2,028,050.50
T-4-1		F12 770 F00 C0
Total	498,517,443.91	513,779,509.90

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.

(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

	As at	As at
	31 December	31 December
Related Parties	2019	2018
	RMB	RMB
GCG Finance	720,311.31	538,471.69

(g) Bills payable

The Group and the Company

	As at	As at
	31 December	31 December
Related Parties	2019	2018
	RMB	RMB
Guangdong South China Logistics Enterprise		
Company Limited	55,300,000.00	_

(h) Lease liabilities

Related Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong Baomao Expressway Company Limited	-	28,421,862.99
Guangdong Bo-Da Expressway Company Limited	41,262,145.81	42,586,799.70
Guangdong Chao-Hui Expressway Company Limited	68,209,891.30	70,073,778.66
Guangdong Er-Guang Expressway Company Limited	33,067,787.69	34,194,919.18
Guangdong Gaoen Expressway Company Limited	35,158,352.29	-
Guangdong Guangfozhao Expressway Company Limited	44,002,238.52	45,184,703.39
Guangdong Guangle Expressway Company Limited	99,897,928.33	102,575,273.70
Guangdong Guangzhu Expressway West Section		
Company Limited	68,324,797.04	73,357,332.89
Guangdong He-Hui Expressway Company Limited	4,726.32	7,429,737.82
Guangdong Humen Bridge Company Limited	964,217.05	1,366,101.00
Guangdong Jiangzhong Expressway Company Limited	14,391,933.56	16,080,437.24

(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 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong Jingzhu Expressway Guangzhu		
North Section Company Limited	_	3,650,672.53
Guangdong Kai Yang Expressway Company Limited	37,749,250.72	41,974,013.72
Guangdong Luo-Yang Expressway Company Limited	23,156,315.87	23,778,764.92
Guangdong Maozhan Expressway Company Limited	44,649,632.03	18,421,797.72
Guangdong Meihe Expressway Company Limited	32,096,334.12	30,467,615.10
Guangdong Ninghua Expressway Company Limited	14,332,854.88	17,966,875.76
Guangdong Ping-Xing Expressway Company Limited	20,382,445.35	20,973,934.32
Guangdong Shanfen Expressway Company Limited Guangdong Provincial Fokai Expressway Company Limited	12,031,088.01	13,963,093.73 25,757,580.90
Guangdong Provincial Expressway Development	_	23,737,360.90
Company Limited	25,087,250.83	_
Guangdong Provincial Freeway Company Limited	132,342,248.84	111,891,002.27
Guangdong Provincial Highway Construction	.52,5 .2,2 .6.6 .	, 65 . , 662.27
Company Limited	126,277,082.97	115,850,683.13
Guangdong Province Road & Bridge Construction	, ,	
Development Company Limited	103,789,418.25	67,494,255.38
Guangdong Taishan Coastal Expressway Company Limited	3,158,447.40	3,462,311.53
Guangdong Province Western Coastal Expressway		
Zhuhai Section Company Limited	_	9,788,471.38
Guangdong Yang-Mao Expressway Company Limited	23,203,130.77	25,092,771.56
Guangdong Yu-Zhan Expressway Company Limited	_	18,893,708.73
Guangdong Yue Dong Freeway Industry Development		
Company Limited	7,352,336.66	7,582,166.23
Guangdong Yun-Wu Expressway Company Limited	-	43,404,678.42
Guangdong Zhaoyang Expressway Company Limited	22,047,483.78	22,791,207.19
Guang-Shen-Zhu Expressway Company Limited	85,004,081.79	118,137,957.35
Heyuan He-Long Expressway Company Limited	11,886,928.43	12,544,638.04
Jingzhu Expressway Guangzhu Section Company Limited	17,336,045.62	16,025,294.58
Weisheng Transportation Enterprises Company Limited	-	5,025,301.54
Yunfu City Guangyun Expressway Company Limited	7,461,421.49	6,814,022.48
Zhaoqing Yuezhao Expressway Company Limited	9,143,981.99	9,745,931.82
Guangdong Meiping Expressway Company Limited	6,652,032.09	_
Shenzhen Yueyun	1,414,594.86	_
Total	1,171,838,424.66	1,212,769,696.90

(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 Parties	As at 31 December 2019 RMB	As at 31 December 2018 RMB (Restated)
Guang-Shen-Zhu Expressway Company Limited	1,746,694.61	1,940,778.90
Total	1,746,694.61	1,940,778.90

(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 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong Bo-Da Expressway Company Limited	1,324,653.89	1,259,005.01
Guangdong Chao-Hui Expressway Company Limited	1,863,887.35	1,786,007.58
Guangdong Er-Guang Expressway Company Limited	1,127,131.49	1,078,963.79
Guangdong Gaoen Expressway Company Limited	830,208.64	-
Guangdong Guangfozhao Expressway Company Limited	1,182,464.86	1,133,152.91
Guangdong Guangle Expressway Company Limited	2,677,345.37	2,529,054.98
Guangdong Guangzhu Expressway West Section	E 022 E2E 06	4 720 4 46 46
Company Limited	5,032,535.86	4,738,146.16
Guangdong Jiangzhong Expressway Company Limited	1,688,503.68	1,611,429.72
Guangdong Kai Yang Expressway Company Limited	4,449,536.22	3,854,873.67
Guangdong Litong Properties Investment Company Limited	2 404 029 69	10,257,728.19
Guangdong Maozhan Expressway Company Limited Guangdong Meihe Expressway Company Limited	2,194,028.68 1,620,137.43	1,315,909.46 1,385,261.24
Guangdong Shanfen Expressway Company Limited	1,932,005.72	1,843,589.64
Guangdong Provincial Fokai Expressway Company Limited	1,932,003.72	633,600.11
Guangdong Provincial Expressway Development		055,000.11
Company Limited	670,330.07	_
Guangdong Provincial Freeway Company Limited	12,057,498.91	8,905,449.00
Guangdong Provincial Highway Construction	12,037,130.31	0,505,115.00
Company Limited	4,314,123.64	3,241,976.61
Guangdong Province Road & Bridge Construction	, , ,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Development Company Limited	5,870,391.84	4,091,332.44
Guangdong Yang-Mao Expressway Company Limited	1,889,640.78	1,784,748.08
Guangdong Yu-Zhan Expressway Company Limited	_	1,182,352.75
Guangdong Yun-Wu Expressway Company Limited	_	1,545,313.63
Guang-Shen-Zhu Expressway Company Limited	9,578,750.75	11,345,805.78
Jingzhu Expressway Guangzhu Section Company Limited	1,025,530.29	657,884.31
Weisheng Transportation Enterprises Company Limited	2,688,976.35	4,860,493.14
GCG Finance	2,000,000.00	_
Others	6,354,689.83	7,143,851.31
Total	72,372,371.65	78,185,929.51

(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 2019 RMB	As at 31 December 2018 RMB (Restated)
Guangdong Litong Properties Investment Company Limited Guang-Shen-Zhu Expressway Company Limited GCG Finance	194,084.29 2,000,000.00	8,102,260.86 183,207.21 –
Total	2,194,084.29	8,285,468.07

(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 RMB8,152,378.89 (2018: RMB9,852,578.56).

Compensation for the directors and supervisors are as below:

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
Executive Director Guo Junfa	(1)	-	-	-	-
Independent non – executive Director Gui Shouping	(13)	-	-	-	-
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	(11)	60,000.00	-	-	60,000.00
Independent non – executive Director Zhan Xiaotong	(12)	60,000.00	-	-	60,000.00
Supervisor Li Xiangrong	(8)	-	364,117.74	32,030.88	396,148.62
Supervisor Zhen Jianhui		-	344,989.70	32,030.88	377,020.58
Supervisor Lian Yuebin	(10)	-	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

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7 Compensation for key management personnel (Continued)

2018

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)	-	779,726.06	53,053.92	832,779.98
Executive Director, General Manager Tang Yinghai	(3)	-	776,471.07	50,422.20	826,893.27
Executive Director, Deputy General Manager Yao Hanxiong	(4)	-	611,993.03	46,843.56	658,836.59
Executive Director, Financial Director Wen Wu	(5)	-	628,183.05	39,059.76	667,242.81
Executive Director Guo Junfa	(1)	-	656,223.86	-	656,223.86
Independent non – executive Director Gui Shouping	(13)	37,500.00	-	-	37,500.00
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	(11)	22,500.00	-	-	22,500.00
Independent non – executive Director Zhan Xiaotong	(12)	22,500.00	-	-	22,500.00
Supervisor Li Xiangrong	(8)	-	357,893.67	27,700.56	385,594.23
Supervisor Zhen Jianhui		-	370,792.58	28,796.16	399,588.74
Supervisor Lian Yuebin	(10)	-	375,392.58	29,138.16	404,530.74
Independent Supervisor Dong Yihua		-	48,000.00	-	48,000.00
Independent Supervisor Lin Hai		-	48,000.00	-	48,000.00

(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:
 - 2019: non-executive Director Mr. Chen Min, non-executive Director Mr. Li Bin, Supervisor Mr. Hu Xianhua, Supervisor Mr. Wang Qingwei.
 - 2018: non-executive Director Mr. Chen Min, non-executive Director Mr. Li Bin. Executive Director Mr. Guo Junfa is not paid by the Group since August 2018. Supervisor Mr. Hu Xianhua, Supervisor Mr. Wang Qingwei.
 - (2) The salaries of Mr. Xuan Zongming 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 became executive Director in August 2017.
 - (6) The salaries of Mr. Fei Dachuan included his salaries as both of executive Director and deputy general manager of the Company, and he left the position in August 2017.
 - (7) Mr. Peng Xiaolei left the position as independent non- executive Director in November 2017.
 - (8) Ms. Li Xiangrong became Supervisor in June 2016.
 - (9) Ms. Zhang Deyou became Supervisor in April 2017, and left the position in July 2017.
 - (10) Ms. Lian Yuebin became Supervisor in August 2017.
 - (11) Ms. Wen Huiying became non- executive Director in August 2018.
 - (12) Mr. Zhan Xiaotong became non- executive Director in August 2018.
 - (13) Mr. Gui Shouping left the position as independent non-executive Director in August 2018.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

7 Compensation for key management personnel (Continued)

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.

Apart from the above directors and supervisors, the compensation for other key management personnel of the Company is as follows:

	2019 RMB	2018 RMB
Other key management personnel	4,083,437.69	4,722,388.33

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.

Three (2018: two) of the Group's top five highest paid people are directors. The compensation for the remaining two, (2018: three) is as follows:

	2019 RMB	2018 RMB
Basic salaries and other allowances Retirement plan contributions	1,212,371.79 64,061.76	2,271,993.26 117,110.77
Total	1,276,433.55	2,389,104.03

The each emolument of the top five individuals was below HKD1 million in 2018 and 2019. One individual's emolument of the top five individuals was between HKD1 million to HKD1.5 million in 2017. The each emolument of the remaining four individuals was below HKD1 million in 2017.

(Expressed in Renminbi Yuan)

VII.COMMITMENTS

1 Capital commitments

The Group

	2019 RMB	2018 RMB (Restated)
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 Capital commitments that have been approved but have not been entered into	124,258,287.62 262,906,500.00	197,429,774.15 183,401,012.17
Total	387,164,787.62	380,830,786.32

The Company

	2019 RMB	2018 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	11,637,192.27	5,126,000.00

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

	2019 RMB	2018 RMB
		(Restated)
Within 1 year (inclusive)	952,107.04	3,093,354.30

The Company

	2019 RMB	2018 RMB (Restated)
Within 1 year (inclusive)	17,500.00	-

(Expressed in Renminbi Yuan)

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.

(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, 25.78% and 68.54% (2018: 28.91% and 61.22%) 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 renegociate 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.

(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 2019 and 2018 is as follows:

The Group

		31 Decem	ber 2019	31 Decem	ber 2018
	Expected loss rate	Book value RMB	Provision for bad and doubtful debts RMB	Book value RMB (Restated)	Provision for bad and doubtful debts RMB (Restated)
Credit risk:					
Road transportation and other service					
Within 1 year (inclusive)	5%	201,163,808.12	(9,978,077.64)	194,940,462.81	(9,776,053.73)
Over 1 year but within 2 years (inclusive)	35%	7,810,698.60	(2,733,744.51)	7,248,565.36	(2,536,997.87)
Over 2 years but within 3 years (inclusive)	50%	3,900,041.02	(1,950,020.51)	2,949,419.83	(1,474,709.92)
Over 3 years	100%	7,568,883.79	(7,568,883.79)	5,912,434.96	(5,912,434.96)
Sub-total		220,443,431.53	(22,230,726.45)	211,050,882.96	(19,700,196.48)
Service zone operation					
Within 1 year (inclusive)	5%	54,263,191.00	(2,713,159.55)	49,618,374.29	(2,480,918.71)
Over 1 year but within 2 years (inclusive)	10%	2,993,035.03	(299,303.50)	3,061,576.56	(306,157.66)
Over 2 years but within 3 years (inclusive)	30%	1,981,609.39	(594,482.82)	661,008.44	(198,302.53)
Over 3 years	50%	1,272,591.91	(636,295.96)	848,734.90	(424,367.45)
Sub-total		60,510,427.33	(4,243,241.83)	54,189,694.19	(3,409,746.35)
Constructions materials supply					
Within 1 year (inclusive)	5%	129,053,118.21	(6,452,655.90)	175,197,292.05	(8,759,864.60)
Over 1 year but within 2 years (inclusive)	10%	404,481.77	(40,448.18)	8,565,427.77	(856,542.78)
Over 2 years but within 3 years (inclusive)	30%	-	-	3,784,171.13	(1,135,251.34)
Over 3 years	50%	10,606,174.11	(5,303,087.06)	32,708,233.12	(16,354,116.56)
Sub-total		140,063,774.09	(11,796,191.14)	220,255,124.07	(27,105,775.28)
Credit risk losses		421,017,632.95	(38,270,159.42)	485,495,701.22	(50,215,718.11)
Individual assessment (Note)		18,465,300.94	(18,465,300.94)	-	-
Total		439,482,933.89	(56,735,460.36)	485,495,701.22	(50,215,718.11)

(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 Decem	ber 2019	31 Decem	ber 2018
	Expected loss rate	Book value RMB	Provision for bad and doubtful debts RMB	Book value RMB (Restated)	Provision for bad and doubtful debts RMB (Restated)
Constructions materials supply					
Credit risk:	F0/	400.050.440.04	(6.450.655.04)	475 407 202 07	(0.750.064.60)
Within 1 year (inclusive)	5%	129,053,118.21	(6,452,655.91)	175,197,292.07	(8,759,864.60)
Over 1 year but within 2 years (inclusive)	10%	404,481.77	(40,448.18)	8,565,427.77	(856,542.78)
Over 2 years but within 3 years (inclusive)	30%	-	-	3,784,171.13	(1,135,251.34)
Over 3 years	50%	12,077,254.99	(5,303,087.06)	34,179,314.00	(16,354,116.56)
Sub-total		141,534,854.97	(11,796,191.15)	221,726,204.97	(27,105,775.28)
Individual assessment (Note)		18,465,300.94	(18,465,300.94)	-	-
Total		160,000,155.91	(30,261,492.09)	221,726,204.97	(27,105,775.28)

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 in 2019:

The Group and the Company

Items	Balance at the end of the year RMB	Nature and reasons for unsettlement
Shenzhen Hongbao Trading Co., Ltd. Guangzhou Jun Fat Trading Co., Ltd. Zhuhai Yuexinyuan Trade Development Co., Ltd.	14,264,922.29 2,914,775.00 1,285,603.65	Significant financial difficulty of the debtor Deregistered status of the debtor A breach of contract and delinquency in payments for goods of the debtor
Total	18,465,300.94	

(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 C	Group	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
	RMB	RMB	RMB	RMB
		(Restated)		
Balance at the beginning of the year	(50,215,718.11)	(115,397,387.38)	(27,105,775.28)	(44,880,504.59)
Charge into income statement				
during the year	(7,694,568.46)	36,364,063.60	(3,155,716.81)	17,774,729.31
Written-off during the year	573,180.99	604,626.80	-	-
Deductions resulting from				
consolidation scope change	606,524.45	28,212,978.87	-	-
Foreign currency financial statement				
translation differences	(4,879.23)	-	-	-
Balance at the end of the year	(56,735,460.36)	(50,215,718.11)	(30,261,492.09)	(27,105,775.28)

(b) Other reveivables – 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 parites. 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, 26.20% and 87.82% (2018: 32.92% and 79.28%) 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 moinotors 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 renegociate the payment terms. Normally, the Group does not obtain collateral from customers.

(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 reveivables 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 ELCs 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.

Excpet the above other receivables with low credit risk, other receivables mainly include advances paid on behalf of other parties during operation. The Group calculates ELCs 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 C	Group	The Co	mpany
	31 December	31 December	31 December	31 December
	2019	2018	2019	2018
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		200/	/	200/
(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 RMB112,729,225.66 and RMB34,772,396.18 (2018: RMB122,813,395.21 and RMB35.393,452.46).

(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 reveivables 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 C	Group	The Company		
	31 December	31 December	31 December	31 December	
	2019	2018	2019	2018	
	RMB	RMB	RMB	RMB	
		(Restated)			
Balance at the beginning of the year	(122,813,395.21)	(102,299,690.09)	(35,393,452.46)	(37,248,201.76)	
Charge into income statement					
during the year	(5,236,415.50)	(18,764,301.50)	621,056.28	1,854,749.30	
Written-off during the year	4,393,090.87	1,124,454.35	-	-	
Deductions resulting from					
consolidation scope change	10,927,494.18	337,310.17	-	-	
Transfer from long-term receivables	-	(3,211,168.14)	-	-	
Balance at the end of the year	(112,729,225.66)	(122,813,395.21)	(34,772,396.18)	(35,393,452.46)	

(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:

(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

	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			

2018 Contractual undiscounted cash flow							
	Within 1 year	More than 1 year but less than			Carrying amount at balance		
	or on demand	5 years	More than 5 years	Total	sheet date		
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)		
Short-term loans	114,009,814.52	-	-	114,009,814.52	109,800,000.00		
Bills and accounts payable	841,636,029.00	-	-	841,636,029.00	841,636,029.00		
Other payables	874,894,857.24	-	-	874,894,857.24	874,894,857.24		
Non-current liabilities due							
within one year	404,831,309.29	-	-	404,831,309.29	395,698,413.63		
Long-term loans	33,195,179.83	716,919,602.64	139,973,680.34	890,088,462.81	782,413,109.46		
Bonds payable	32,100,000.00	801,500,000.00	-	833,600,000.00	736,339,628.81		
Long-term payables	-	130,798,497.22	-	130,798,497.22	122,002,047.38		
Lease liabilities	98,840,733.35	996,479,956.73	1,620,627,939.53	2,715,948,629.61	1,851,129,174.62		
Total	2,399,507,923.23	2,645,698,056.59	1,760,601,619.87	6,805,807,599.69	5,713,913,260.14		

(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

	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		

2018 Contractual undiscounted cash flow						
	Within 1 year or	More than 1 year but less than			Carrying amount at balance	
	on demand	5 years	More than 5 years	Total	sheet date	
	(Restated)	(Restated)	(Restated)	(Restated)	(Restated)	
Short-term loans	41,649,424.66	-	-	41,649,424.66	40,000,000.00	
Accounts payable	48,526,535.39	-	-	48,526,535.39	48,526,535.39	
Other payables	563,410,736.74	-	-	563,410,736.74	563,410,736.74	
Bonds payable	32,100,000.00	801,500,000.00	-	833,600,000.00	736,339,628.81	
Non-current liabilities due						
within one year	8,470,339.50	-	-	8,470,339.50	8,285,468.07	
Lease liabilities	118,215.50	1,250,540.00	1,250,540.00	2,619,295.50	1,940,778.90	
Total	694,275,251.79	802,750,540.00	1,250,540.00	1,498,276,331.79	1,398,503,147.91	

(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:

	20	19	2018	
	Effective interest rate	Amount RMB	Effective interest rate	Amount RMB (Restated)
Financial assets - Long-term receivables - Cash at bank Financial liabilities - Short-term loans - Long-term loans - Long-term payables - Bonds payable - Lease liabilities	4.17% - 42.84% 2.25% - 3.75% 3.195% - 4.35% 4.75% 4.75% 4.20% - 4.50% 4.22% - 7.83%	1,840,931.37 17,071,331.89 (88,900,000.00) (70,810,027.03) (196,874,359.02) (737,495,781.45) (2,037,643,345.59)	4.17% - 42.84% 2.25% - 3.75% 4.26% - 4.35% 4.75% 4.75% 4.20% - 4.50% 4.22% - 7.83%	8,086,982.19 28,885,883.12 (109,800,000.00) (76,303,240.72) (137,192,786.44) (736,339,628.81) (2,005,393,828.74)
Total		(3,112,811,249.83)		(3,028,056,619.40)

(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:

		2019		2018	
		Effective interest rate	Amount RMB	Effective interest rate	Amount RMB (Restated)
Financial assets – Cash at bank Financial liabilities		0.30% - 2.30%	1,154,105,700.01	0.30% - 0.35%	1,125,321,863.84
Short-term loansLong-term loans	Note Note	3.92% - 4.35% 4.28% - 4.90%	(132,174,050.00) (1,350,841,077.99)	- 4.28% - 4.90%	- (894,255,660.71)
Total			(328,909,427.98)		231,066,203.13

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:

	201	19	2018	
	Effective		Effective	
	interest rate	Amount RMB	interest rate	Amount RMB
				(Restated)
Financial assets				
 Long-term receivables 	4.75%	48,000,000.00	-	-
Financial liabilities				
Short-term loans	3.915%	(95,000,000.00)	3.915%	(40,000,000.00)
– Bonds payable	4.20% - 4.50%	(737,495,781.45)	4.20% - 4.50%	(736,339,628.81)
– Lease liabilities	4.75%	(1,940,778.90)	4.75%	(10,226,246.97)
Total		(786,436,560.35)		(786,565,875.78)

(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:

		201	9	2018	
		Effective interest rate	Amount RMB	Effective interest rate	Amount
Financial assets – Cash at bank Financial liabilities		0.30% - 2.30%	575,899,312.83	0.30%	622,984,930.41
– Long-term loans	Note	4.345% - 4.40%	(145,230,000.00)	-	-
Total			430,669,312.83		622,984,930.41

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 G	iroup	The Company		
	2019	2018	2019	2018	
	RMB	RMB (Restated))	RMB	RMB (Restated))	
Equity Net profit	(616,705.18) (616,705.18)	433,249.13 433,249.13	(757,063.59) (757,063.59)	(306,714.27) (306,714.27)	

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 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 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 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.

(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 Decemb	er 2019	31 December 2018	
	Foreign currency balance	RMB balance	Foreign currency balance	RMB balance
Cash at bank and on hand – USD – HKD Other payables – USD	2,732,549.00	19,062,808.31	2,675,135.86	18,359,992.43
	-	-	2,527,759.39	2,214,822.78
	-	-	–	–
Gross balance sheet exposure – USD – HKD	2,732,549.00	19,062,808.31	2,675,135.86	18,359,992.43
	–	-	2,527,759.39	2,214,822.78

There were no assets and liabilities denominated in foreign currencies for the Company as at 31 December 2019 and 31 December 2018.

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Averag	ge rate	Reporting date	e mid-spot rate
	2019	2018	2019	2018
USD	6.9197	6.6987	6.9762	6.8632
HKD	0.8860	0.8561	0.8958	0.8762

(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

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 2019

	Equi	ty	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)	-	

As at 31 December 2018

	Equit	у	Net profit		
	The Group	The Company	The Group	The Company	
USD	(688,499.72)	_	(688,499.72)	_	
HKD	(83,055.85)	-	(83,055.85)	-	
Total	(771,555.57)	-	(771,555.57)	-	

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.

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2 Fair value measurement

(i) Fair value measurement

As at 31 December 2019 and 31 December 2018, the Group and the Company did not have significant financial instruments carried at fair value.

(ii) 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 2019 and 2018.

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.

(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	2019 RMB	2018 RMB Restated
Current liabilities			
Short-term loans	20	221,074,050.00	109,800,000.00
Long-term loans due within one year	28	445,062,584.81	188,145,791.97
Lease liabilities due within one year	28	189,313,299.21	154,264,654.12
Bonds payable due within one year	28	339,334,228.04	-
Non-current liabilities			
Long-term loans	29	976,588,520.21	782,413,109.46
Bonds payable	30	398,161,553.41	736,339,628.81
Lease liabilities	59	1,848,330,046.38	1,851,129,174.62
Total liabilities		4,417,864,282.06	3,822,092,358.98
Less: cash and cash equivalents	54(3)	1,163,480,565.54	1,137,624,205.21
Adjusted net debt		3,254,383,716.52	2,684,468,153.77
Shareholders' equity		3,486,921,789.90	3,506,488,230.70
Adjusted capital		3,486,921,789.90	3,506,488,230.70
Adjusted net debt-to-capital ratio		93.33%	76.56%

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

4 Post balance sheet date events

Potential impacts of the Coronavirus outbreak

The coronavirus outbroke since early 2020, which brought about additional uncertainties to the Group's operating environment and might impact the Group's operations results and financial positions. The Group is closely monitoring its operation in response of any changes in the outbreak to reduce the impact on the Group's businesses and has put in place certain contingency measures. These contingency measures include: decreasing the number of routes and frequency of passenger service among cities; closing part of stations and ceased certain urban bus services according to the requirement of local prevention bureau; and shut down certain catering areas in freeway service zones intermittently. The Group reviewed and updates contingency measures as the situation evolves.

As far as the Group's businesses are concerned, the revenue decreased and turnover of inventories slowed down due to the coronavirus outbreak. As the extent to which the coronavirus outbreak will continue is uncertain, it is not practicable to estimate the full financial effect that the coronavirus outbreak may have on the Group's businesses as at the date when the financial statement is authorised to issue.

