



廣東粵運交通股份有限公司

GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED*

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

STOCK CODE : 03399

2021 Annual Report



Build Strong Foothold Move Forward

* For identification purposes only

COMPANY PROFILE

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

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

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

The strategic positioning employed by the Company’s “14th Five-Year” Development Plan for the Group: utilise its advantages in transportation resources, focus on the travel of people and the flow of goods with transportation services and en-route services as the core, so as to create a professional, diversified and convenient comprehensive travel service platform, 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,
188 Connaught Road West,
Hong Kong

BOARD OF DIRECTORS

Executive Directors

Guo Junfa
Tang Yinghai
Yao Hanxiong
Huang Wenban

Non-Executive Directors

Chen Min
Chen Chuxuan

Independent Non-Executive Directors

Jin Wenzhou
Lu Zhenghua
Wen Huiying
Zhan Xiaotong

COMPANY SECRETARY

Zhang Li

AUTHORISED REPRESENTATIVES

Guo Junfa
Tang Yinghai

AUDITOR

BDO China Shu Lun Pan
Certified Public Accountants LLP
(Public Interest Entity Auditor recognised in accordance
with the Financial Reporting Council Ordinance)
4th Floor
No.61 Nanjing East Road
Shanghai

PRINCIPAL BANKS

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

LEGAL ADVISER

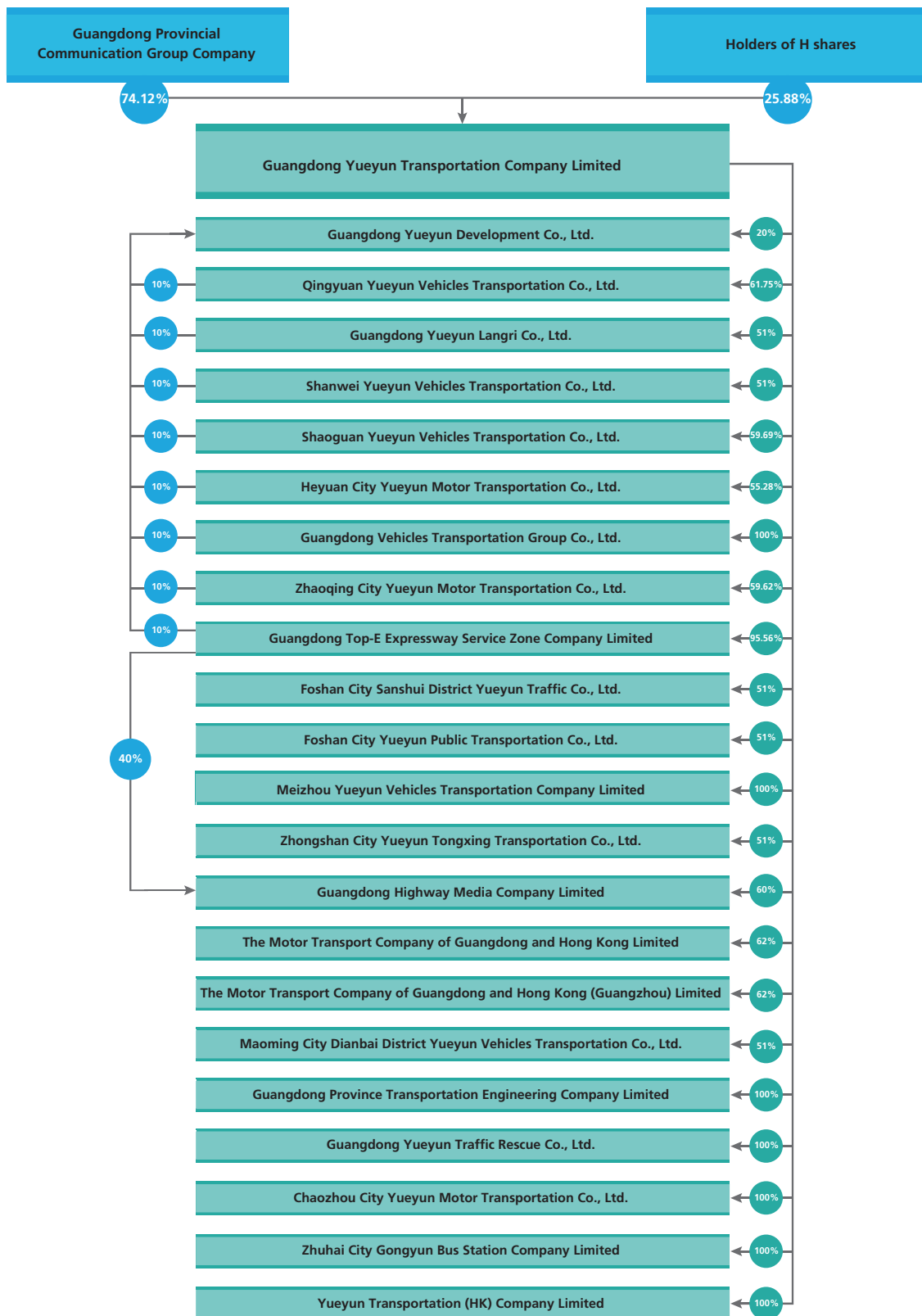
Herbert Smith Freehills
23/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY STRUCTURE

THE COMPANY STRUCTURE AS AT 31 DECEMBER 2021:



FINANCIAL HIGHLIGHTS

	2021 RMB' 000	2020 RMB' 000	Change
Results highlights			
Operating income			
Operating business of expressway service zones	3,726,307	3,003,512	24%
Road passenger transportation and auxiliary business	2,345,574	2,297,644	2%
Taiping Interchange operation business	121,446	66,018	84%
Other businesses	77,203	218,367	(65%)
Total operating income	6,270,530	5,585,541	12%
Gross profit			
Operating business of expressway service zones	483,569	548,726	(12%)
Road passenger transportation and auxiliary business	(176,104)	(315,354)	(44%)
Taiping Interchange operation business	98,127	29,503	233%
Other businesses	1,387	2,672	(48%)
Total gross profit	406,979	265,547	53%
Taxes and surcharges	(42,698)	(43,091)	(1%)
Selling and distribution expenses	(65,013)	(65,896)	(1%)
General and administrative expenses, and research and development expenses	(611,602)	(694,595)	(12%)
Finance expenses	(228,475)	(229,974)	(1%)
Other income	322,328	534,256	(40%)
Investment (losses)/income	(7,379)	29,317	(125%)
(accrual) of credit losses	(4,045)	(27,978)	(86%)
(accrual) of impairment losses	(19,517)	(24,602)	(21%)
Gains from asset disposals	5,344	23,765	(78%)
Operating (profit)/loss	(244,076)	(233,251)	5%
Non-operating income and expenses	2,180	(5,346)	(141%)
(Loss) before income tax	(241,897)	(238,597)	1%
Income tax expenses	(81,463)	(76,577)	6%
Net (loss) for the year	(323,359)	(315,174)	3%
Profit and loss attributable to minority interests	103,029	85,981	20%
Net (loss) attributable to shareholders of the Company	(220,330)	(229,193)	(4%)
Basic (losses) per share (RMB)	(0.28)	(0.29)	(4%)

FINANCIAL HIGHLIGHTS

	31 December 2021 RMB' 000	31 December 2020 RMB' 000	Change
Results highlights			
Total assets	10,543,633	11,052,730	(5%)
Total net assets	2,742,709	3,150,113	(13%)
Equity attributable to shareholders of the parent company	1,849,432	2,071,291	(11%)
Net assets per share attributable to owners of the Company (RMB)	2.31	2.59	(11%)
Ratio			
Gross profit margin (%)	6.49%	4.75%	37%
Interest coverage ratio (times)	(0.12)	(0.08)	50%
Gearing ratio (%)	73.99%	71.50%	3%
Current ratio (times)	0.69	0.83	(17%)

Gross profit margin = Gross profit/Revenue

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

Gearing ratio = Total liabilities/Total assets

Current ratio = Total current assets/Total current liabilities

MAJOR EVENTS

On 28 January, the own catering brand “Yiban” Suizhu Sanguo (“驛伴”隨煮三國) of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, opened in the east area of Ping’an service zone of Renbo Expressway.

On 10 February, Lvdu Bus Branch of Heyuan City Yueyun Motor Transportation Co., Ltd, a subsidiary of the Company, was awarded the title of “Moving Traffic Figure – The Most Beautiful Pandemic Fighter (Collective) (感動交通人物 – 最美抗疫奮鬥者(集體))” of Guangdong Transportation System in 2020 by Department of Transport of Guangdong Province.

In March, Guangdong Yueyun Development Co., Ltd., a subsidiary of the Company, undertook the customer service business of Guangdong Online Ticketing Platform (Nanyuetong) (廣東省聯網購票平台(南粵通)), and improved the work efficiency and service level of customer service personnel as a whole by optimizing and sorting out the business process of customer service of the Company and Guangdong South Passenger Network Center Company Limited.

On 29 April, the Da Huai service zone of Kaiyang Expressway under the supervision of West Guangdong Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, received the “May Day Labor Award of Guangdong Province (廣東省五一勞動獎狀)”.

On 30 April, Chen Liangxian, Vice Governor of Guangdong Province, led a team to inspect and guide the work in Shunde service zone of Guangzhou-Zhuhai Expressway (West Line) under the supervision of the Pearl River Delta Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company.



MAJOR EVENTS

On 30 April, the Xingning Youth League Branch of East Guangdong Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was awarded the title of “2020-2021 Guangdong 4 May Red Flag Youth League Branch (2020-2021 年度廣東省五四紅旗團支部)” by the Provincial Youth League Committee.

In June, the Company was recognized as the “Enterprise Observing Contracts and Valuing Credit of Guangdong for 18 Consecutive Years (2003-2020)” by Guangdong Administration for Market Regulation.

From 7 to 9 June, the Company organized “Sending Examinees with Love by Yueyun’s Express Buses”, which offered more than 4,500 express buses and provided the “Sending Examinees with Love” service for about 89,000 students.

On 24 June, the Party Branch of West Guangdong Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was awarded the title of “Advanced Grass-roots Party Organization within Guangdong SASAC System (廣東國資系統先進基層黨組織)”.

MAJOR EVENTS

On 11 August, the project of intelligent monitoring data management platform for mobile travel of Yueyun Transportation declared by the Company won the first prize of "2020 Outstanding Case of Intelligent Transportation Project of Guangdong (2020年度廣東省智能交通優秀項目案例)" established by Guangdong Intelligent Transportation Association.

On 17 September, the final and award ceremony of the 4th "Bloom Cup" 5G Application Competition under the Theme of Intelligent Transportation organized by the Ministry of Industry and Information Technology was held in Chengdu. The "5G + AI Based Video Surveillance Intelligent Rescue Cloud Platform Project (基於5G+AI的視頻監控智能救援雲平台項目)" jointly declared by Guangdong Yueyun Traffic Rescue Co., Ltd., a subsidiary of the Company, and Guangdong Mobile stood out from more than 400 entries after multiple rounds of competitions and won the "Second Prize" of this thematic competition.

On 23 September, the "6th Guangdong Expressway Drivers' Festival 2021" organized by the Company was officially launched in Panyu, Guangzhou. With "I do practical things for the traveling people" as the initial intention, based on the construction achievements of Guangdong expressway network and the policy of constructing, managing, maintaining and operating rural roads well, and with the theme of "Travelling Red Routes in Guangdong (粵行紅色路)", the Drivers' Festival cooperated with many cities to publicize local characteristics, disseminate new achievements in development, experience new beautiful trips, and contribute to local economic development and rural revitalization.



MAJOR EVENTS

In November, Chengdong maintenance yard of Foshan City Yueyun Public Transportation Co., Ltd., a subsidiary of the Company, was awarded the honorary title of “Model Employees’ Home in Guangdong Province”.

On 22 November, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, entered into a strategic cooperation agreement with NIO Company* (蔚来公司) in relation to joint development of new energy business in expressway service areas.

In December, the Intelligent Highway Theme Competition of China (Xiaoguwei) “Internet + Transportation” Innovation and Entrepreneurship Competition (中國(小谷圍)“互聯網+交通運輸”創新創業大賽之智能公路主題賽) in 2021, which was planned and implemented by Guangdong Highway Media Company Limited, a subsidiary of the Company, for five consecutive years and organized by the Ministry of Transport, was successfully held.

On 30 December, Tesla Supercharger in Dahuaxi Area (towards Zhanjiang) was opened for operation.



INVESTMENT VALUE OF THE COMPANY

EXPRESSWAY SERVICE ZONE OPERATION

1. ENERGY BUSINESS

- By mainly developing the self-built and self-operated gas stations under “Yueyun Energy”, we have established a sales network consisting of 58 self-built and self-operated gas stations in the expressway service zones by the end of 2021. Such number will exceed 100 during the 14th Five-Year Plan period. With continuous increase in operating revenue, it will become the first core supporting business of the Group.
- We have continuously enhanced cooperation with large-sized energy companies such as PetroChina and Sinopec in respect of capital and operation. As a result, we have established a number of joint venture companies to carry out the expressway gasoline and gas refueling business. In the future, we will strengthen the cooperation on gasoline supply and develop the warehousing, wholesale and transportation businesses, so as to enhance the influence of “Yueyun Energy” in the province.
- We have actively promoted the growth in the number of expressways service zones (carpark zones), and the construction and deployment of additional gas stations at the exit and entrance of expressways and off-route local gas stations.
- We have constructed 654 bus charging piles in 72 bus charging stations and the Group has 186 service zones with charging stations and 736 charging piles, and cooperated with brand enterprises to expand the business of battery replacement stations, which jointly formed a provincial charging service network.

2. RETAIL BUSINESS

- The number of outlets under the well-known convenience store brand of “Loyee” in expressway service zones has reached to 546, gradually realizing online and offline omni-channel network expansion. We completed the upgrading of “Loyee” LOGO and conducted pilot in Huacheng Service Zone and Yuantan Service Zone.
- We have 346 expressway service zones in operation and 87 passenger transportation terminals across the province, which provide us with network and scale advantages.
- The enhancement of business collaboration provides an opportunity of mutual development for logistics distribution, vehicle rental, ticketing and other businesses of the Group.



INVESTMENT VALUE OF THE COMPANY

3. MERCHANT SOLICITATION BUSINESS

- We own the right to operate the largest number of expressway service zones in Guangdong Province (358 zones, of which 346 zones are in operation) and enjoy network and scale advantages relying on the huge expressway traffic in Guangdong Province. As a result, we have achieved capacity output in business planning and merchant solicitation.
- We have completed the comprehensive development of Dahuai Service Zone and the renovation of 20 pairs of upgraded service zones in the province, and innovated the investment and business operation model for commercial renovation projects to build differentiated and characteristic service zones. The operating revenue from merchant solicitation for service zones has grown steadily.
- We have conducted a large-scale integrated commercial development projects in key service zones, with Dahuai Service Zone awarded the title of "National Expressway Tourism Theme Service Zone" (全國高速公路旅遊主題服務區), thereby significantly enhancing the commercial value of the service zones for which the integrated commercial development has been made. Xincheng Service Zone was awarded the title of "National Expressway Tourism Feature Service Zone (全國高速公路旅遊特色服務區)".

4. ADVERTISING BUSINESS

- We have comprehensively integrated the advertising resources of expressways and passenger transportation terminals, covering 61 expressways, 358 expressway service zones and 87 passenger transportation terminals, enabling us to enjoy network and scale advantages.
- We are in the course of transformation into a "transportation omni-media supplier (交通出行全媒體供應商)" through the innovation of advertising operation model to push forward the self-operated business and make plans for the improvement in the quality and efficiency of the business.

ROAD PASSENGER TRANSPORTATION AND AUXILIARY SERVICES

- We have a complete road transportation business system, and our transportation enterprises are located in Zengcheng District of Guangzhou, Foshan City, Sanshui District of Foshan, Zhongshan City, Zhaoqing City, Yangjiang City, Meizhou City, Heyuan City, Qingyuan City, Shaoguan City, Shanwei City, Chaozhou City, Dianbai District of Maoming City and Shantou City, accounting for 67% of 21 prefecture-level cities in the province.

INVESTMENT VALUE OF THE COMPANY

- We have been ranked among the Top 100 Trustworthy Road Transportation Enterprises in China (全國道路運輸百強誠信企業) for many years.
- Our “Yueyun Express” brand is a well-known road passenger transportation service brand with strong competitiveness in the industry.
- Our development model has become mature which shows obvious synergies in the integration of regional transportation enterprises, in which we are leveraging relevant policies to promote the structural adjustment and transformation of business operation.
- Initiatives such as chartered vehicles for commuters, customized passenger transportation, town-to-village rural passenger transportation, and the commercial development of passenger transportation terminal services brought incremental businesses
- As the largest road transportation company in the Guangdong-Hong Kong-Macau Greater Bay Area, the Group is engaged in the Guangdong-Zhuhai-Macau Bridge Port shuttle bus services through its subsidiary as the sole operator, and is the single largest shareholder that has maintained a cumulative shareholding of 29.7% in Guangdong Hong Kong-Zhuhai-Macau Bridge Shuttle Bus Co., Ltd. (廣東港珠澳大橋穿梭巴士有限公司)
- We emphasize the “digital transformation and platform-based operation” for our road passenger transportation business, and continuously optimize and enrich the service functions of the “Yuexing” (悅行) platform, so as to realize “Press and Travel (一鍵出行)”
- We have implemented the “transportation + tourism” strategy to offer customized travel and transportation products on an Internet platform, and turn our passenger transportation terminals into the comprehensive service stations integrating travel, tourism and commerce through commercial development.
- We have diversified and integrated the passenger transport operation models and gradually achieved results in the transformation and upgrading of passenger transport business with the help of the new national passenger regulations.
- We have implemented a series of measures for the reform of state-owned enterprises, which has improved the refinement of management, further controlled the operation costs and improved the operation efficiency.
- Our “Yueyun Rescue” road rescue business has established an efficient road rescue service monitoring and command system in the area of services on expressway, with mileages of 7,002 kilometres, which is gradually covering the whole province, with obvious industry advantages.



CHAIRMAN'S STATEMENT



Guo Junfa
Chairman

As the COVID-19 pandemic continued to spread across the globe throughout the year of 2021, combating the pandemic had become the key agenda for every country around the world, and the international economic situation remained grim and complex. Thanks to the strong prevention and control policies adopted by the Chinese government, along with the growth in the overall vaccination rate of the country, both the livelihood of the population and production activities had restored their stability riding on the strong rebound of the Chinese economy during the first half of the year. Despite the shadow of uncertainty on the market in the second half of the year pressured by a basket of factors, such as the successive waves of COVID-19 and its variants to name a few, the long-term promising economic fundamentals

of China remained intact. Throughout the year, China had also sustained an overall stable recovery momentum, demonstrating the strong resilience and great potential for growth of the country.

Being hit by the pandemic, the transportation industry had seen turbulence along the journey of recovery in 2021. At the beginning of the year, the demand for travel had been under pressure in response to the government policy for requesting its people to stay at their local regions during the Lunar New Year Holiday. Despite so, the suppressed demand for travel had been partially released during holidays such as during the Ching Ming Festival, Labour Day and National Day, leading to a dramatic rebound in both the passenger traffic and passenger transportation needs. Nonetheless, the



recurrence of the pandemic had laid obstacles to people's travel in the Pearl River Delta Region, which explained the failure of delivering the expected passenger traffic volume on expressways. With the backdrop of a century of radical change coupled with the once-in-a-century pandemic, the Chinese government continued to hold high its general principle of "steadiness at the forefront and seeking progress while maintaining stability". While deepening its work of taking forward the "six priorities to ensure stability in the six key areas" and continuously improving the livelihood of its people, the Chinese government also showed its commitment in implementing strict control measures to curb the pandemic. The introduction of an active fiscal policy along with a prudent monetary policy was another move of the government to maintain a high-

quality economic growth. These efforts did not only favour a steady growth of the economy within a reasonable range, but also continuously improved the odds for the road transportation industry to recover.

When the year of 2021 embarks the "14th Five-Year" Development Plan, propelling the construction of transportation infrastructure for an enhanced national power had become one of its crucial components, and policy dividends for the transportation industry continued to release. The "14th Five-Year Development Plan of Integrated Transport Services", published by the Ministry of Transport of China, highlighted the concept of "accelerating the construction of a modern integrated transport service system that embodies high levels of convenience,

CHAIRMAN'S STATEMENT

smoothness, cost-effectiveness, openness and sharing, green and intelligence, safety and reliability, with the overarching goal being to accelerate the construction of transportation infrastructure for consolidating the national power". Benefited from the strong cooperation among the transportation system constructions, the road transportation industry is set to realise high-quality developments through proactive transformation.

As the Guangdong Province becomes the core hub of the Guangdong-Hong Kong-Macau Greater Bay Area, its government has also actively responded to and implemented policy planning for the transportation industry, which serves as a solid backbone for the in-depth advancement of key strategies of the country. Published by the government of the Guangdong Province in September 2021, the "14th Five-Year Development Plan of Integrated Transportation System of the Guangdong Province" stressed the need to further enhance infrastructure layouts, with the emphasis on lifting the efficiency of integrated transportation. By 2025, the expressway mileage in the Guangdong Province is expected to reach 12,500 kilometres, with as short as only one-hour access between major cities within the Pearl River Delta Region. Meanwhile, the Guangdong Province is adhering to the outline of the "Layout Plan of Expressway Service Zones (2020-2035)", on one hand, to further optimise the plan and layout of expressway service zones within the province, and on the other hand, to promote the construction of intelligent service zones. Looking ahead, the transportation industry of the Guangdong Province will be benefited from the integration of transportation services as well as the optimisation of resource integration. The province is also expecting the acceleration in the construction of modern transportation service system, thus opening up new horizons while riding on the high waves of prosperity.

2021 was the opening year of the Group's "14th Five-Year Strategic Development Plan". The Group will keep up its efforts to reinforce and extend the prevention and control of the pandemic while securing its business development results. Through measures such as strengthening the building of a talent team, continuously consolidating safety production, vigorously developing energy business, accelerating the transformation of terminals, systematically adjusting business structure, as well as accelerating the pace of digital transformation, the Group will incorporate comprehensive innovations in its business formats and models, altogether contributing to the continuous growth in the stability, competitiveness and anti-risk capabilities of its development.

COVID-19 Prevention and Control

During the year of 2021, the Guangdong Province had built a strict line of defence for normalised pandemic prevention and control, eventually had brought the region the victory over the Delta variant of COVID-19 within only a minimal amount of time at their first encounter, and succeeded in managing the multiple local COVID-19 cases emerged in areas including Guangzhou, Shenzhen, Dongguan and Foshan in a timely and effective manner. Today, we can already see the continuous optimisation of the joint pandemic prevention and control mechanism between Guangdong and Hong Kong, as well as between Guangdong and Macau, with the vaccination coverage as high as 94% of the entire population.

The Board of Directors expects that, with the further popularisation of the "booster shot" of the COVID-19 vaccine and the implementation of normalised prevention and control measures by the government, the pandemic is expected to be further contained in 2022, while people's willingness to travel and passenger volume on expressways are also expected to see a gradual pick up.

Major investments and key business developments of the Group in 2022 are as follows:

TRAVEL SERVICES SEGMENT

1. Expressway Service Zones Operation

1. *Energy Business*

- (1) Continuing to expand the coverage of our oil station network. The Group endeavors to integrate our internal resources with external resources to grow the business bigger and become a leader in the sector in a short period by striving to establish clusters of oil stations and physical oil station projects in the near term. We have accelerated the progress of investment, construction and operation of 4 new self-operated oil stations including New Yangjiang and Shengtang stations within new service zones and the reconstruction, investment and operation of 2 oil stations, one of them situated at Humen Bridge, in relevant service zones. We are striving to set up a total of 64 self-built and self-operated oil stations by the end of 2022 and initially forming a network of self-operated oil stations on expressways.
- (2) Deepening the operation and management of oil stations. We have fully facilitated service standardization across oil stations and the refinement of management practices. Also, we have innovated our marketing forms, increased our brand promotion and enhanced brand awareness. Striving to explore major customers and new members, we have leveraged on the reasonable layouts of resources, and will never cease to strengthen our full-chain management capabilities including the brand-building of our self-operated oil stations, improvements of our design planning, applications for and realization of constructions, operation and marketing, customer relationship and services to name a few, in order to increase the filling up rate and the satisfaction of our customers.
- (3) Further optimizing the procurement of refined oil. We put forward in-depth analysis of the market conditions and price trends of refined oil, seized the best moments to procure oil products and prevented procurement risks in an effective manner. We strengthened the centralized procurement management of refined oil products in transportation units, explored new procurement and distribution models of oil products, improved work efficiency and lowered operating costs.
- (4) Cultivating innovations in profitability models of energy businesses for partnered companies. We deepened our cooperation with Sinopec and PetroChina for establishing a new cooperation model for mutual benefits and actively promoted in-depth cooperation with our joint ventures in respect of oil stations, gas stations and other energy businesses, in order to swiftly expand the scale of our oil stations.
- (5) Drawing layouts for new energies in advance and expanding upstream and downstream segments along the industry chain. Under the objective of "Emission Peak and Carbon Neutrality (碳中和、碳达峰)", we have innovated the integrated energy development layouts and promoted the implementation of new energy businesses including charging posts and power exchange stations in order to cope with the sweeping revolution of energy structure. We are expanding the upstream and downstream segments along the energy industry chain, so as to form a complete energy business industry chain in areas such as the storage, wholesale and retail of refined oil, and in the meantime, improve the industry structure and diversify market risks.

CHAIRMAN'S STATEMENT

2. Retail Business

- (1) Steering towards the same direction for the expansion of Loyee retail store network. We have strengthened the "integrator" function embodied in our retail business, and enhanced its market-oriented competitiveness. With our unceasing efforts in growing our network scale, we are resolute in our quest to achieve the target of adding 10 new stores in 2022.
- (2) Continuing to promote the "big retail (大零售)" strategy. We are taking our gradual climb to realize the parallel development of our convenience stores and comprehensive supermarkets, expanding the "big retail" business chain from simple retailers to wholesalers.
- (3) Exploring new models for the operation and management of retail business. Aligning with our efforts in consolidating the supply chain, we have enhanced our single-store operational efficiency and explored every possibility of ground-breaking changes in our retail business. We conducted in-depth analysis of the characteristics of frequent travelers, continued to optimize product categories, changed store layouts and product display layouts, and created consumption scenarios. We have fully enhanced the overall image and consumer experience of our Loyee stores where our brand new VI (visual design) and SI (store image design) have been launched.

- (4) Reinforcing the management of merchandise categories. By sorting out and optimizing all-category planning, we realized reasonable adjustments and enrichments of our merchandise categories along with our exploration on the possibilities for our self-owned product development.
- (5) Optimizing and improving efforts in soliciting merchants of retail products. Through expanding the impact of our merchandise, we strive to attract more quality suppliers and merchandise on board. Meanwhile, we have been proactively promoting the strategic cooperation with parties such as retail product suppliers from other provinces.

3. Merchant Solicitation Business

- (1) Expanding and strengthening merchant solicitation business across service zones. We insist on maintaining the current model of "integration, platform-based, industrialization (一體化、平台化、產業化)" to expedite the improvements in both the quality and efficiency across service zones. We have actively pursued "service zones +" initiatives, and integrated with a range of industries, including travelling, culture, logistics and sales of featured products, to better serve the economic and social development needs of local communities.
- (2) Improving the efficiency of merchant solicitation across service zones. We have ensured the respective service zones and road sections of our new traffic projects to commence operations simultaneously, and in the meantime implemented project-based merchant solicitation upon the expiration of contracts as scheduled to ensure seamless transition between contracts. We also took the initiative to utilize idle resources for the creation of incremental gains.

- (3) Creating featured service zones in line with local circumstances. While implementing comprehensive development of hub service zones, we have worked towards our plan to complete the construction and begin the operation of 6 pairs of service zones, including Liangjinshan, to pursue business upgrade and transformation.
- (4) Advancing the brand-building of our self-owned "Yipinhui (驛品薈)" brand. As four pairs of our service zones including Liangjinshan under the "Yipinhui" project kick-started their operations, a rapid growth in our operating income have been secured. We have also boosted our capabilities in merchant solicitation, operation and marketing. Building on our first successful campaign of "Lunar New Year Art & Shopping Festival", we will continue our path to launch a series of campaigns, including the opening activities of Guangzhou-Zhanjiang Service Zone and the China Expressway Food Festival. Leveraging on our distinctive advantages in business planning and merchant solicitation, we have taken active moves in developing our merchant solicitation agency business and extending the geographic reach of exports.
- (5) Consistently elevating quality across service zones. Through public service projects including the "Toilet Revolution (廁所革命)", sewage treatment and waste sorting, we are enhancing the degree of comfort and experience with travelling for the general public.

4. Advertising Business

- (1) Maximizing the value of advertising media resources with a practical approach. We have robustly promoted the planning of advertising resources in our service zones, and in the meantime, launched innovations in design and constructions in order to empower our advertising resources for greater value. While continuously promoting the cooperation and establishment of new advertising media, we have integrated undeveloped integrated media resources and completed extensive development as a whole.
- (2) Optimizing advertising resource planning. Relying on our advertising resources along expressways and at service zones and passenger terminals, we have propelled not only the resource construction, but also business transformation and upgrade, in order to establish an influential transportation and travel media network. Securing our foothold in the field of regional transportation and travel, we endeavor to transform ourselves into a "omni-media facility supplier (全媒體設施供應商)".
- (3) Expanding integrated marketing services including advertising design and planning. We have reinforced our integrated marketing service, provided integrated promotion services for brand planning and design on various media platforms across provinces for our major customers.

II. Road Passenger Transportation and Auxiliary Services

The Group will at all times deliver its vision for the new development of passenger transportation, and propel the unprecedented business growth in this regard under the guidance of the "14th Five-Year" Development Plan of Integrated Transportation System of Guangdong Province and Integrated Transportation Services.

CHAIRMAN'S STATEMENT

- (1) Expediting the construction of digital platform. With the reaffirmation of our development goals and work plans towards informatization, we have reinforced the coordination and consensus on the topic of digitalization. Along with our efforts in securing investments in the information construction to ensure the rapid growth of our platform, we have integrated our WeChat official accounts of Yueyun across different regions and cities with the use of our Yueyun Transportation platform. Adhering to our service philosophy of "Press and Travel (一鍵出行)", we have promoted the organization and optimization of our operational works of the "Yuexing" platform, as well as the establishment of our operational team. Apart from that, we have coordinated the management of our operational needs and computer software products, and promoted the optimization and improvement of the operational functions of the "Yuexing" platform. In the meantime, we have propelled the construction of the operational system of such platform, and provided services and supervisions to regional transportation companies and made good use of such platform for the development of our off-stationed businesses. We have promoted the integration of our "Yuexing" platform with mobile travel platforms, Nanyuetong platform and service zone platforms, and in the meantime researched and developed mobile application systems, put forward in-depth application and data management plans for key manufacturing management systems. We have also continuously propelled the system construction and in-depth application training. With our success in completing the platform upgrade in relation to data resources management, we have undertaken the construction and operational works of the intelligent vehicle supervision system of "two passenger, one hazardous material and one heavy-loaded transportation" commissioned by the Department of Transport of Guangdong Province. Such system has reached a coverage of more than 400,000 key operational vehicles being identified as "two passenger, one hazardous material and one heavy-loaded transportation" across the Guangdong Province. With the improvement in our upgrade plans regarding network security and data security, we have reinforced the double-tier protection in the areas of technology and management to secure the operation of our network and data in a safe manner.
- (2) Taking initiative to expand off-stationed businesses. With the addition of travel products on the market, as well as the change of travel options of the population, the Group will take a proactive approach to reform its travel services with the focus of ensuring a high level of convenience, intelligence and market-orientation. Going beyond our terminals on our own initiative, we are making a change to the traditional mode of operation by cross-grouping customers on multi-dimensions such as at multiple points, and via online and offline linkage to yield a higher passenger rate. We have also vigorously expanded our off-stationed businesses and improve their proportion. It is part of our focus to promote the changes from shuttle transportation to customized and chartered passenger transportation. Apart from these, we also encourage the rise of new businesses, namely online car-hailing and car rental services. Meanwhile, we have taken initiative to build connection to transport hubs such as high-speed railway and airports, in an effort to make transportation services available among major traffic points such as scenic points, commercial shopping centers, schools, factories and mines, as well as local communities.
- (3) Minimizing overcapacity and supply inefficiencies. We have ensured the perfect execution of refined management on vehicle inventories and dug deep into their local and cyclical values. By integrating different factors, including short-/long-haul vehicles, low/peak seasons and line redundancy, we have acted decisively in relation to the disposal of idle vehicles, and promoted the reasonable allocation among our operating vehicles of "large-, medium- and small-size (大中小)" through supply-side structural reforms. We have also provided guidance on the matching of operating vehicle models and local market demand in order to lower the operating costs of vehicles and improve our corporate operating efficiency.

CHAIRMAN'S STATEMENT

- (4) Exploring the diversified development of our businesses. Riding on the national promotion of the rural vitalization strategy, we have captured the opportunities brought by the "town-to-village (鎮通村)" policy. Leveraging on the features of vehicles' low costs but a high subsidy level and flexibility in operation under the policy, we have innovated new modes of operation for our businesses, and expanded our position in the rural passenger transportation market. Meanwhile, due to the higher costs incurred by diverting logistic enterprises to villages and towns, we have made full use of our existing resources from the passenger transportation network, and realized the integration of "passengers, goods, parcels (客貨郵)" through our cooperation with logistics and postal services.
- (5) Expediting structural adjustments on vehicle models. Through supply-side structural reforms, we have acted decisively in relation to the disposal of idle vehicles, and promoted the reasonable allocation among our operating vehicles of "large-, medium- and small-size". We have also provided guidance on the matching of operating vehicle models and local market demand in order to lower the operating costs of vehicles. We have reinforced our approvals for vehicle purchase and allocation, prioritizing the coordination and allocation of vehicles for operation needs among our vehicles for internal use.
- (6) Upholding our bottom line of safety production. We are resolute to implement the main responsibility for safety production of the enterprise, with the emphasis on ensuring safety production at all key areas, procedures and time points. While further reinforcing our "four-in-one (四合一)" intelligent control and management, we have troubleshoot issues identified from our system operation and management for the all-round improvement and enhancement of our performance. For enhancing the effectiveness of control, we have actively promoted the mode of centralized control of regional transportation units. We have also improved our emergency management to magnify our abilities in emergence response.
- (7) Unceasingly expanding and optimizing vehicle rescue business. While ensuring the optimal performance of our personalized service for road section owners, we have also helped improving the traffic efficiency of road networks, and strived to acquire expressway vehicle rescue business from entities outside of the Group. We have continued to propel the research and development as well as the project construction of 5G+AI-based cloud service platforms for video monitoring and rescue, in order to realize the visualized management of rescue services throughout the process, and to identify the critical time points for rescue with the aid of intelligent technology. We make use of all means, including safety technology information management platforms, video monitoring and on-site supervision and inspection, to ensure a proper monitoring on the road safety of our rescue crew as well as their operation and practice.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)



BUSINESS REVIEW

In 2021, facing the complex market environment and unpredictable impact of the COVID-19 pandemic, the Group improved our anti-pandemic measures and our business performance. By insisting on the combination of problem-oriented, target-oriented and outcome-oriented approaches, and on the premise of ensuring production safety, the expressway service zone business and the road passenger transportation business were well-coordinated, significant progress has been made in increasing revenue in the energy sector, the output of commercial development management value, the improvement in quality of the retail and advertising business and upgrading thereof, the optimization of the passenger transportation business structure, the reconstruction and development of passenger terminals, and the digital transformation.

TRAVEL SERVICE SEGMENT

1. EXPRESSWAY SERVICE ZONES OPERATION

Focusing on the outline of the 14th Five-Year Plan, the Group actively carried out preventive measures against the pandemic and promoted the quality upgrade of service zones. On the basis of ensuring public travel services, we comprehensively promoted parallel developments in various operating businesses such as energy, merchant solicitation, retail and advertising, mainly as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)



1. Energy Business

The Company firmly implemented its the strategy of constructing owned and operated oil stations and continued optimizing the self-owned “Yueyun Energy” brand. As of the end of December 2021, the Company owned 207 oil stations, including 58 owned and operated oil stations, 13 cooperative oil stations and 136 oil stations under contracted operations. The specific measures were as follows:

- (1) The network of owned and operated oil stations was expanded and 10 owned and operated oil stations, including Qishan oil station, commenced operation smoothly.
- (2) Management procedures were optimised to refine the operation of our oil stations. The construction of the management system for oil stations was enhanced, improving in 11 management systems. Operating and training standards for managing our oil stations were either developed or upgraded to establish a quality brand of our oil stations. Our energy business related internal control system were enhanced to strengthen the standards of services in and improve the management level of our owned and operated oil stations. Staffing in those oil stations were optimized based on sales volume of each oil station and reasonable adjustments were made to lower our labour costs.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

- (3) The deployment of new energy business was accelerated. The Group actively promoted the upgrading of expressway oil stations into “hybrid stations”, by developing the potential of our own existing charging stations which were built by the Group so that the Group could explore the market as appropriate and deploy in advance charging posts available to the public in a manner that will drive the development of the service zones and increase revenue of our energy business. There were 186 service zones with charging stations and 736 service zones with charging posts. The Group operated 4 battery swap stations and 2 gas stations. Development of external charging business was explored and 8 charging stations in Qingyuan, Yangjiang and other areas were connected to third party operation platforms. The Group established contact with enterprises such as Guangdong Power Grid, NIO Inc., XPeng Motors and Tesla, laying a solid foundation for the subsequent development of our new energy business.
- (4) The policy “One station, on Policy” was formulated. Through measures including full-force marketing, listing price reductions, member benefits, coupons, offering stamps and points redemption, the sales volume of oil products and non-oil products were enhanced comprehensively. The Group actively stimulated and regained those once inactive customers to increase our sales and revenue. Brand publicity was increased through electronic network and similar means, the number of newly acquired online members reached 140,000, representing an increase of 106% as compared with the same period of previous year, and the total number of members exceeded 280,000.

2. Retail Business

The Group exerted full efforts to enhance the market competitiveness of the “Loyee” brand by increasing the number of outlets in the network, improving their quality and upgrading. As of the end of December 2021, the Group had 546 “Loyee” convenience stores, including 265 owned-and-operated stores in service zones, 57 stores in oil stations, 72 stores in residential areas, 1 urban community store and 151 franchised cooperative stores. The detailed operating measures were as follows:

- (1) Expansion of the size of the Loyee network. In 2021, we had completed the development of 37 outlets, and smoothly established boutique outlets in Huacheng and Yuantan.
- (2) Introduction of native specialty products and development of products with private brands to increase sales revenue. There were 8,628 product barcodes, approximately 900 new native specialty products, 22 private brands in aggregate were developed under “Loyee”, with gradual expansion of the market for own label products, the product categories in Loyee convenience stores were enriched.
- (3) Expansion of group buying and wholesale business. There were 21 new group buying customers during the year. The total number of group buying customers in aggregate reached 74 and a revenue of RMB24.55 million was achieved from group buying and wholesale. The licensing of Red Bull energy drink was obtained for channels on the Guangxi and Hunan expressways, by leveraging the advantages of product prices to expand the common product business on the Guangxi and Hunan expressways to realize complementary advantages and business improvement.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

3. Merchant Solicitation Business

The Group continued to expand the service zone resources, enrich the variety of operating businesses, enhance the business operating capabilities and extend the platform value. As of the end of December 2021, the Group owned 358 service zones (carpark zones inclusive) with operating right, of which 346 had commenced operation. The specific operating measures were as follows:

- (1) Strengthening the acquisition of service zone resources. The connection of six pairs of service zones (carpark zones) on Luoding-Xinyi expressway, Wuchuan line of Shantou-Zhanjiang expressway, Dafenghua expressway and others with road sections were completed and commenced operation simultaneously.
- (2) Promoting the quality enhancement and upgrading of service zone construction and improving the public travel service experience. The commercial planning and design of commercial concepts for Shenzhen-Shantou and Changshawan service zones were completed, the construction of new service zones such as Shengtang, Chengchun, Qianshui, Liangjinshan and Xinyangjiang were proceeded, and the service zones of Yangxi, Huacheng, Yuntan and others were upgraded and reconstructed to create specialty service zones.
- (3) Exhibition and sales platforms for quality agricultural products were built in the surrounding areas of service zones, native specialty outlets under "Yipinhui" were newly develop in areas such as Lianhuashan and Xiegang for cooperative operations, and realized revenue sharing of over RMB1.6 million. The layout of network points and commencement of operation for innovative projects such as sharing of massage chairs, sharing of power banks and sharing of coffee machines were promoted and realized revenue sharing of over RMB5.53 million.

- (4) Strengthening the acquisition of non-Group service zone resources, the merchant solicitation agency businesses for the Hengli service zone of Dongguan communications investment and the Nanxiangshan wervice zone on Hua Guan expressway of Guangzhou communications investment were acquired and realized the output of business management value.

4. Advertising Business

The Group accelerated the building and optimized layout of advertising resources, focused on building an influential media network for traffic and travel. As of the end of December 2021, the Group operated and managed 506 advertising resources in aggregate on 61 expressways, including pole billboards, overpass bridges, gantries, billboards above poll stations, floor standing billboards, billboards above service zones, etc. The specific operating measures are as follows:

- (1) There was a breakthrough in the review and approval policies for non-tender resources, which had resolved the problems of displaying advertisements on overpass bridges and gantries. Various measures were adopted to reduce the vacancy rate of resources, and the vacancy rate of resource was further reduced by 4% as compared to mid-2021.
- (2) Operating revenue of approximately RMB30 million was realized from direct sales business, a stable group of direct sales customers was obtained. Innovative design was available for advertising pole billboards, tender invitations for innovative advertising projects on twin poles in 11 service zones were completed.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

2. ROAD PASSENGER TRANSPORTATION AND AUXILIARY

According to the statistics of the Ministry of Transport of the PRC, road passenger trips in China amounted to 5.087 billion in 2021, representing a decrease of 26.2% year-on-year. In Guangdong Province, road passenger trips amounted to 276 million, a drop of 49.8% year-on-year. Amidst the severe hit of COVID-19 outbreaks, the industry downturn and inadequate subsidies for new energy vehicles, the Group made every effort to cope with operation challenges and related risks, and took initiatives to facilitate fund inflow and control costs. As such, the operating revenue and gross profits from road passenger transportation and auxiliary segment rebounded as compared with 2020. The specific operating measures were as follows:

- (1) Continuing to transform the operation from shuttle transportation to customized or chartered passenger transportation, so as to optimize our business structure. We promoted our structure adjustment by adopting a market demand-oriented approach to expand non-station group passenger business such as customized services, commuting services, school bus, online car-hailing services and tour transportation. In order to adapt to the new national passenger regulations and changes in provincial measures, our sub-branches in Qingyuan, Shaoguan, Heyuan, Zhaoqing, etc. actively expanded customized routes and set up off-stationed pick-up and drop-off sites. As an effort to make transportation services available among traffic hubs, we established a total of 45 off-stationed passenger sites.
- (2) Continuing to optimize our vehicle model portfolio. We conducted reasonable adjustment of our vehicle model portfolio according to the future feature of “small-lot and multiple-batch” road passenger transportation and business needs. As of the end of December 2021, large vehicles of over 9-meter length accounted for 43% of our road passenger transportation (excluding public transportation and rental). Subsequently, we shall continue to strictly supervise purchase of large vehicles and accelerate portfolio adjustment of our vehicle models.
- (3) Implementing the strategy of “digitalized transformation and platform operation”. We strengthened the upgrade of “Yuexing (悦行)” platform, with enhancement of business functions including one-stop online ticketing, customized passenger transport, intercity interchange and chartered car rental, and accepted the Grade IV of “Yueyun Yuexing (粤运悦行)” upon completion of testing. We facilitated the construction of the Guangdong-Hong Kong bus system, getting well-prepare for opening up the platform for cross-border passenger services. We connected video cloud data to centralized data centres among transportation groups, thus we enhanced the performance of “Smart Rescue” App with fast and accurate vehicle drivers’ positioning ratio of 95%. We undertook and built the intelligent vehicle supervision system of “two passenger, one hazardous material and one heavy-loaded transportation (兩客一危一重)” in Guangdong Province. The construction of the information system was roughly completed, and more than 400,000 vehicles in the province were connected into the system as scheduled.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

- (4) Refine the structure and intensive management of the road passenger transportation business. Based on the demand, the Company made optimization and adjustment to the business structure of the road passenger transportation business in light of actual conditions. Firstly, we increased the investment in the development of business that qualified for government subsidies to improve the overall risk resistance of the Company as a transportation company. As at the end of 2021, our daily average investment in transportation vehicles accounted for 65% of the total investment, representing an increase of 2%. Secondly, we have expanded our non-station group passenger business, which include its existing chartered coach services, shuttle bus, scheduled services, customized passenger services, online car-hailing services and leasing services. We realized a year-on-year increase of RMB70.91 million in revenue from non-station group passenger business, representing an increase of 46%.
- (5) Making a breakthrough in speeding up the reconstruction and development of our passenger terminal. Cooperated with Guangwu Automobile Trading Company* (廣物汽貿公司) to operate three Guangwu Yueyun Automobile Museums* (廣物粵運汽車生活館) in Yangxi county of Yangjiang, Huaiji County of Zhaoqing and Lechang County of Shaoguan, we accomplished a new comprehensive utilization of terminal resources. We kept promoting the commercial transformation and development of Zhaoqing Main Terminal, and formulated preliminary ideas on project positioning and implementation direction. Also, we continued to put forward revitalization plan of Heyuan City South Terminal.
- (6) Optimization and expansion of expressway rescue services. By the end of 2021, "Yueyun Rescue" of the Group had rescue service mileage of 7,002 kilometers, covering approximately 64% of the total mileage of expressways in Guangdong Province. The Group set up a total of 183 rescue stations, with 828 rescue team members and 676 sets of various rescue equipment. We are committed to providing standardized rescue services to ensure the safety and smoothness of expressway travel.

3. TAIPING INTERCHANGE OPERATION

For 2021, the accumulated traffic volume of Taiping Interchange was approximately 32.67 million vehicles, and the daily average traffic volume was approximately 89,000 vehicles, representing a year-on-year increase of approximately 83.1%. The major operating measures were as follows:

- (1) Faced with the steady rise in traffic volume and toll revenue, the Group continuously improved operation efficiency, strengthened various operation and management tasks to ensure 100% collection of toll fees with an emphasis on enhancement of service quality and establishment of great reputation.
- (2) We vigorously implemented the maintenance and repair scheme of Taiping Interchange to ensure the safe operation of Taiping Interchange. Specific maintenance, treatment and other projects for 10 piers of Taiping Interchange were commenced during the year. Greater efforts were made on the daily inspection of Taiping Interchange to ensure the safety and traffic smoothness of the bridges and roads.

4. MATERIAL LOGISTICS SEGMENT

The Group continued to steadily perform the completion of material supply inventory business with risks under control.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

Staff Structure and Organizational Optimization

Facing market changes and business decline, the Group took initiatives and responded proactively according to our requirement for business operation and development with focuses on optimizing organization and staff structure in order to boost human resource efficiency.

For organizational optimization, we emphasized that our management and operation should effectively match market demands, exert more efforts to integrate subordinate enterprises and implement organizational downsizing. Through the model of one set of personnel in a county or district handling multiple brands, merging small scale enterprises nearby and introduction of trusteeship, the number of our management entities was consolidated from 86 at the beginning of the year to 75, representing a decrease of 12.79%. Departments which were directly under our headquarters were reduced from 95 at the beginning of the year to 88, representing a decrease of 7.37%. Our third-level department number was reduced from 383 to 301, representing a decrease of 21.41%.

For staff structure optimization, we promoted the development and upgrade of our road passenger transport business to be more commercialized in response to changes in industry policies and the impact of the epidemic amid the fierce market competition. The Group went beyond the traditional business model of “picking up passengers at terminal (等客上門)”, and vigorously expanded the development of the non-terminal passenger-pickup business, including chartered coach services, commuting services, dedicated lines services, customized passenger services, online car-hailing services and leasing, while promoting the structure optimization of personnel at terminals in line with the corresponding adjustment of our business model. By formulating management measures to deploy personnel in a stable, orderly and proper manner, the proportion of employees of the Group in road passenger transportation and auxiliary sector was 15.50% in 2021.

FINANCIAL REVIEW

The Group's Annual Results for the year ended 31 December 2021

For the year ended 31 December 2021, operating income of the Group amounted to RMB6,270,530,000 (2020: RMB5,585,541,000), representing a year-on-year increase of RMB684,989,000 or 12%; gross profit amounted to RMB406,979,000 (2020: RMB265,547,000), representing a year-on-year increase of RMB141,432,000 or 53%. The year-on-year change in operating income and gross profit was mainly due to (i) a year-on-year growth of the scale of the energy business; (ii) our efforts to actively promote the structure optimization of the road passenger transportation business; and (iii) a year-on-year increase in charging days of Taiping Interchange operation business.

For the year ended 31 December 2021, the Group realized net loss attributable to shareholders of the parent company (the “Shareholders”) of RMB220,330,000 (2020: Net loss attributable to shareholders of the parent company: RMB229,193,000), representing a year-on-year decrease in loss of RMB8,863,000; basic loss per share was RMB0.28 (2020: basic loss per share of RMB0.29), representing a year-on-year decrease in basic loss of RMB0.01 per share. The year-on-year decrease in loss was mainly due to an increase in operating income and effective control on costs, partially offset by a year-on-year decrease in subsidies for operation of new energy vehicles for the period as no clear standard for new government subsidies had been promulgated.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

SEGMENT INFORMATION

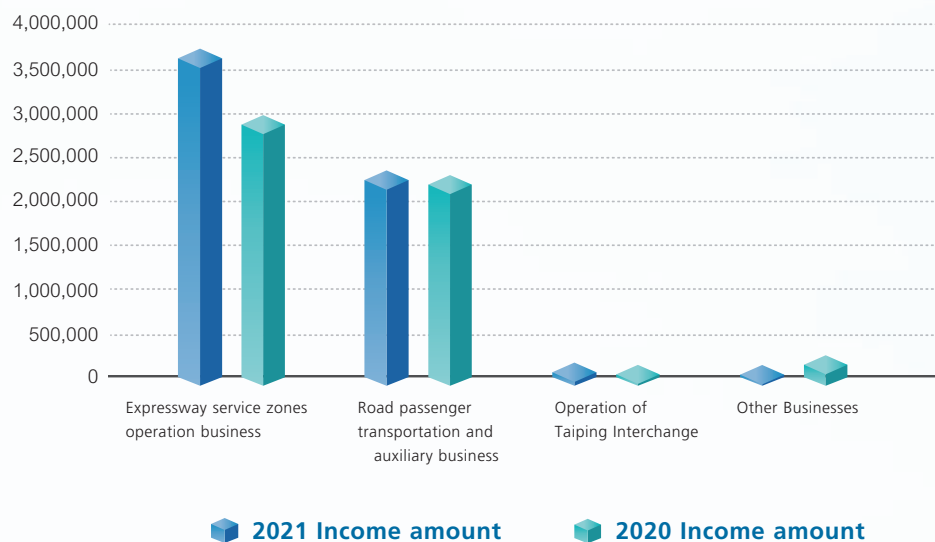
Operating Income

Operating income of the Group was primarily derived from the expressway service zones operation business and the road passenger transportation and auxiliary business. Operating income of the Group in 2021 amounted to RMB6,270,530,000 (2020: RMB5,585,541,000), representing a year-on-year increase of RMB684,989,000 or 12%. The year-on-year increase in operating income was mainly attributable to a recovery for our businesses as the effects of pandemic eased and an expansion in the scale of the energy business.

Operating income by business segments:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zones operation business	3,726,307	59%	3,003,512	54%
Road passenger transportation and auxiliary business	2,345,574	38%	2,297,644	41%
Operation of Taiping Interchange	121,446	2%	66,018	1%
Other businesses	77,203	1%	218,367	4%
Total	6,270,530	100%	5,585,541	100%

Operating Income



MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

1. Expressway Service Zones Operation Business

The expressway service zones operation business recorded operating income of RMB3,726,307,000 in 2021 (2020: RMB3,003,512,000), representing a year-on-year increase of RMB722,795,000 or 24%. The year-on-year increase was mainly attributable to a substantial increase in revenue from the energy business. Of which:

- (1) For energy business, the operating income amounted to RMB2,886,182,000 in 2021(2020: RMB2,107,651,000), representing a year-on-year increase of RMB778,531,000 or 37%, which was mainly attributable to an expansion in the number of oil stations and a recovery for traffic as the effects of the pandemic eased.
- (2) For retail business, the operating income amounted to RMB432,554,000 in 2021(2020: RMB460,098,000), representing a year-on-year decrease of RMB27,544,000 or 6%.
- (3) For merchant solicitation business, the operating income amounted to RMB302,940,000 in 2021 (2020: RMB317,018,000), representing a year-on-year decrease of RMB14,078,000 or 4%.
- (4) For advertising business, the operating income amounted approximately to RMB104,631,000 in 2021 (2020: RMB118,745,000), representing a year-on-year decrease of RMB14,114,000 or 12%, which was mainly due to a year-on-year decrease in revenue from column billboards.

2. Road Passenger Transportation and Auxiliary Business

The road passenger transportation and auxiliary business recorded operating income of RMB2,345,574,000 in 2021 (2020: RMB2,297,644,000), representing a year-on-year increase of RMB47,930,000 or 2%, which was mainly due to the recovery for traffic as the effects of the pandemic eased and our efforts to actively promote structure optimization. in reducing the impact caused by the pandemic.

3. Operation of Taiping Interchange

Taiping Interchange recorded operating income of approximately RMB121,446,000 in 2021(2020: RMB66,018,000), representing a year-on-year increase of RMB55,428,000 or 84%, which was mainly due to the influence of the pandemic and the decrease in the vehicle traffic resulted from the cargo and passenger restriction policy and pavement maintenance project on Humen Bridge.

4. Other Businesses

Other Businesses recorded operating income of RMB77,203,000 in 2021(2020: RMB218,367,000), representing a year-on-year decrease of RMB141,164,000 or 65%, which was mainly due to a decrease in the existing business volume of material logistics.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

Gross profit

The gross profit of the Group in 2021 was RMB406,979,000 (2020: RMB265,547,000), representing a year-on-year increase of RMB141,432,000 or 53%, with a gross profit margin of 6.49% (2020: 4.75%).

Gross profit by business segments:

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zones operation business	483,569	119%	548,726	207%
Road passenger transportation and auxiliary business	(176,104)	(43%)	(315,354)	(119%)
Operation of Taiping Interchange	98,127	24%	29,503	11%
Other Businesses	1,387	0%	2,672	1%
Total	406,979	100%	265,547	100%

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

1. Expressway service zones operation business

The expressway service zones operation business recorded gross profit of RMB483,569,000 in 2021 (2020: RMB548,726,000), representing a year-on-year decrease of RMB65,157,000 or 12%, and the gross profit margin was 13% (2020: 18%). Of which:

- (1) The energy business generated gross profit of RMB365,369,000 in 2021(2020: RMB376,809,000), representing a year-on-year decrease of RMB11,440,000 or approximately 3%. The gross profit margin was 13% (2020: 18%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to a year-on-year decrease in differences between purchasing and selling prices. The gross profit margin of the energy business for the period was 20% (2020: 25%).
- (2) The retail business generated gross profit of RMB40,735,000 in 2021(2020: RMB46,984,000), representing a year-on-year decrease of RMB6,249,000 or 13%. The gross profit margin was 9% (2020: 10%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to an increase in the initial investment costs for the new stores.
- (3) The merchant solicitation business generated gross profit of RMB27,200,000 in 2021 (2020: RMB61,996,000), representing a year-on-year decrease of RMB34,796,000 or 56%, and the gross profit margin was 9% (2020: 20%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to a decrease in revenue from merchant solicitation business as a result of the pandemic and a year-on-year increase in the number of service zones resulting in an increase in depreciation of right-of-use assets and interest from lease liabilities.

- (4) The advertising business generated gross profit of RMB50,265,000 in 2021(2020: RMB62,937,000), representing a year-on-year decrease of RMB12,672,000 or 20%. The gross profit margin was 48% (2020: 53%). The lower gross profit was mainly due a decrease in operating revenue.

2. Road Passenger Transportation and Auxiliary Business

Road passenger transportation and auxiliary business generated gross loss of RMB176,104,000 in 2021 (2020: gross loss of RMB315,354,000), representing a year-on-year decrease of RMB139,250,000 or 44%, and the gross loss margin was 8% (2020: gross loss margin of 14%). The decrease was mainly due to the persistent impact of the COVID-19 such that (i) the government carried out policies that people were encouraged to stay put for the holiday this year and the pandemic prevention and control measures adopted by the Guangdong government in May and June, affecting the passenger traffic and actual carriage rate of the Group's road passenger transportation and auxiliary business, and (ii) a year-on-year decrease in operating costs, which was attributable to our effective control on costs.

3. Taiping Interchange operation

Taiping Interchange operation generated gross profit of RMB98,127,000 in 2021 (2020: RMB29,503,000), representing a year-on-year increase of RMB68,624,000 or 233%. The gross profit margin was 81% (2020: 45%), which was mainly attributable to a year-on-year increase in daily traffic following the mitigation of the pandemic resulting in an increase in toll revenue, with the effects of a year-on-year decrease in daily maintenance costs.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

4. *Other businesses*

Other businesses generated gross profit of RMB1,387,000 in 2021 (2020: RMB2,672,000), representing a year-on-year decrease of RMB1,285,000 or 48%. The gross profit margin was 2% (2020: 1%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to the decrease in existing material logistics business volume.

ADMINISTRATIVE AND R&D EXPENSES

In 2021, the Group incurred administrative and research and development expenses of RMB611,602,000 in total (2020: RMB694,595,000), representing a year-on-year decrease of RMB82,993,000 or 12%. The decrease was mainly attributable to effective implementation of our cost control measures.

FINANCE EXPENSES

In 2021, the Group incurred finance expenses of RMB228,475,000 (2020: RMB229,974,000), representing a year-on-year decrease of RMB1,499,000 or 1%.

OTHER INCOME

In 2021, the Group incurred other income of RMB322,328,000 (2020: RMB534,256,000), representing a year-on-year decrease of RMB211,928,000 or 40%, which was mainly due to a year-on-year decrease in subsidies for operation of new energy vehicles recognized for the period as no clear standard for new government subsidies had been promulgated.

INVESTMENT (LOSS)/GAIN

In 2021, the Group incurred investment loss of RMB7,379,000 (2020: investment income of RMB29,317,000), representing a year-on-year increase of loss of RMB36,696,000 or a change of 125%, which was mainly due to (i) the impact of a year-on-year increase in the net loss for the period from the associates and joint ventures of the Group as a result of the pandemic and (ii) the investment income from disposal of equity for the same period last year.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses of the Group in 2021 was RMB4,045,000 (2020: RMB27,978,000), representing a year-on-year decrease of RMB23,933,000 or 86%, which was mainly attributable to (i) a year-on-year decrease in receivables of the Group resulting in a year-on-year decrease in the provision for credit impairment losses, and (ii) increased credit impairment provision for certain receivables for the same period last year.

IMPAIRMENT LOSSES OF ASSETS

Impairment losses of assets of the Group in 2021 was RMB19,517,000 (2020: RMB24,602,000), representing a year-on-year decrease of RMB5,085,000 or 21%, which was mainly due to the effects of impairment of existing oil stations recognised for the same period last year.

GAINS ON DISPOSAL OF ASSETS

In 2021, the Group incurred gains on disposal of assets of RMB5,344,000 (2020: RMB23,765,000), representing a year-on-year decrease of RMB18,421,000 or 78%, which was mainly due to the impact of a year-on-year decrease in disposal of fixed assets for the period.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

NON-OPERATING INCOME AND EXPENDITURE

The net amount of non-operating income and expenditure in 2021 incurred a net income of RMB2,180,000 (2020: a net expenditure of RMB5,346,000), representing a year-on-year increase in net income of RMB7,526,000 or 141%, which was mainly due to a year-on-year decrease in losses on damaged fixed assets.

LIQUIDITY AND CAPITAL STRUCTURE

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards the use of funds. The Group satisfied its requirements for cash in respect of its payment obligations under contracts and general working capital mainly through cash generated from operating activities and bank borrowings. The Group optimized its financial structure to minimize financing costs. The Group enhanced capital allocation through the operation of cash pooling, in order to 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 2021, the balance of bank and financial institution facilities available to the Group amounted to RMB2,604,186,000, which provided sufficient protection for the Group's operating loans, ensuring repayment of principal and interest without risk of default.

Items	31 December 2021	31 December 2020
	RMB'000	RMB'000
Borrowings (banks and other financial institutions)	3,148,951	3,046,191
Less: Cash and cash equivalents	1,249,404	1,241,551
Net debt	1,899,547	1,804,640
Total liabilities	7,800,923	7,902,617
Total shareholders' equity	2,742,709	3,150,113
Total equity	4,642,256	4,954,753
Total assets	10,543,633	11,052,730
Gearing ratio	40.92%	36.42%
Asset to liability ratio	73.99%	71.50%

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liabilities/Total assets

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

CASH FLOWS

In 2021, the Group satisfied its requirements for payment obligations under contracts and general working capital mainly through cash generated from operating activities and long-term debt with low interest rates. The cash and cash equivalents were mainly denominated in RMB. Cash and cash equivalents (after excluding the effect of exchange rate movement) were as follows:

	For the year ended 31 December		
	2021	2020	Change
	RMB'000	RMB'000	RMB'000
Cash generated from/(used in)			
Operating activities	906,243	1,146,123	(239,880)
Investing activities	(422,234)	(773,748)	351,514
Financing activities	(470,915)	(287,760)	(183,155)

OPERATING ACTIVITIES

The Group's net cash inflow from operating activities amounted to RMB906,243,000 in 2021 (2020: net cash inflow of RMB1,146,123,000), representing a year-on-year decrease of net cash inflow of RMB239,880,000, which was mainly due to a year-on-year decrease in government subsidies including subsidies for new energy vehicles received for the year.

INVESTING ACTIVITIES

In 2021, the net cash outflow from investing activities was RMB422,234,000 (2020: net outflow of RMB773,748,000), representing a year-on-year decrease in net outflow of RMB351,514,000, which was mainly attributable to a year-on-year decrease in payment for acquisition of fixed assets including vehicles, as a result of the Group's effort in managing its investment scale.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

FINANCING ACTIVITIES

The net cash outflow from financing activities in 2021 was RMB470,915,000 (2020: net cash outflow of RMB287,760,000), representing a year-on-year increase of RMB183,155,000 in net cash outflow, which was mainly due to a year-on-year increase in cash paid for repayment of leases payable.

BORROWINGS

As of 31 December 2021, outstanding borrowings of the Group amounted to RMB3,148,951,000 (31 December 2020: RMB3,046,191,000), comprising (i) unsecured short-term loans of RMB574,685,000 (31 December 2020: RMB373,515,000); (ii) secured short-term loans of RMB181,216,000 (31 December 2020: RMB190,097,000); (iii) pledged short-term loans of nil (31 December 2020: RMB30,000,000); (iv) unsecured long-term loans of RMB1,003,242,000 (31 December 2020: RMB1,034,153,000); (v) secured long-term loans of RMB360,528,000 (31 December 2020: RMB362,410,000); (vi) pledged long-term loans of RMB35,830,000 (31 December 2020: RMB162,781,000); (vii) financing leases payable: RMB602,577,000 (31 December 2020: RMB500,701,000); and (viii) bonds payable of RMB390,873,000 (31 December 2020: RMB392,534,000). As of 31 December 2021, the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates, of which borrowings with fixed interest rate accounted for approximately 55%.

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Nil.

SIGNIFICANT INVESTMENTS HELD

Nil.

MAJOR ACQUISITIONS, DISPOSALS AND ESTABLISHMENT OF NEW COMPANIES

During the Reporting Period, the Company did not conduct any material acquisitions, disposals of or establish subsidiaries, associates and joint ventures.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

MAJOR PROPERTIES HELD FOR INVESTMENT

Set out below are the major properties held for investment by the Group as at 31 December 2021:

Name of property	Address	Usage	Types of lease
Hong Kong Plaza	Unit 13-14, 24/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong	Operating lease	Short-term (within 10 years)
No. 2 office, 1/F, King's Court, Wai Ching Street, Jordan Road, Kowloon	No. 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	Operating lease	Long-term (over 10 years)

PLEDGE OF ASSETS

As at 31 December 2021, fixed assets at the net value of approximately RMB337,250,000 (31 December 2020: RMB385,515,000) and land use rights at the net value of RMB139,146,000 (31 December 2020: RMB193,107,000) of the Group were pledged as security for borrowings. As at 31 December 2021, transportation vehicles at the net value of approximately RMB366,182,000 (31 December 2020: RMB442,464,000) 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 2021, the impact of exchange rate fluctuations on the working capital and liquidity of the Group was relatively small. The Directors of the Company believe that the Group has sufficient foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

CONTINGENT LIABILITIES

As of 31 December 2021, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

POTENTIAL RISK EXPOSURE

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

Major risk exposures to the Group include:

1. Competition from other modes of Transportation

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

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

2. Fluctuations of fuel prices

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

The Group implemented centralized procurement of fuel gradually through its subsidiary “Yueyun Energy” to gain from the advantages of economies of scale and pricing strength, and to reduce operating cost of road passenger transportation. The scale of new energy will be expanded, evaluation on fuel will be strengthened and utilization efficiency of vehicles will be increased by uniform tuning among vehicles. 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. Meanwhile, with the increased proportion of the Group’s new energy vehicles in the future, the impact of fuel price fluctuations on the Group’s profitability will be further reduced.

3. Operation safety

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

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

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

4. Inclement weather and natural disasters

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

5. Policy risk

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

6. Operational risk

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

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

7. Epidemic disease

Due to the highly concentrated nature of the travel service business, it is vulnerable to the impact of the disease outbreaks, which affects the travel needs of travelers. In 2021, various local epidemic cases have been confirmed in Guangzhou, Shenzhen, Dongguan and Foshan, Guangdong Province, and each local government carried out different levels of travel restrictions and control for epidemic prevention and control, which resulted in a decrease in the routes and actual carriage rate of the Group's road passenger transportation and auxiliary business, exerting certain negative impacts on the Company's business.

SIGNIFICANT INVESTMENT PLANS IN 2022

For significant investment and business development plans in 2022, please refer to Chairman's Statement in this annual report. The financing arrangements required by the Group will be obtained through various means such as self-funding and bank loans.

FIVE-YEAR FINANCIAL SUMMARY

(Amounts are presented in RMB' 000)

For the year ended 31 December	2021	2020	2019	2018 (restated)	2017 (restated)
Operating income	6,270,530	5,585,541	6,657,213	6,531,848	7,806,180
Total profit	(241,897)	(238,597)	497,308	496,613	690,479
Income tax expenses	(81,463)	(76,577)	(132,225)	(146,820)	(182,576)
Net profit	(323,359)	(315,174)	365,084	349,793	507,903
Profit and loss attributable to minority interests	103,029	85,981	(60,114)	(49,772)	(111,411)
Net profit attributable to shareholders of the Company	(220,330)	(229,193)	304,970	300,021	396,492

ASSETS AND LIABILITIES

As at 31 December	2021	2020	2019	2018 (restated)	2017 (restated)
Total assets	10,543,633	11,052,730	11,095,005	10,512,947	11,035,933
Total liabilities	7,800,923	7,902,617	7,608,084	7,006,458	7,389,881
Net assets	2,742,709	3,150,113	3,486,922	3,506,489	3,646,052

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Guo Junfa (郭俊發), aged 58, is the secretary of the party committee of the Company, an executive Director and the chairman of the Company and concurrently acts as the assistant to the general manager of Guangdong Provincial Communication Group Company Limited (“GCGC”), the controlling shareholder of the Company. Mr. Guo previously served as an executive Director of the Company from June 2007 to December 2007, an executive Director of the Company from December 2012 to June 2019, and a non-executive Director of the Company from June 2019 to July 2019. Mr. Guo served as a director and the general manager of GD-HK Company (a subsidiary of the Company), a director and the chairman of the board of several subsidiaries of the Company (including GDHK Company, Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Guangzhou) (廣東粵利佳客運有限公司(廣州)) and Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Hong Kong) (廣東粵利佳客運有限公司(香港)) and he also served as a director of Gang Tong (HK) Motor Transport Company Limited (a subsidiary of the Company). He served as the vice secretary of the discipline inspection committee and the head of the supervision and audit department of GCGC from January 2018 to July 2020; and the vice secretary of the discipline inspection committee of GCGC from July 2020 to September 2021. Other major work experience of Mr. Guo includes, among others, serving as an officer, a chief officer of the education department of Department of Communications of Guangdong Province, the director of the Foreign Economic Division, the director of the Loan Office of World Bank of the Department of Communications of Guangdong Province (廣東省交通廳世界銀行貸款辦公室) and the director of the Technology Education Division,

during which he participated in the high-end talents class of the Organization Department of the Provincial Committee to receive training in Canada for a year. Mr. Guo holds an on-job postgraduate from Guangdong Academy of Social Sciences, an executive master degree in business administration (EMBA), and he is a senior economist and a senior political worker.

Mr. Tang Yinghai (湯英海), aged 53, is the vice secretary of the party committee, an executive Director and the general manager of the Company. Mr. Tang has served as a non-executive Director of the Company since June 2012 and re-designated as an executive Director from December 2012. He was appointed as the deputy general manager of the Company in November 2012 and re-designated as the general manager with effect from March 2014. Mr. Tang served successively as the deputy manager and the manager of accounting department, a director and the chief accountant of The Motor Transport Company of Guangdong and Hong Kong Limited from June 1998 to July 2005; he served as the chief accountant, the deputy general manager, a director and the general manager of GVTG from July 2005 to December 2021. Other major work experience of Mr. Tang includes, among others, working for the Highway Construction Office of the Guangdong Province (廣東省公路工程處), and a clerk and deputy supervisor of the Department of Communications of Guangdong Province (廣東省交通廳). Mr. Tang graduated with a master degree in law from Renmin University of China (中國人民大學) and EMBA from South China University of Technology (華南理工大學). He possesses professional qualification as a senior accountant.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Yao Hanxiong (姚漢雄), aged 56, is a member of the party committee, an executive Director and the deputy general manager of the Company, as well as an executive director of Guangdong Provincial Expressway Development Association (廣東省高速公路發展促進會). Mr. Yao has served as an executive Director since December 2012 and the deputy general manager of the Company since October 2007. Other major work experience of Mr. Yao includes, among others, serving as the deputy manager and the manager of the second branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限公司第二分公司), and a director and the deputy general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建设集團有限公司). From 2002 to 2005, Mr. Yao was designated by the Organization Department of the Guangdong Provincial Party Committee to serve temporarily as the deputy chief executive (presiding over science and technology) of Deqing County, Zhaoqing City. Mr. Yao obtained a bachelor degree in road and bridge engineering from Chongqing Jiaotong University (重慶交通學院), and holds an executive master degree in business administration (EMBA) from Jinan University (暨南大學). He has the professional qualification of senior engineer for roads and bridges.

Mr. Huang Wenban (黃文伴), aged 49, is as a member of the party committee, an executive Director and the chief accountant of the Company. Main positions previously by Mr. Huang from May 2003 to October 2020 included: an accountant of Kwong Fat Transport Limited (廣發運輸有限公司), the finance manager of Guangdong Vehicles Transportation Group Company Limited Transportation Branch (廣東省汽車運輸集團有限公司貨運分公司), the deputy business supervisor of the financial audit department of GCGC and the manager of the finance department, the chief accountant and a director of Kee Kwan Motor Road Limited (岐關車路有限公司). Mr. Huang holds a bachelor's degree in economics from the Xi'an Highway University (西安公路交通大學) and a master of business administration from Jinan University (暨南大學), and obtained a doctoral degree of management in accounting from Dalian University of Technology (大連理工大學). He has obtained the professional qualification as a senior economist.

NON-EXECUTIVE DIRECTORS

Mr. Chen Min (陳敏), aged 58, is a non-executive Director of the Company, currently serving as the general legal counsel 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, a subsidiary of GCGC, a company listed on the Shenzhen Stock Exchange, A share stock code 000429, B share stock code 200429) and the director and vice chairman of Poly Changda Engineering Company Limited (保利長大工程有限公司). Mr. Chen served as the deputy general manager of the Company from September 2009 to June 2011. Other major past working experiences of Mr. Chen include, among others: contract team leader of the General Contracting Group of Guang Shen Zhu Expressway (廣深珠高速公路總承包集團); manager of engineering department, deputy chief economist and chief economist of Guangdong Highway Engineering Construction Group Co., Ltd. (廣東省公路工程建设集團有限公司); director, deputy general manager, chief economist and general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建设集團有限公司), as well as head and deputy head of the legal affairs department of GCGC. Mr. Chen graduated from Changsha Jiaotong College (長沙交通學院) majoring in highway and city road and obtained a bachelor's degree of engineering. Mr. Chen also holds a qualification certificate of legal adviser to enterprises and possesses qualifications as a senior economist as well as cost engineer.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chen Chuxuan (陳楚宣), aged 54, 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. Mr. Chen Chuxuan has served as a Supervisor of the Company from March 2009 to December 2012 and the chairman of the Supervisory Committee from April 2009 to December 2012. Other major past working experiences of Mr. Chen Chuxuan include, among others: the accountant of the second branch office of the Guangdong Provincial Highway Engineering Company (廣東省公路工程公司); head of the operations and finance department of the Technology Development Branch and Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限技術開發分公司); the chief accountant of the third branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限分公司); the chief accountant of Guangdong Guanyue Highway & Bridge Company Limited (廣東冠粵路橋有限公司); the chairman of the external supervisory committee of GCGC. From March 2008 to March 2009, he was assigned to the State-owned Assets Supervision and Administration Commission of Guangdong Province acting as the deputy head of the office of the supervisory committee. Mr. Chen graduated from the faculty of engineering and financial accounting of Changsha Communications University (長沙交通學院) with a bachelor's degree, and graduated from Jinan University (暨南大學) with a master's degree in accounting. Mr. Chen is a senior accountant and a senior economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jin Wenzhou (靳文舟), aged 61, 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 59, is an independent non-executive Director of the Company. Ms. Lu was an independent Supervisor of the Company from June 2012 to June 2016. Currently, she is an associate professor and postgraduate master tutor of the School of Business Administration of South China University of Technology. Ms. Lu acted as a teaching assistant and a lecturer of the Economics and Management Department of East China Jiaotong University. Ms. Lu holds a master degree in economics from the Finance Department of Jinan University majoring in money and banking, and has obtained a Doctor of Philosophy degree in Business Management from the Faculty of Administration and Management of the Macau University of Science and Technology. Ms. Lu is a member of The Chinese Institute of Certified Public Accountants. She has participated in formulating, and has provided advice and opinions on the financial operation systems and listing financing plans of various companies. Ms. Lu is currently an independent director of Guangzhou Hi-target Navigation Tech Co., Ltd. (廣州中海達衛星導航技術股份有限公司, a company listed on ChiNext of Shenzhen Stock Exchange, stock code: 300177), Julong Co., Ltd., a company listed on ChiNext of Shenzhen Stock Exchange, stock code: 300202), Nimble Holdings Company Limited, a company listed on the Stock Exchange (stock code: 00186) and Wens Foodstuff Group Co., Ltd. (廣東溫氏集團股份有限公司, a company listed on ChiNext of Shenzhen Stock Exchange, stock code: 300498). During the past three years, Ms. Lu Zhenghua served as 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 OTC Market, stock code: 831813).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Wen Huiying (溫惠英), aged 56, 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. 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 59, 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 47, is a Supervisor and the chairman of the supervisory committee of the Company and is currently the chairman of the dispatched chairman of the supervisory committee of GCGC. Mr. Hu worked for the Company from March 2004 to December 2005. Other major work experience of Mr. Hu Xianhua includes, among others: manager of the finance department of Guangshan Highway Huizhou Section Co. Ltd. (廣汕公路惠州段有限公司), project manager of Xin Yue Company Limited (新粵有限公司), grade one staff member (一級職員) of the financial audit department, grade one staff member (一級職員) of the audit and supervision department, deputy business supervisor and business supervisor of GCGC. Mr. Hu is a graduate of Wuhan University majoring in auditing, and obtained a bachelor's degree in economics and possesses the qualification as senior accountant. Currently, Mr. Hu also serves as a supervisor and the chairman of the supervisory committee of Guangdong Unitoll Services Incorporated (廣東聯合電子服務股份有限公司), Guangdong Urban Transportation Investment Co., Ltd. (廣東城市交通投資有限公司), Guangdong Province Road & Bridge Construction Development Company Limited and Guangdong Transportation Planning and Design Institute Co., Ltd. (廣東省交通規劃設計研究院有限公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Qingwei (王慶偉), aged 48, is a Supervisor of the Company and is currently a dispatched supervisor of GCGC. Other major work experience of Mr. Wang includes, among others: deputy director of the financial audit department of the Second Branch of Guangdong Guanyue Highway & Bridge Company (廣東冠粵路橋公司二分公司) and head of the financial audit department of Guangdong Guanyue Highway & Bridge Company Limited (廣東冠粵路橋公司). Mr. Wang is a university graduate of the School of Adult Education of Peking University (北京大學成人教育學院) majoring in international economy and trade, and has obtained a master's degree in professional accounting from the School of Management in Jinan University (暨南大學管理學院), and possesses the qualification as a senior accountant. Mr. Wang also serves as a supervisor of Guangdong Province Road & Bridge Construction Development Company Limited and Guangdong Transportation Planning and Design Institute Co., Ltd..

Mr. Dong Yihua (董毅華), aged 64, 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 48, is a Supervisor of the Company and currently serves as the vice president of Guangdong Zhongrui Finance Lease Co., Ltd. (廣東中瑞融資租賃有限公司) and a director of Guangzhou Ruixiu Equity Investment Fund Management Co., Ltd. (廣州瑞秀股權投資基金管理有限公司). Mr. Lin previously worked at Zhanjiang Central Sub-branch of the People's Bank of China, responsible for the foreign currency operations and the foreign exchange inspection, and also served as the director of Zhanjiang 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 50, is a Supervisor and a deputy manager at the discipline inspection and audit department of the Company. Mr. Zhen is also currently a supervisor and/or the chairman of the supervisory committee of several subsidiaries, associates and entrusted management companies of the Group. Mr. Zhen Jianhui joined GVTG in September 1997, and previously served as a deputy manager at GVTG's supervision and audit department. He was also previously a deputy manager at the finance department of Kee Kwan Motor Road Co., Ltd (岐關車路有限公司) and primarily in charge of the internal audit. Mr. Zhen graduated from Guangdong Xinhua College Institute of Education (廣東新華教育學院) with a college diploma in accounting and had obtained the professional title of an accountant.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Li Xiangrong (李向榮), aged 50, is a Supervisor of the Company, Vice Chief Economist and a deputy manager at the Company's discipline inspection and audit department. Ms. Li joined the Company in August 2009, and once served as the deputy director, the director and the deputy manager of the auditing and supervision department of the Company. Ms. Li is also currently a supervisor and/or the chairman of the supervisory committee of several subsidiaries and associate company of the Group. Ms. Li's other main work experiences include, among others, serving as the financial chief staff of the finance department, the manager of the auditing and supervisory department and a supervisor of Hunan Jinde Development Co., Ltd. (湖南金德發展股份有限公司). Ms. Li obtained her bachelor's degree in political laws from the Correspondence College of the Party School of the CPC Central Committee, and owns a number of qualifications or certificates such as senior accountant, certified tax agent, international certified internal auditor and international certification in risk management assurance.

Ms. Lian Yuebin (練越斌), aged 53, is a Supervisor and the deputy manager of the communist party union working department of the Company. She has been serving as the deputy manager of the communist party union working department of the Company since January 2013. Other key positions previously held by Ms. Lian include, among others, the deputy general manager and the chairman of the labor union of Guangdong Yueyun Hotel (廣東悅運酒店), the deputy general manager and the chairman of the labor union of the repair factory of GVTG and the deputy manager of the communist party union working department and the office director of the labor union of GVTG. Ms. Lian graduated from Guangdong Provincial Committee Party School in Business Administration and Jinan University in Chinese Language and Literature and holds the title of senior political scientist.

OTHER SENIOR MANAGEMENT

Mr. Su Huacai (蘇華才), aged 46, is the current vice secretary of the party committee and chairman of the labor union of the Company. Major work experience of Mr. Su include, among others, serving successively as a technician of the engineering department, deputy director of the Zhanjiang Management Office of Guangdong Province Road & Bridge Construction Development Company (廣東省路橋建設發展公司), deputy director and secretary of the party branch of the Chenghai Jinhong Highway Construction Office, and general manager and secretary of the party branch of Chenghai Jinhong Highway Company (澄海金鴻公路公司), settlement team leader of Chenghai Jinhong Highway, preparatory team leader and director of project construction management office of Guangzhou-Zhaoqing Expressway Phase II, deputy general manager of Guangdong Er-Guang Expressway Company Limited and director, secretary of the general party branch and chairman of the labor union of Huaiji Management Office, secretary of the general party branch and chairman of the labor union of Shanzhan Branch of Guangdong Province Road & Bridge Construction Development Company Limited, secretary of the general party branch and chairman of the labor union of the Guangshao Branch of Guangdong Province Road & Bridge Construction Development Company Limited, business supervisor of human resources department of GCGC. Mr. Su has been temporarily dispatched to the Stationed Office of Commissioner of the Hong Kong-Zhuhai-Macao Bridge Project by the Provincial Commission for Discipline Inspection and the Provincial Supervision Department for one year, and later dispatched to the Personnel Department of the Provincial State Assets Supervision and Administration Commission for one year. Mr. Su successively graduated from Chongqing Jiaotong University (重慶交通學院) with a bachelor's degree in highway and urban road engineering, Tongji University (同濟大學) with a master's degree in road and railway engineering and Tongji University with a doctoral degree in road and railway engineering. Mr. Su holds a senior engineer title.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Cao Zhiying (曹植英), aged 51, is a member of the party committee and secretary of the committee for discipline inspection of the Company. Ms. Cao served at the Company from February 2018. Prior to that, her other major work experience included, among others, surveillance center manger of Guangdong Humen Bridge Co., Ltd. (廣東虎門大橋有限公司), operation and management department head of Guangdong Provincial Highway Construction Co., Ltd. (廣東省公路建設有限公司), party branch secretary, deputy general manager and labor union chairman of the Humen Erqiao Branch of Guangdong Provincial Highway Construction Co., Ltd. Ms. Cao graduated successively from South China University of Technology (華南理工大學) and Jinan University (暨南大學), majoring semiconductor physics and devices and business administration, respectively with a bachelor degree in engineering and a master degree in business administration. Ms. Cao holds a senior engineer title.

Mr. Zheng Siyuan (鄭思遠), aged 51, is a member of the Party Committee and the deputy general manager of the Company. After joining GVTG in July 2004, Mr. Zhen successively acted as the manager of Development Department and assistant general manager of GVTG and the chairman and secretary of Party Committee of Heyuan City Yueyun Motor Transportation Co., Ltd. (河源市粵運汽車運輸有限公司), a subsidiary of the Company. Amongst his other major working experiences, he successively served as a director and vice manager of Vehicle Administration Department of Kwong Fat Transport Limited (廣發運輸有限公司) and a director and vice general manager of Kwong Fat Transport Limited. Mr. Zheng graduated from South China Agricultural University (華南農業大學) with a master degree in industrial economy and holds the professional and technical qualification of senior human resources management specialist. Mr. Zheng is also a director of GD-HK Company and Guangdong Yue Hua Hui Commercial Management Co., Ltd. (廣東悅華匯商業管理有限公司), respectively, a director of Guangzhou Xintianwei Transportation Development Company Limited (廣州新天威交通發展有限公司) and the chairman of the Tourists Transportation Branch of Guangdong Provincial Roads and Transportation Association (廣東省道路運輸協會旅客運輸分會).

CORPORATE GOVERNANCE REPORT

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

The Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2021.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

1. COMPOSITION OF THE BOARD OF DIRECTORS

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

Executive Directors: Mr. Guo Junfa, Mr. Tang Yinghai, Mr. Yao Hanxiong and Mr. Huang Wenban

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

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

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

The Board considers that during the reporting period, the composition of the Board with four 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 2021 and has recognized the independency of each of the independent non-executive Directors.

During the reporting period, the chairman and the general manager of the Company are two distinct and separate positions, which are held by Mr. Guo Junfa and Mr. Tang Yinghai respectively. Mr. Guo Junfa 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.

Information in respect of and provided by Directors, Supervisors and Chief Executive Officer are as follow:

1. Mr. Xuan Zongmin has tendered his resignation as an executive Director and Chairman as well as his positions as the chairman and member of the Nomination Committee, Strategy Committee and Compliance Committee due to retirement, with effect from 31 March 2021.
2. Mr. Zhang Xian has tendered his resignation as an executive Director due to retirement, with effect from 29 September 2021.
3. The Board has proposed to appoint Mr. Guo Junfa as an executive Director and Chairman on 29 September 2021. At the same time, the Board also proposed to appoint Mr. Guo as the chairman of the Nomination Committee, the chairman of the Strategy Committee and the chairman of the Compliance Committee of the Board of the Company for the terms of office ending upon the expiry of the term of the seventh session of the Board of the Company, which is approved by the shareholders at the extraordinary general meeting of the Company on 11 November 2021.

4. Ms. Lu Zhenghua, an independent Director of the Company, was appointed as an independent director of Wens Foodstuff Group Co., Ltd. (廣東溫氏集團股份公司, a company listed on ChiNext of Shenzhen Stock Exchange, stock code: 300498) in October 2021.

2. RECORD OF ATTENDING BOARD MEETINGS AND GENERAL MEETINGS

Apart from the regular Board meetings, the Board met on other occasions when a board-level decision on a particular matter was required. The Chairman also had meetings with the independent non-executive Directors, without the presence of the other Directors, to consider issues. For the year ended 31 December 2021, the Company held a total of 14 Board meetings with an average attendance rate of 100%. 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 2021, the Company held two general meetings.

The table below sets forth the details of attendance records of the Directors at Board meetings and general meetings in the year 2021

	Board meetings attended/to be attended	mGeetienrgas attended/to be attended
Executive Directors		
Mr. Xuan Zongmin (Chairman) (Resigned as Director effective from 31 March 2021)	3/3	N/A
Mr. Guo Junfa (Chairman) (Appointed as Director on 11 November 2021) (Note)	1/1	N/A
Mr. Tang Yinghai	14/14	2/2
Mr. Yao Hanxiong	14/14	0/2
Mr. Zhang Xian (Resigned as Director effective from 29 September 2021)	12/12	0/2
Mr. Huang Wenban	14/14	2/2
Non-executive Directors		
Mr. Chen Min (Note)	11/11	0/2
Mr. Chen Chuxuan (Note)	11/11	0/2
Independent Non-executive Directors		
Mr. Jin Wenzhou	14/14	0/2
Ms. Lu Zhenghua	14/14	0/2
Ms. Wen Huiying	14/14	0/2
Mr. Zhan Xiaotong	14/14	0/2

CORPORATE GOVERNANCE REPORT

Note:

Mr. Guo Junfa served as assistant general manager of GCGC. Mr. Chen Min served as the general counsel of GCGC, and Mr. Chen Chuxuan served as the vice chief accountant and the head of the strategic development department of GCGC. Therefore, in 2021, 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 thereunder, respectively, and as such 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 meetings:

- (1) In the extraordinary board meeting held on 5 July 2021, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution on the matters in respect of the Transportation Service Framework Agreement entered into between the Group and GCGC and the proposed annual cap for the transactions contemplated thereunder for the year ended 31 December 2023. For details, please refer to the announcement dated 5 July 2021 of the Company.
- (2) In the extraordinary board meeting held on 17 September 2021, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution on the matters in respect of the Financial Service Agreement entered into between the Group and GCGC for the term of three years from 1 January 2022 to 31 December 2024 and the proposed annual cap for the transactions contemplated thereunder for each of the three years ended 31 December 2024. The Financial Service Agreement and the transactions thereunder were not approved by the Shareholders at the extraordinary general meeting held by the Company on 11 November 2021. For details, please refer to the announcement dated 17 September 2021, the circular dated 22 October 2021 and the announcement dated 11 November 2021 of the Company.
- (3) In the extraordinary board meeting held on 28 December 2021, Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution on the matters in respect of the Rental Agreement entered into between Zhuhai City Gongyun Bus Station Company Limited (珠海市拱運汽車客運站有限公司), a wholly-owned subsidiary of the Company, Guangdong Gongbei Vehicles Transportation Company Limited* (廣東省拱北汽車運輸有限責任公司) and Kee Kwan Motor Road Company Limited* (岐關車路有限公司), wholly-owned subsidiaries of GCGC and the proposed annual cap for the transactions contemplated under the Rental Agreement. For details, please refer to the announcement dated 28 December 2021 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 2021. 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 2021.

CORPORATE GOVERNANCE REPORT

5. DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

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

Directors are encouraged to participate in professional development courses and seminars to develop and refresh their knowledge and skills. According to the records maintained by the Company and after making specific enquiries of the Directors, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the requirements of the CG Code on continuous professional development during the year:

Name of Directors	Reading materials	Participation in training
Mr. Xuan Zongmin (Resigned as Director effective from 31 March 2021)	√	
Mr. Guo Junfa (Appointed as Director on 11 November 2021)	√	√
Mr. Tang Yinghai	√	
Mr. Yao Hanxiong	√	
Mr. Zhang Xian (Resigned as Director effective from 29 September 2021)	√	
Mr. Huang Wenban	√	
Mr. Chen Min	√	
Mr. Chen Chuxuan	√	
Mr. Jin Wenzhou	√	
Ms. Lu Zhenghua	√	
Ms. Wen Huiying	√	
Mr. Zhan Xiaotong	√	

6. COMMITTEES OF THE BOARD

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

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

(1) *Audit and Corporate Governance Committee*

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

In the year of 2021, 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 2021 and recommended their adoption by the Board.

In the year of 2021, the members of the Audit and Corporate Governance Committee reviewed the effectiveness of the internal control systems (including measures on financial, operational, compliance control and risk management) of the Group by reviewing the work of the internal control and auditing departments of the Company and the external auditors and the report by the Company on risk management and internal auditing as well as reviewing the internal audit plan of the Company, ensuring the efficiency of the business operation of the Company and achieving the goal and strategy of the Company.

CORPORATE GOVERNANCE REPORT

The Audit and Corporate Governance Committee held a total of three meetings during the year ended 31 December 2021 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 2021 are set out below:

	Meetings attended/ to be attended	Attendance rate
Ms. Lu Zhenghua (Chairman)	3/3	100%
Mr. Jin Wenzhou	3/3	100%
Mr. Chen Chuxuan	3/3	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 2021 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 2021, 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 a total of two meetings during the year ended 31 December 2021 with an attendance rate of 100%. The Remuneration Committee proposed recommendations on the Company's remuneration policy for 2021 and assessed the performance of the executive Directors.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee members' attendance records of the Remuneration Committee's meetings for the year ended 31 December 2021 are set out below:

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

(3) Nomination Committee

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

As at 31 December 2021, the Nomination Committee had one executive Director, Mr. Guo Junfa, and two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua. Mr. Guo Junfa is the chairman of the Nomination Committee. The Nomination Committee held a total of one meeting during the year ended 31 December 2021 with an attendance rate of 100%. During the year ended 31 December 2021, the Nomination Committee (i) reviewed the structure, size and composition (including skills, knowledge and experience) of the Board; (ii) considered and recommended to the Board the nomination of Mr. Guo Junfa as an executive Director of the Company, and the terms of office will end upon the expiry of the term of the seventh session of the Board; (iii) considered and recommended to the Board the nomination of Mr. Guo Junfa as the chairman of the Board, the chairman of the Nomination Committee, the chairman of the Strategy Committee and the chairman of the Compliance Committee of the Board; and (iv) evaluated 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 2021 are set out below:

	Meetings attended/ to be attended	Attendance rate
Mr. Guo Junfa (Chairman) (Appointed as Director on 11 November 2021)	N/A	N/A
Mr. Xuan Zongmin (Chairman) (Resigned as Director on 31 March 2021)	N/A	N/A
Mr. Zhan Xiaotong	1/1	100%
Ms. Lu Zhenghua	1/1	100%

CORPORATE GOVERNANCE REPORT

The Board has adopted a board diversity policy, and firmly recognizes 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. Guo Junfa, an executive Director, is the chairman of the Strategy Committee, and other two members are Mr. Tang Yinghai, an executive Director, and Ms. Wen Huiying, an independent non-executive Director.

(5) Compliance Committee

The Compliance Committee is established in accordance with the requirements of the governance and control of the Company, primarily responsible for overseeing the compliance of the connected transactions of the Group and making relevant recommendations to the Board. It comprises three members, of which Mr. Guo Junfa, 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 2021, 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 2021, 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, convening the Supervisory Committee's meetings and attending the Board meetings.

For the year ended 31 December 2021, the Supervisory Committee held a total of two meetings with an average attendance rate of 100%.

FEES OF THE EXTERNAL AUDITOR

The Company has appointed BDO China SHU LUN PAN Certified Public Accountants 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 2021 amounted to RMB6,009,000 (tax included), of which RMB4,980,000 was audit service fees, and RMB1,029,000 was non-audit service fees (including interim review fees and professional service fees relating to the circular in respect of financial service agreement).

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 2021 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 general counsel, the manager of the Securities and Legal Department of the Company. Ms. Zhang is also a director of Yueyun Transportation (HK) Company Limited (粵運交通股份(香港)有限公司). Ms. Zhang joined the Company in March 2001 and has worked as the deputy manager of the securities department. Prior to joining the Company, Ms. Zhang worked in the securities department of Guangzhou Economic and Technological Development Zone International Trust and Investment Company (廣州經濟技術開發區國際信託投資公司). Ms. Zhang obtained a bachelor of economics degree from Huazhong University of Science and Technology (華中理工大學) in 1993 and obtained a master of economics degree from Jinan University (暨南大學) in 2002. She has obtained the professional qualification as a senior economist.

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

CORPORATE GOVERNANCE REPORT

GENERAL MEETINGS

1. SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

2. THE 2020 ANNUAL GENERAL MEETING HELD ON 25 JUNE 2021

On 25 June 2021, the Company held the 2020 Annual General Meeting to consider and approve six ordinary resolutions including the Directors' Report, the Supervisors' Report, the Auditor's Report and audited financial statements for the year ended 31 December 2020, appointment of BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor of the Company, the proposal on appropriation of profits for the year, 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 11 November 2021, the Company held the extraordinary general meeting, to consider and approve two ordinary resolutions, including but not limited to: (1) the continuing connected transaction and major transaction in relation to the financial services agreement; (2) Mr. Guo Junfa be elected as an executive Director of the Company, and one special resolution: (3) the amendments to the Articles of Association of the Company. The resolution (2) and (3) proposed to the Shareholders had been passed. The resolution (1) had not been passed. The voting results had been published on the websites of the Company and the Stock Exchange.

4. THE 2021 ANNUAL GENERAL MEETING WILL BE HELD ON 10 JUNE 2022

The Company's annual general meeting (the "AGM") will be held on Friday, 10 June 2022. In order to determine the shareholders who will be entitled to attend and vote at the AGM, the Company will suspend registration of transfer of shares. The details are as follows (all dates and time mentioned herein are Hong Kong time):

To determine the shareholders who will be entitled to attend and vote at the 2021 AGM:

Deadline for lodging transfer documents for registration	4:30 p.m. Monday, 6 June 2022
Closure of register of members	Tuesday, 7 June 2022 to Friday, 10 June 2022
Record date	Friday, 10 June 2022

The register of members of the Company will be closed during the above period. In order to determine the qualification of H-Share holders to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by the abovementioned deadlines.

CORPORATE GOVERNANCE REPORT

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On 24 September 2021, the Board agreed to propose a special resolution to shareholders at the general meeting for approving the amendments to the Articles of Association. The purpose of amending the articles of association:

The Company plans to develop software in the areas of operation, management and safe production of transportation industry on its own, and promote the application of such software in the transportation industry. Therefore, the Board proposes to amend the business scopes of the Company in the Articles of Association correspondingly.

The above-mentioned amendments to the articles of association have been considered and approved by shareholders at the annual general meeting held on 11 November 2021, and have been filed with the Guangdong Administration for Market Regulation with effect from 18 November 2021. For details, please refer to the announcements dated on 24 September 2021 and 11 November 2021 and the circular dated on 22 October 2021 of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

1. MANAGEMENT SYSTEM AND STRUCTURE

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

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

The Audit and Corporate Governance Committee reviews half-yearly the operation of the risk management and internal control systems. The committee listened to the report on risk management, internal audit work and change of auditor of the Company for the periods ended 31 December 2020 and 30 June 2021, respectively, at three meetings of the Audit and Corporate Governance Committee held in 2021, 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 2021, the legal review rate of business contracts, management rules and major events was 100%. With regards to significant investment and operation decisions, the Group engages specialized legal advisor to perform due diligence with the aim of giving legal opinions so as to ensure compliance with laws and regulations of the Company's operation and management, safety of its assets, truthfulness and completeness of its financial reports and the relevant information.

CORPORATE GOVERNANCE REPORT

4. RISK MANAGEMENT

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

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

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

5. INTERNAL AUDIT

In 2021, 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 86 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 to maintain communication with investors and review the implementation and effectiveness of the Company's Shareholder Communication Policy in a timely manner. Placing strong emphasis on communication with investors, the Company considers that maintaining on-going and open communications with investors could enhance investors' understanding of and confidence in the Company as well as improving its corporate governance standards. The Company actively strengthens the investor relationship management, which constantly communicates with investors and analysts admittedly and sufficiently as well as maintains close communications with analysts, fund managers and investors through different channels, such as results press conferences, non-deal roadshows, strategic conferences, company research and study and audio conferencing, so that investors may have a better understanding of the Company's management philosophy, operating environment and development strategies.

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

DIRECTORS' REPORT

The Board presents the Directors' Report for the year ended 31 December 2021 together with the audited financial statements of the Group for the year ended 31 December 2021.

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 VII 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 2021 are set out in the consolidated income statement. The financial highlights of the Group for the year ended 31 December 2021 are set out on pages 5 to 6 in this annual report, and the results and financial position for the year ended 31 December 2021 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 90 to 113 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 2021 as well as the last five financial years are set out on page 41 in this annual report.

DIVIDEND POLICY

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

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

DIVIDEND

Given the recorded loss in the Company's results due to the impact of COVID-19 pandemic during the year, and taking into account numerous factors including the growth of the Company and our shareholders' interests, the Board did not recommend the payment of any dividend for the year ended 31 December 2021.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2021, the Group's five largest suppliers accounted for 55% of the Group's total purchases, and the Group's five largest customers accounted for 11% of the Group's total sales.

For the year ended 31 December 2021, the largest supplier of the Group accounted for 15% of the Group's total purchases.

For the year ended 31 December 2021, the largest customer of the Group accounted for 5% of the Group's total sales.

In 2021, 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 2021 and details of the distributable reserves of the Company as at 31 December 2021 are set out in Note V 42 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 41 to the financial statements prepared in accordance with the ASBE.

DIRECTORS' REPORT

INVESTMENT PROPERTIES AND FIXED ASSETS

Particulars of the movements in investment properties and fixed assets of the Group and the Company during the year ended 31 December 2021 are set out in Notes V 11 and 12 to the financial statements.

RELATIONSHIP WITH EMPLOYEES

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

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

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

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

RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

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

ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

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

For details about the environmental policies and performance of the Group, please refer to the "2021 Environmental, Social and Governance Report" to be issued by the Company.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company is a joint stock limited company established under the Company Law of the People's Republic of China. The Group is principally engaged in the travel services business. The Group is required to comply with the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Road Transportation Safety Law of the People's Republic of China, the Tendering and Bidding Law of the People's Republic of China and all other applicable laws and regulations during our normal operating activities. There was no material breach nor non-compliance with the applicable laws and regulations by the Group for the year ended 31 December 2021. 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 2021, the Group has also complied with the Listing Rules, Hong Kong Companies Ordinance, the Securities and Futures Ordinance and applicable laws and regulations in Hong Kong.

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

COMPETING INTEREST

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

DIRECTORS' REPORT

DIRECTORS AND SUPERVISORS

The Directors who were under current term of office during the year ended 31 December 2021 and up to the date of this report are as follows:

Name	Date of Appointment as Director	Date of Resignation as Director
Executive Directors		
Mr. Xuan Zongmin (appointed as non-executive Director on 6 June 2012, and re-designated as executive Director on 18 December 2012)	6 June 2012	31 March 2021
Mr. Guo Junfa	11 November 2021	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. Zhang Xian	22 July 2019	29 September 2021
Mr. Huang Wenban	22 December 2020	N/A
Non-executive Directors		
Mr. Chen Min	7 June 2016	N/A
Mr. Chen Chuxuan	17 June 2019	N/A
Independent Non-executive Directors		
Mr. Jin Wenzhou	4 April 2014	N/A
Ms. Lu Zhenghua	7 June 2016	N/A
Ms. Wen Huiying	15 August 2018	N/A
Mr. Zhan Xiaotong	15 August 2018	N/A

The Supervisors who were under current term of office during the year ended 31 December 2021 and up to the date of this report are as follows:

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

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT

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

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

As at 31 December 2021, 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:

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

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

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2021 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 X 5 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 2021. Pursuant to E.1.5 of the CG Code, the range of remuneration of the members of the senior management (including the executive Directors) as of 31 December 2021 is set out below:

Range of Remuneration (RMB)	Number of persons
Below 300,000	8
300,000 to 500,000	7
500,000 to 700,000	5
Over 700,000	0

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

As at 31 December 2021, 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 2021.

PERMITTED INDEMNITY PROVISIONS

In 2021, 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 2021 which are required to be disclosed in the annual report of the Company are described below:

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

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(a) On 15 September 2005, the Company and GCGC (the controlling shareholder of the Company) entered into a first right of operation agreement (the "First Right of Operation Agreement"), pursuant to which the Group has been granted preferential rights of operation by GCGC. When exercising such preferential rights, members of the Group entered into individual agreements with owners of each of the expressways, which were companies under GCGC. As the term of individual agreements entered into pursuant to the First Right of Operation Agreement would remain valid beyond 31 December 2019, the annual caps were renewed for three years until 31 December 2022 upon approval by the extraordinary general meeting held on 30 December 2019.</p>	<p>For the years ending 31 December 2020, 2021 and 2022, the annual caps of transactions shall be RMB265,930,000, RMB280,937,000 and RMB288,739,000, respectively.</p>
<p>Please refer to the announcements dated 27 September 2019 and 30 December 2019 and the circular dated 14 November 2019 of the Company for details.</p>	
<p>(b) On 18 September 2018, the Company (on behalf of itself and its subsidiaries) entered into a financial services agreement with Guangdong Provincial Communication Group Finance Company Limited ("GCG Finance"), pursuant to which GCG Finance provides financial services (including deposit services, credit services and other financial services) to the Group for a term commencing from 1 January 2019 to 31 December 2021. The independent shareholders of the Company had approved the Financial Services Agreement and the proposed annual caps thereof for each of the three years ending 31 December 2021 at the extraordinary general meeting held on 17 December 2018.</p>	<p>The maximum daily outstanding balance of deposits placed by the Group with GCG Finance (including any interest accrued therefrom) shall not exceed RMB1 billion for each of the years ending 31 December 2019, 2020 and 2021.</p>
<p>Please refer to the announcements dated 18 September 2018, 26 October 2018 and 17 December 2018 and the circular dated 26 October 2018 of the Company for details.</p>	

DIRECTORS' REPORT

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

Continuing Connected Transactions	Annual Caps of Transaction Amount
(c) On 27 September 2005, the Company and GCGC entered into a material purchase master agreement (the "Material Purchase Master Agreement") with a term of three years. The Group purchases its construction materials from members of GCGC in accordance with the execution agreements under the Material Purchase Master Agreement. Subject to the relevant requirements of the Listing Rules, the Material Purchase Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such term. As the term of the Material Purchase Master Agreement expired on 31 December 2020, the parties agreed to renew the Material Purchase Master Agreement for one additional year from 1 January 2021 to 31 December 2021. As the highest applicable percentage ratio of the annual cap for the renewal of the Material Purchase Master Agreement in aggregate was more than 0.1% but less than 5%, therefore the transactions contemplated under the agreement are subject to announcement, reporting and annual review requirements under Chapter 14A of the Listing Rules, but exempt from approval by independent shareholders.	For the year ended 31 December 2021, the annual cap of transactions was RMB30,200,000.

Please refer to the announcement dated 31 December 2020 of the Company for details.

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(d) 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"). On 27 December 2017, the Company and Humen Bridge Company entered into a new entrusted operation management contract (the "Taiping Interchange 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 approximately 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. As the term of the Taiping Interchange Management Contract expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023. The term may be automatically renewed for three years upon expiry on 31 December 2023 subject to compliance with the relevant requirements under the Listing Rules if there is no objection from any parties.</p> <p>Please refer to the announcement dated 31 December 2020 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were RMB4,800,000.</p>
<p>(e) On 26 February 2015, The Motor Transport Company of Guangdong and Hong Kong Limited ("GD-HK Company", a non- wholly-owned subsidiary of the Company) and Weisheng Transportation Enterprises Company Limited ("Weisheng", a subsidiary of GCGC and a connected person of the Company under Chapter 14A of the Listing Rules) entered into the GDHK Transportation Branch Outsourcing Agreement. As the term of the GD-HK Transportation Branch Outsourcing Agreement expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023.</p> <p>Please refer to the announcement dated 31 December 2020 of the Company for details.</p>	<p>The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were HK\$15,290,000.</p>

DIRECTORS' REPORT

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(f) 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. As the term of the Weisheng Bus Outsourcing Agreement expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023.</p>	<p>The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were HK\$7,490,000.</p>
<p>Please refer to the announcement dated 31 December 2020 of the Company for details.</p>	
<p>(g) On 9 August 2006, the Company and GCGC entered into a Taiping Interchange repair services master agreement (the "Taiping Interchange Master Agreement"), pursuant to which members of the GCGC provide repair and renovation services for the Taiping Interchange to the Group pursuant to the execution agreements under the Taiping Interchange Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal was given by either party to the other party at least three months prior to the expiry of such initial term. The Taiping Interchange Master Agreement expired on 31 December 2019, the parties had agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.</p>	<p>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.</p>
<p>Please refer to the announcement dated 23 December 2019 of the Company for details.</p>	
<p>(h) On 30 September 2013, the Company and GCGC entered into a rescue services entrustment master agreement (the "Rescue Services Entrustment Master Agreement"), pursuant to which the Group provides rescue services to members of the GCGC pursuant to the execution agreements under the Rescue Services Entrustment Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal was given by either party to the other party at least three months prior to the expiry of such initial term. The term of the Rescue Services Entrustment Master Agreement expired on 31 December 2019, the parties agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.</p>	<p>The annual caps for transactions for the years ended 31 December 2020, 2021 and 2022 are RMB86,958,000, RMB86,202,000 and RMB69,261,000, respectively.</p>
<p>Please refer to the announcement dated 27 September 2019 of the Company for details.</p>	

Continuing Connected Transactions	Annual Caps of Transaction Amount
<p>(i) On 30 September 2013, the Company and GCGC entered into an information system services master agreement (the "Information System Services Master Agreement"), pursuant to which members of the GCGC will provide the Group with information system services, including the construction of information systems, maintenance of information systems, software development and other information technology related services pursuant to the execution agreements under the Information System Services Master Agreement, for an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Information System Services Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The term of the Information System Services Master Agreement expired on 31 December 2019, the parties to the Information System Services agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.</p>	<p>The annual caps of transactions for the years ended 31 December 2020, 2021 and 2022 are RMB6,200,000, RMB7,100,000 and RMB7,200,000, respectively.</p>
<p>(j) 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 Property Leasing Framework Agreement was expired on 31 December 2020, the parties had agreed to renew the agreement for a further term of three years commencing on 1 January 2021 and ending on 31 December 2023.</p>	<p>The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 are RMB28,360,000, RMB3,290,000 and RMB3,400,000.</p>

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

Please refer to the announcement dated 31 December 2020 of the Company for details.

DIRECTORS' REPORT

Continuing Connected Transactions	Annual Caps of Transaction Amount
(k) On 5 July 2021, the Group and GCGC entered into the Transportation Service Framework Agreement, pursuant to which, the Group (as trustee) will provide GCGC and GCGC Group with vehicle rental, provincial and municipal charter and other relevant Transportation Services. The Transportation Service Framework Agreement commences from 5 July 2021 and ends on 31 December 2023, which, subject to compliance with the relevant requirements under the Listing Rules, may 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 annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 are RMB21,740,000, RMB22,240,000 and RMB22,840,000.

Please refer to the announcement dated 5 July 2021 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 (k) 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 2021.

For the year ended 31 December 2021			
No.	Transactions	Transactions amount RMB	Maximum annual amount RMB
1	Purchase of material from GCGC and its associates by the Group	29,109,328.23	30,200,000.00
2	Management fees for toll fee collection services provided by Humen Bridge Company	4,800,000.00	4,800,000.00
3	Services fees for repair and renovation services for the Taiping Interchange provided by GCGC and its associates	2,891,804.03	24,600,000.00
4	Services fees for information systems services provided by GCGC and its associates	975,823.23	7,100,000.00

DIRECTORS' REPORT

For the year ended 31 December 2021			
No.	Transactions	Transactions amount RMB	Maximum annual amount RMB
5	Provision of rescue services to GCGC and its associates by the Group	74,944,937.37	86,202,000.00
6	Expenses for expressway services zones operation rights granted by GCGC and its associates	198,066,665.91	280,937,000.00
7	Lease fees of leasing premises from Guangdong Litong for office use, leasing coaches and commercial premises from Kee Kwan Motor Road Company Limited, leasing parking lot from Kee Kwan Motor Road Company Limited Zhuhai Company and leasing commercial premises from Gongbei Vehicles Transportation Company Limited	12,712,700.04	33,655,600.00
8	Freight transportation outsourcing income from Weisheng Freight Company Limited ("Weisheng Freight") and the disbursements paid by the Group on behalf of Weisheng Freight	9,231,747.40	HK\$15,290,000.00 (equivalent to RMB12,684,584.00)
9	Passenger transportation outsourcing expense to Weisheng Freight and the disbursements paid by Weisheng Freight on behalf of the Group	3,182,361.37	HK\$7,490,000.00 (equivalent to RMB6,213,704.00)
10	Provision of vehicle rental, provincial and municipal charter and other relevant transportation services for GCGC and its associates by the Group	8,735,584.80	21,740,000.00
11	Deposits with GCG Finance	<p>Pursuant to the Financial Services Agreement, the maximum daily outstanding balance of deposits placed by the Group with GCG Finance (including any interest accrued therefrom) must not exceed RMB1 billion. For the year ended 31 December 2021, the maximum daily amount of the Group's deposits with GCG Finance was within the caps. As at 31 December 2021, the balance of the Group's deposits with GCG Finance was RMB185,772.70.</p>	

DIRECTORS' REPORT

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 2021.
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 2021, the Group carried out the following one-off connected transactions which are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules:

On 31 December 2020, Zhuhai Gongyun Coach Terminal Company Limited* (珠海市拱運汽車客運站有限公司) ("Zhuhai Gongyun") and Zhuhai Qiguan Sightseeing Bus Company Limited* (珠海市岐關觀光巴士有限公司) ("Qiguan Sightseeing Bus"), wholly-owned subsidiaries of the Company, entered into a series of Lease Agreements in respect of the Premises with Kee Kwan Motor Road Company Limited* (岐關車路有限公司) ("Kee Kwan") and Guangdong Gongbei Vehicles Transportation Company Limited* (廣東省拱北汽車運輸有限責任公司) ("Guangdong Gongbei"), wholly-owned subsidiaries of GCGC respectively. Pursuant to the Lease Agreements:

- (1) Zhuhai Gongyun (as lessee) rented office premises situated at Haotong Dock, Nanwan South Road, Xiangzhou, Zhuhai with a gross floor area of 400 sq.m. from Kee Kwan from 1 January 2021 to 31 December 2021 with a monthly rent and fees of RMB6,000 (tax inclusive);
- (2) Qiguan Sightseeing Bus (as lessee) rented 40 parking spaces situated at Haotong Dock, Nanwan South Road, Xiangzhou, Zhuhai from Kee Kwan from 1 January 2021 to 31 December 2021 with a monthly rent and fees of RMB60,000 (tax inclusive);

- (3) Zhuhai Gongyun (as lessee) rented commercial premises situated at Shop DTD02 of the west wing of Basement Level 1 Lobby, Port Plaza, Yingbin Avenue, Gongbei, Zhuhai with a gross floor area of 7.97 sq.m. and commercial premises situated at area E2-2 of Basement Level 2, Port Plaza, Yingbin Avenue, Gongbei, Zhuhai with a gross floor area of 800 sq.m. from Kee Kwan from 1 January 2021 to 31 December 2021 with a monthly rent and fees of RMB28,300 (tax inclusive);
- (4) Zhuhai Gongyun (as lessee) rented 100 parking spaces under the dam of Zhuxiangdong Reservoir, Nanwan Avenue, Wanzai, Zhuhai from Kee Kwan from 1 January 2021 to 31 December 2021 with a monthly rent and fees of RMB150,000 (tax inclusive); and
- (5) Zhuhai Gongyun (as lessee) rented certain premises and parking spaces situated at the waiting room of Gongbei Coach Station, No. 1 Lianhua Road, Gongbei, Zhuhai from Guangdong Gongbei from 1 January 2021 to 31 December 2021 with a monthly rent and fees of RMB197,000 (tax inclusive).

For details, please refer to the announcement dated 31 December 2021 of the Company.

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 X 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 2021, the Group had 20,917 employees (31 December 2020: 23,391) and the staff costs (including remuneration of Directors) of the Group was RMB1,984,000,000 (2020: RMB1,927,000,000) for the year ended 31 December 2021.

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.

DIRECTORS' REPORT

EMPLOYEE TRAINING

The Group has always attached great importance to the training and development of human resources, and strived to provide various trainings to management staff and employees. We have faithfully implemented budgeted standard for training and development expenses and its implementation plan of the Group. During the year, the Company carried out a total of 134 online job training programs with 22,196 person-time participated in and 390,650 class hours in total. During the year, the Company carried out a total of 487 offline training programs with 44,500 person-time participated in and 68,650 class hours in total. Among which, 59 were management skills training programs, representing 12% of the total number of training programs; 102 were general skills training programs, representing 20% of the total number of training programs; 308 were professional skills training programs, representing 64% of the total number of training programs; and 18 were other skills training programs, representing 4% of the total number of training programs. In the self-evaluation of internal and external training results, the overall satisfaction rate of the trainees was more than 90% or reached the satisfaction level.

In respect of legal training, in 2021, in view of the needs of its own business operation and management, the legal department of the Company carried out special training activities in the headquarters of the Company in respect of the core contents of the Civil Code of the People's Republic of China recently promulgated by the state, and guided its subordinated units to engage perennial legal consultants to organize study activities in relation to the Civil Code of the People's Republic of China. On top of encouraging management staff at all levels to have a good command of the latest laws and regulations, we further enhanced the awareness of management staff at all levels to carry out business operation and corporate management in accordance with laws, and improved the capabilities of management staff at all levels to apply legal knowledge to prevent and control risks, with an aim to lay a solid foundation for the normal operation and healthy and sustainable development of the Company.

In 2021, the Company continued to strengthen the professional training of financial staff of the Group and improved the business quality of financial management staff at all levels. The training method was a combination of internal training and external training. The training contents include training of financial sharing cost control system, the continued education of financial staff, newly revised and implemented accounting standards, new taxation policies, comprehensive budget management and financial analysis.

EMPLOYEE PENSION SCHEME

Details of the Company's employee pension scheme are set out in Note V 35 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 2021, 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 2021.

CORPORATE BONDS

Details of the bonds issued and payable by the Company are set out in Note V 32 to the financial statements prepared in accordance with the ASBE.

DONATIONS

Donations of RMB3,000 was made by the Group during the year ended 31 December 2021.

AUDITOR

On 25 June 2021, as approved at the 2020 AGM, the Company appointed BDO China SHU LUN PAN Certified Public Accountants 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 (Special General Partnership) ("KPMG") has retired as the external auditors of the Company for the year 2014 to 2020 due to expiry of contract with effect from the close of the 2020 AGM. The Company has had full communication with KPMG on the proposed change of auditors, and KPMG has no disagreement on the said matter. KPMG has confirmed that there is no matter in relation to its retirement that needs to be brought to the attention of the shareholders of the Company. The Board is also not aware of any circumstances in respect of the proposed change of auditors that needs to be brought to the attention of the shareholders of the Company. BDO China SHU LUN PAN Certified Public Accountants 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 10 June 2022 to appoint BDO China SHU LUN PAN Certified Public Accountants LLP as the auditor of the Company.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note V 37 to financial statements prepared in accordance with the ASBE.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT

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

To the best knowledge of the Directors, as at 31 December 2021, Shareholders who had interests or short positions in the shares and underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Class of shares	Number of shares/ underlying shares held (Note 1)	Capacity	Approximate percentage in relevant class of share capital (%)	Approximate percentage in total share capital (%)
GCGC	Domestic shares	592,847,800	Beneficial owner	100	74.12
China Petrochemical Corporation	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
China Petroleum & Chemical Corporation	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
Sinopec Sales Company Limited	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
Sinopec (Hong Kong) Limited	H shares	33,570,000	Beneficial owner	16.22	4.20
Pope Asset Management, LLC	H shares	23,208,747	Investment manager	11.21	2.90
Shah Capital Management	H shares	18,035,000	Investment manager	8.71	2.25

Notes

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

Save as disclosed above, as at 31 December 2021, 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 2021 is as follows:

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

GCGC is a controlling shareholder of the Company. Its legal representative is Deng Xiao Hua and its registered capital as at 31 December 2021 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.

DIRECTORS' REPORT

MATERIAL LITIGATION OR ARBITRATION

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

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

On behalf of the Board

Guo Junfa

Chairman of the Board

Guangzhou, the PRC

16 March 2022

SUPERVISORS' REPORT

Dear Shareholders:

In 2021, 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 2021, the Supervisory Committee of the Company had convened two meetings of the Supervisory Committee: the third meeting and the fourth meeting of the seventh session of the Supervisory Committee. The meeting was convened and held in compliance with the Company Law and the Articles of Association. The resolutions of the meeting were legal and valid.

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

1. considered and approved Annual Work Report of the Supervisory Committee for 2020;
2. considered and approved Work Plan of the Supervisory Committee for 2021;
3. considered and approved Supervision and Inspection Report of the Company for 2020;

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

1. Annual Report 2020;
2. Final Accounts Report 2020;
3. Budget Report 2021;
4. Proposal on Appropriation of Profits 2020;

SUPERVISORS' REPORT

5. Proposal on Application for Integrated Financial Institution Facilities (Borrowings);
6. Annual Report 2020 for Corporate Bonds;
7. Debt Risk Analysis Report 2020;
8. Status on Completion of Investment 2020 and Investment Plan 2021;
9. Remuneration and Reward Plan 2020;
10. Internal Control Appraisal Report 2020;
11. Internal Audit Plan 2021;
12. Proposal on Convening 2020 Annual General Meeting;
13. 2020 Meeting Minutes of the Remuneration Committee of the Board;
14. 2020 Meeting Minutes of the Audit and Corporate Governance Committee of the Board;
15. Proposal on 2021 KPI Target for ESG Management;
16. Proposal for Authorizing the Board of Directors to Determine the Remuneration of Directors and Supervisors of the Company at the 2020 Annual General Meeting;
17. Authorizing any Executive Director and/or the Company Secretary of the Company to Make Arrangements for, and Cope with, at his/her Discretion, the Formalities or Other Matters Relating to the Above-mentioned Board Resolutions in Accordance with Applicable Laws and Regulations;
18. Interim Report 2021 of the Company;
19. Half-yearly Report 2021 for Corporate Bonds.

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

In 2021, 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 one specific review 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 2021, the procedures for convening board meetings and the process for passing resolutions complied with laws and regulations. The Board was able to strictly execute each of the resolutions and authorizations given at the general meetings. Directors and the management of the Company were able to perform their duties in accordance with the resolutions of the general meetings. The Supervisory Committee was not aware of any violation of the laws, regulations and the Articles of Association or other matters which will damage the interest of the Company and the Shareholders in the course of performing corporate duties by Directors and senior management of the Company.

(II) CONNECTED TRANSACTIONS

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

(III) FINANCIAL AUDIT OF THE COMPANY

BDO China SHU LUN PAN Certified Public Accountants LLP has audited the financial report of the Company for the year of 2021, and has issued a standard unqualified audit report. As confirmed by the Supervisory Committee, BDO China SHU LUN PAN Certified Public Accountants LLP's audit report fairly reflects the financial position and operating results of the Company and is truthful and objective.

Hu Xianhua

Chairman of the Supervisory Committee

Guangzhou, the PRC

16 March 2022

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2022] No.ZC10015

The Shareholders of Guangdong Yueyun Transportation Company Limited:

I. OPINION

We have audited the accompanying financial statements of Guangdong Yueyun Transportation Company Limited (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2021, 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 2021, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. BASIS FOR OPINION

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

III. KEY AUDIT MATTERS

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

We identify the following key audit matters during our audit:

Impairment of accounts receivable

Please refer to note III 10 significant accounting policies and accounting estimates and notes V 3 to the consolidated financial statements.

The Key Audit Matter

At 31 December 2021, the Company and its subsidiaries' (the "Group") gross accounts receivable totalled RMB443.96 million, with loss allowance for accounts receivable of RMB65.37 million.

The Group's accounts receivable mainly arose from road transportation and other service, expressway service zone operation and construction materials supply.

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

According to the past experience of the Group, the loss patterns for different customers are significantly different. Therefore, when calculating the loss allowance based on aging information, the receivables are segmented into road transportation and other service, expressway 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;
- Assessing whether the Group's accounting policy on estimation of loss allowance complies with the accounting standards;
- Obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the management, including the basis of the segmentation of the accounts receivable based on credit risk characteristics, and the historical default data involved in management's estimated loss rate;
- Assessing the appropriateness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
- Assessing whether accounts receivable were correctly categorised in the accounts receivable aging report by comparing a sample of individual items with the underlying supporting documents including contracts, goods delivery notes, sales invoices and other supporting documents.

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2022] No.ZC10015

III. KEY AUDIT MATTERS *(CONTINUED)*

Recognition of government subsidies

Refer to note III 26 significant accounting policies and accounting estimates and V 36,45,50 and 57 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 government authorities and identifying the specific conditions attached to the respective subsidies and respective application and approval procedures;
- obtaining an understanding of the basis of management's judgement about whether the conditions attached to the subsidies have been met and whether reasonable assurance has been obtained that the subsidies will be received and evaluating, on a sample basis, management's judgement by examining the terms of the underlying documentation and by examining the information used by management to form such judgements, which included analyses of relevant operation data, application and approval documents and other correspondence with the government authorities;
- assessing, on a sample basis, the classification of subsidies with reference to the terms of the underlying documentation;
- in respect of asset related subsidies, recalculating, on a sample basis, the amortisation charge for the current year and comparing our calculations with the amounts recorded by the Group;

III. KEY AUDIT MATTERS *(CONTINUED)*

Recognition of government subsidies *(Continued)*

Refer to note III 26 significant accounting policies and accounting estimates and V 36,45,50 and 57 to the financial statements.

The Key Audit Matter

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

How the matter was addressed in our audit

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

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2022] No.ZC10015

III. KEY AUDIT MATTERS (CONTINUED)

Impairment of vehicle asset groups

Refer to note III 21 significant accounting policies and accounting estimates and notes V 12, 13,14,15,17 and 18 to the financial statements.

The Key Audit Matter

As of 31 December 2021, the non current assets related to vehicles operation of the Group mainly include fixed assets, construction in progress, intangible assets, long-term deferred expenses, right-of-use assets and goodwill allocated ("vehicle asset groups").

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

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

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

How the matter was addressed in our audit

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

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

III. KEY AUDIT MATTERS *(CONTINUED)*

Impairment of vehicle asset groups *(Continued)*

Refer to note III 21 significant accounting policies and accounting estimates and notes V 12, 13,14,15,17 and 18 to the financial statements.

The Key Audit Matter

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

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

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

How the matter was addressed in our audit

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

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2022] No.ZC10015

IV. OTHER INFORMATION

The Company's management is responsible for the other information. The other information comprises all the information included in 2021 annual report of the Company, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

- (I) 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.
- (II) 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.
- (III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (IV) 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.
- (V) 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.
- (VI) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2022] No.ZC10015

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

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

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

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

BDO China Shu Lun Pan
Certified Public Accountants LLP

Certified Public Accountant of China
Jiang Gan (Engagement Partner)

Certified Public Accountant of China
Zhang Xi

Certified Public Accountant of China
Wang Yaohua

Shanghai • China

16 March 2022

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note V	31 December 2021	31 December 2020
Assets			
Current Assets:			
Cash at bank and on hand	1	1,285,622,105.25	1,257,189,988.22
Bills receivable	2	–	300,000.00
Accounts receivable	3	378,590,943.97	397,134,363.09
Prepayments	4	168,113,324.84	202,559,081.83
Other receivables	5	498,008,067.64	529,245,803.49
Inventories	6	105,222,645.32	116,442,130.05
Non-current assets due within one year	7	–	609,548.93
Other current assets	8	57,678,454.81	51,823,992.50
Total current assets		2,493,235,541.83	2,555,304,908.11
Non-current assets:			
Long-term equity investments	9	327,134,876.10	359,966,325.61
Investments in other equity instruments	10	4,224,048.22	4,224,048.22
Investment properties	11	150,589,454.52	89,597,709.57
Fixed assets	12	3,496,738,530.13	3,870,626,229.91
Construction in progress	13	68,174,239.36	111,025,507.16
Right-of-use assets	14	2,114,567,301.83	2,191,785,806.40
Intangible assets	15	936,127,852.13	1,034,544,593.61
Development expenditure	16	3,809,761.79	–
Goodwill	17	79,157,674.71	98,674,211.85
Long-term deferred expenses	18	292,438,746.72	254,021,960.25
Deferred tax assets	19	264,796,763.44	269,416,097.10
Other non-current assets	20	312,637,972.17	213,542,862.16
Total non-current assets		8,050,397,221.12	8,497,425,351.84
Total assets		10,543,632,762.95	11,052,730,259.95

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note V	31 December 2021	31 December 2020
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	21	755,901,358.75	593,611,398.50
Bills payable	22	1,318,800.00	–
Accounts payable	23	648,328,265.32	678,605,751.61
Advances from customers	24	104,758,388.69	104,125,802.87
Contract liabilities	25	57,235,918.46	54,113,548.27
Employee benefits payable	26	213,820,256.35	217,651,415.55
Taxes payable	27	79,012,017.03	102,910,404.33
Other payables	28	725,039,603.36	810,086,298.05
Non-current liabilities due within one year	29	1,014,008,729.14	532,304,104.16
Other current liabilities	30	35,000,000.00	–
Total current liabilities		3,634,423,337.10	3,093,408,723.34
Non-current liabilities:			
Long-term loans	31	1,136,438,363.52	1,316,819,266.63
Bonds payable	32	–	392,533,626.17
Lease liabilities	33	2,059,766,502.67	2,141,386,286.24
Long-term payables	34	195,830,684.95	79,084,738.67
Long-term employee benefits payable	35	183,373,836.55	193,457,414.52
Deferred income	36	520,671,034.97	610,531,662.58
Deferred tax liabilities	19	70,419,505.38	75,395,451.85
Total non-current liabilities		4,166,499,928.04	4,809,208,446.66
Total liabilities		7,800,923,265.14	7,902,617,170.00

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note V	31 December 2021	31 December 2020
Liabilities and shareholders' equity <i>(continued)</i>			
Shareholders' equity			
Share capital	37	799,847,800.00	799,847,800.00
Capital reserve	38	20,204,510.54	18,800,491.50
Other comprehensive income	39	(38,549,691.47)	(32,525,484.69)
Specific reserve	40	22,981,970.80	19,891,553.86
Surplus reserve	41	228,567,221.55	212,973,127.89
Retained earnings	42	816,379,787.01	1,052,303,964.69
Total equity attributable to shareholders of the Company		1,849,431,598.43	2,071,291,453.25
Non-controlling interests		893,277,899.38	1,078,821,636.70
Total shareholders' equity		2,742,709,497.81	3,150,113,089.95
Total liabilities and shareholders' equity		10,543,632,762.95	11,052,730,259.95

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

COMPANY BALANCE SHEET

As at 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note XIV	31 December 2021	31 December 2020
Assets			
Current Assets:			
Cash at bank and on hand		636,649,721.64	660,332,955.71
Accounts receivable	1	90,406,318.06	83,379,091.30
Prepayments		4,211,060.82	19,230,588.33
Other receivables	2	203,110,653.19	156,787,333.58
Inventories		130,282.04	90,723.73
Other current assets		292,401.24	54,176.99
Total current assets		934,800,436.99	919,874,869.64
Non-current assets			
Long-term receivables		48,000,000.00	49,200,000.00
Long-term equity investments	3	1,812,300,670.05	1,807,266,281.32
Investments in other equity instruments		1,377,412.45	1,377,412.45
Fixed assets		6,217,973.63	6,761,273.43
Construction in progress		5,284,368.63	5,743,524.08
Right-of-use assets		15,037,084.26	3,068,425.01
Intangible assets		62,849,982.54	69,319,436.68
Long-term deferred expenses		1,843,440.42	1,792,010.70
Deferred tax assets		138,859,680.71	138,201,986.99
Total non-current assets		2,091,770,612.69	2,082,730,350.66
Total assets		3,026,571,049.68	3,002,605,220.30

The accompanying notes to the financial statements form part of the financial statements.

COMPANY BALANCE SHEET

As at 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note XIV	31 December 2021	31 December 2020
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans		–	95,000,000.00
Accounts payable		49,506,088.13	28,756,480.14
Advances from customers contract liabilities		24,536,630.18	29,618,046.02
Employee benefits payable		20,908,754.97	18,740,185.07
Taxes payable		5,445,435.04	3,816,210.98
Other payables		414,878,749.68	467,698,380.42
Non-current liabilities due within one year		430,717,503.04	22,991,316.29
Total current liabilities		945,993,161.04	666,620,618.92
Non-current liabilities:			
Long-term loans		463,138,000.00	488,445,500.00
Bonds payable		–	392,533,626.17
Lease liabilities		8,033,355.20	1,539,878.32
Total non-current liabilities		471,171,355.20	882,519,004.49
Total liabilities		1,417,164,516.24	1,549,139,623.41
Shareholders' equity:			
Share capital		799,847,800.00	799,847,800.00
Capital reserve		128,513,590.23	128,513,590.23
Surplus reserve		229,114,461.18	213,520,367.52
Retained earnings		451,930,682.03	311,583,839.14
Total shareholders' equity		1,609,406,533.44	1,453,465,596.89
Total liabilities and shareholders' equity		3,026,571,049.68	3,002,605,220.30

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	2021	2020
I. Total operating income		6,270,529,867.45	5,585,541,441.01
Including: operating income	43	6,270,529,867.45	5,585,541,441.01
II. Total operating operating costs		6,811,338,319.70	6,353,550,416.24
Including : Operating costs	43	5,863,550,559.42	5,319,994,546.48
Taxes and surcharges		42,698,349.63	43,091,069.58
Selling and distribution expenses		65,013,168.21	65,895,827.10
General and administrative expenses		607,667,420.80	694,541,181.77
Research and development expenses		3,934,235.67	53,951.39
Financial expenses	44	228,474,585.97	229,973,839.92
Add: Other income	45	322,327,611.59	534,255,744.30
Investment (loss)/income	46	(7,378,606.14)	29,316,762.74
Including: Income from investments in associates and joint ventures		(6,270,385.62)	6,125,654.77
Accrual of credit losses	47	(4,044,565.04)	(27,978,286.60)
Impairment losses	48	(19,516,537.14)	(24,602,205.15)
Gains from asset disposals	49	5,344,335.22	23,765,467.86
III. Operating loss		(244,076,213.76)	(233,251,492.08)
Add: Non-operating income	50	16,598,331.76	21,799,885.12
Less: Non-operating expenses	51	14,418,692.98	27,145,336.37

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	2021	2020
IV. Loss before income tax		(241,896,574.98)	(238,596,943.33)
Less: Income tax expenses	52	81,462,762.55	76,577,365.00
V. Net loss for the year		(323,359,337.53)	(315,174,308.33)
(1) Net loss classified by continuity of operations			
1 Net loss from continuing operations		(323,359,337.53)	(315,174,308.33)
2 Net loss from discontinued operations		–	–
(2) Net loss classified by ownership			
Attributable to:			
1 Shareholders of the Company		(220,330,084.02)	(229,193,291.25)
2 Non-controlling interests		(103,029,253.51)	(85,981,017.08)
VI. Other comprehensive income, net of tax		(8,915,488.28)	(22,002,043.98)
Other comprehensive income (net of tax) attributable to shareholders of the Company		(6,024,206.78)	(15,198,625.41)
(1) Items that will not be reclassified to profit or loss		(4,060,421.31)	202,443.73
1 Remeasurement of defined benefit plan		(4,060,421.31)	202,443.73
2 Changes in fair value of investments in other equity instruments			
(2) Items that may be reclassified subsequently to profit or loss		(1,963,785.47)	(15,401,069.14)
Translation differences arising from translation of foreign currency financial statements		(1,963,785.47)	(15,401,069.14)
Other comprehensive income (net of tax) attributable to non-controlling interests		(2,891,281.50)	(6,803,418.57)
VII. Total comprehensive income for the year		(332,274,825.81)	(337,176,352.31)
Attributable to:			
Shareholders of the Company		(226,354,290.80)	(244,391,916.66)
Non-controlling interests		(105,920,535.01)	(92,784,435.65)
VIII. Earnings per share:		–	–
(1) Basic earnings per share (RMB/share)		(0.28)	(0.29)
(2) Diluted earnings per share (RMB/share)		(0.28)	(0.29)

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

COMPANY INCOME STATEMENT

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note XIV	2021	2020
I. Operating income	4	191,275,152.28	277,503,629.60
Less: Operating costs	4	94,294,041.88	250,344,060.76
Taxes and surcharges		463,850.76	548,250.85
Selling and distribution expenses		103,122.49	321,960.48
General and administrative expenses		83,106,774.19	89,554,229.25
Financial expenses		29,464,074.78	33,489,953.41
Add: Other income		28,597.45	–
Investment income	5	188,947,844.62	196,454,445.07
Including: Income from investments in associates and joint ventures		20,779,699.08	14,145,650.95
(Accrual)/reversal of credit losses		(2,291,061.59)	5,977,314.59
Impairment losses		(16,503,505.24)	(8,046,462.29)
II. Operating profit		154,025,163.42	97,630,472.22
Add: Non-operating income		1,312,880.26	–
Less: Non-operating expenses		47,650.85	145,827.42
III. Profit before income tax		155,290,392.83	97,484,644.80
Less: Income tax (expenses)/credit		(650,543.72)	1,644,787.08
IV. Net profit for the year		155,940,936.55	95,839,857.72
(1) Net profit from continuing operations		155,940,936.55	95,839,857.72
(2) Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income for the year		155,940,936.55	95,839,857.72

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	2021	2020
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		6,821,508,029.15	6,058,953,213.76
Cash received relating to other operating activities		351,329,452.82	622,904,654.55
Sub-total of cash inflows		7,172,837,481.97	6,681,857,868.31
Payment for goods and services		3,706,622,242.24	3,257,662,695.67
Payment to and for employees		2,002,253,273.60	1,903,442,319.61
Payment of various taxes		288,269,134.30	238,136,068.77
Payment relating to other operating activities		269,449,456.23	136,493,384.59
Sub-total of cash outflows		6,266,594,106.37	5,535,734,468.64
Net cash inflow from operating activities	55	906,243,375.60	1,146,123,399.67
II. Cash flows from investing activities:			
Investment returns received		609,548.93	849,500.69
Proceeds from investment income		17,286,787.31	18,215,983.67
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		89,906,124.43	86,461,504.52
Net proceeds from disposal of subsidiaries		–	27,688,575.28
Net proceeds from acquisition of subsidiaries		–	37,375,843.25
Sub-total of cash inflows		107,802,460.67	170,591,407.41
Payment for acquisition of fixed assets, intangible assets and other long-term assets		506,992,191.87	942,321,401.60
Payment for acquisition of investments		23,044,400.00	2,018,338.12
Sub-total of cash outflows		530,036,591.87	944,339,739.72
Net cash outflow from investing activities		(422,234,131.20)	(773,748,332.31)

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	2021	2020
III. Cash flows from financing activities			
Proceeds from borrowings		1,492,095,786.02	1,644,143,094.64
Cash received from other financing activities		205,634,297.93	2,138,386.02
Sub-total of cash inflows		1,697,730,083.95	1,646,281,480.66
Repayments of borrowings		1,489,651,850.33	1,484,652,636.61
Payment for profit distributions or interest		181,492,771.40	152,895,663.67
Payment for other financing activities		497,500,272.81	296,492,989.63
Sub-total of cash outflows		2,168,644,894.54	1,934,041,289.91
Net cash outflow from financing activities		(470,914,810.59)	(287,759,809.25)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(5,242,185.63)	(6,544,336.24)
V. Net increase in cash and cash equivalents		7,852,248.18	78,070,921.87
Add: Cash and cash equivalents at the beginning of the year		1,241,551,487.41	1,163,480,565.54
VI. Cash and cash equivalents at the end of the year		1,249,403,735.59	1,241,551,487.41

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	2021	2020
I. Cash flows from operating activities		
Proceeds from sale of goods and rendering of services	190,153,249.24	369,978,523.97
Proceeds from other operating activities	77,025,670.97	6,181,317.03
Sub-total of cash inflows	267,178,920.21	376,159,841.00
Payment for goods and services	53,245,535.78	303,576,692.87
Payment to and for employees	49,544,934.78	48,039,094.79
Payment of various taxes	4,069,355.58	2,638,870.61
Payment relating to other operating activities	149,976,691.02	49,278,384.08
Sub-total of cash outflows	256,836,517.16	403,533,042.35
Net cash inflow/(outflow) from operating activities	10,342,403.05	(27,373,201.35)
II. Cash flows from investing activities		
Investment return received	186,435,493.88	204,918,506.66
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets	–	2,800.00
Sub-total of cash inflows	186,435,493.88	204,921,306.66
Payment for acquisition of fixed assets, intangible assets and other long-term assets	2,180,080.83	5,792,934.14
Payment for acquisition of investments	21,212,800.00	–
Sub-total of cash outflows	23,392,880.83	5,792,934.14
Net cash inflow from investing activities	163,042,613.05	199,128,372.52

The accompanying notes to the financial statements form part of the financial statements.

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	2021	2020
III. Cash flows from financing activities		
Proceeds from borrowings	163,000,000.00	465,000,000.00
Sub-total of cash inflows	163,000,000.00	465,000,000.00
Repayments of borrowings	276,784,500.00	447,694,000.00
Payment for profit distributions or interest	39,850,911.07	41,771,446.39
Payments relating to other financing activities	43,432,839.10	62,856,081.90
Sub-total of cash outflows	360,068,250.17	552,321,528.29
Net cash outflow from financing activities	(197,068,250.17)	(87,321,528.29)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net (decrease)/increase in cash and cash equivalents	(23,683,234.07)	84,433,642.88
Add: Cash and cash equivalents at the beginning of the year	660,332,955.71	575,899,312.83
VI. Cash and cash equivalents at the end of the year	636,649,721.64	660,332,955.71

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	2021 Attributable to shareholders of the Company								Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total	Non-controlling interests	
I. Balance as at 31 December 2020	799,847,800.00	18,800,491.50	(32,525,484.69)	19,891,553.86	212,973,127.89	1,052,303,964.69	2,071,291,453.25	1,078,821,636.70	3,150,113,089.95
II. Balance at 1 January 2021	799,847,800.00	18,800,491.50	(32,525,484.69)	19,891,553.86	212,973,127.89	1,052,303,964.69	2,071,291,453.25	1,078,821,636.70	3,150,113,089.95
III. Changes in equity for the year	-	1,404,019.04	(6,024,206.78)	3,090,416.94	15,594,093.66	(235,924,177.68)	(221,859,854.82)	(185,543,737.32)	(407,403,592.14)
(I) Total comprehensive income	-	-	(6,024,206.78)	-	-	(220,330,084.02)	(226,354,290.80)	(105,920,535.01)	(332,274,825.81)
(II) Shareholders' contributions and reduction	-	1,404,019.04	-	-	-	-	1,404,019.04	(26,358,139.23)	(24,954,120.19)
1. Others	-	1,404,019.04	-	-	-	-	1,404,019.04	(26,358,139.23)	(24,954,120.19)
(III) Appropriation of profits	-	-	-	-	15,594,093.66	(15,594,093.66)	-	(55,234,578.77)	(55,234,578.77)
1. Appropriation for surplus reserve	-	-	-	-	15,594,093.66	(15,594,093.66)	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-	(55,234,578.77)	(55,234,578.77)
(IV) Internal transfer of equity	-	-	-	-	-	-	-	-	-
(V) Specific reserve	-	-	-	3,090,416.94	-	-	3,090,416.94	1,969,515.69	5,059,932.63
1. Accrued	-	-	-	33,541,902.88	-	-	33,541,902.88	15,948,690.54	49,490,593.42
2. Utilised	-	-	-	30,451,485.94	-	-	30,451,485.94	13,979,174.85	44,430,660.79
(VI) Others	-	-	-	-	-	-	-	-	-
IV. Balance as at 31 December 2021	799,847,800.00	20,204,510.54	(38,549,691.47)	22,981,970.80	228,567,221.55	816,379,787.01	1,849,431,598.43	893,277,899.38	2,742,709,497.81

The accompanying notes to the financial statements form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

2020									
Attributable to shareholders of the Company									
Items	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
I. Balance as at 31 December 2019	799,847,800.00	18,800,491.50	(17,326,859.28)	23,523,945.80	203,389,142.12	1,291,081,241.71	2,319,315,761.85	1,167,606,028.05	3,486,921,789.90
II. Balance at 1 January 2020	799,847,800.00	18,800,491.50	(17,326,859.28)	23,523,945.80	203,389,142.12	1,291,081,241.71	2,319,315,761.85	1,167,606,028.05	3,486,921,789.90
III. Changes in equity for the year	-	-	(15,198,625.41)	(3,632,391.94)	9,583,985.77	(238,777,277.02)	(248,024,308.60)	(88,784,391.35)	(336,808,699.95)
(I) Total comprehensive income	-	-	(15,198,625.41)	-	-	(229,193,291.25)	(244,391,916.66)	(92,784,435.65)	(337,176,352.31)
(II) Shareholders' contributions and reduction	-	-	-	(548,245.55)	-	-	(548,245.55)	42,109,665.31	41,561,419.76
1. Others	-	-	-	(548,245.55)	-	-	(548,245.55)	42,109,665.31	41,561,419.76
(III) Appropriation of profits	-	-	-	-	9,583,985.77	(9,583,985.77)	-	(35,176,087.86)	(35,176,087.86)
1. Appropriation for surplus reserve	-	-	-	-	9,583,985.77	(9,583,985.77)	-	-	-
2. Distributions to shareholders	-	-	-	-	-	-	-	(35,176,087.86)	(35,176,087.86)
(VI) Internal transfer of equity	-	-	-	-	-	-	-	-	-
(V) Specific reserve	-	-	-	(3,084,146.39)	-	-	(3,084,146.39)	(2,933,533.15)	(6,017,679.54)
1. Accrued	-	-	-	43,022,617.02	-	-	43,022,617.02	18,812,117.73	61,834,734.75
2. Utilised	-	-	-	46,106,763.41	-	-	46,106,763.41	21,745,650.88	67,852,414.29
(IV) Others	-	-	-	-	-	-	-	-	-
IV. Balance as at 31 December 2020	799,847,800.00	18,800,491.50	(32,525,484.69)	19,891,553.86	212,973,127.89	1,052,303,964.69	2,071,291,453.25	1,078,821,636.70	3,150,113,089.95

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	2021					
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	Total equity
I. Balance as at 31 December 2020	799,847,800.00	128,513,590.23	–	213,520,367.52	311,583,839.14	1,453,465,596.89
II. Balance at 1 January 2021	799,847,800.00	128,513,590.23	–	213,520,367.52	311,583,839.14	1,453,465,596.89
III. Changes in equity for the year	–	–	–	15,594,093.66	140,346,842.89	155,940,936.55
(I) Total comprehensive income	–	–	–	–	155,940,936.55	155,940,936.55
(II) Shareholders contribution and reduction	–	–	–	–	–	–
(III) Appropriation of profits	–	–	–	15,594,093.66	(15,594,093.66)	–
1. Appropriation for surplus reserve	–	–	–	15,594,093.66	(15,594,093.66)	–
(IV) Internal transfer of equity	–	–	–	–	–	–
(V) Special reserve	–	–	–	–	–	–
1 Accrued	–	–	211,991.16	–	–	211,991.16
2 Utilised	–	–	211,991.16	–	–	211,991.16
IV. Balance as at 31 December 2021	799,847,800.00	128,513,590.23	–	229,114,461.18	451,930,682.03	1,609,406,533.44

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

Legal Representative:

Guo Jun Fa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

The accompanying notes to the financial statements form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

I. COMPANY PROFILE

1. Company status

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

I. COMPANY PROFILE *(CONTINUED)*

1. Company status *(Continued)*

The Company and its subsidiaries (the "Group") is a comprehensive transportation service group in Guangdong Province. The principal business of the Group mainly includes expressway service zones operation, road passenger transportation and auxiliary 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. Guo Jun Fa.

This financial statements were approved by the board of directors of the Company on 16 March, 2022.

2. Scope of the consolidated financial statements

For the details of the scope and changes of the consolidated financial statements during the current period, please refer to Note VI. Changes in the Scope of Consolidation.

For the details of subsidiaries of the Company, please refer to Note VII. Interests in Other Entities.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Group has been prepared in accordance with the requirements of Accounting Standard for Business Enterprises – Basic Standards and its relevant specific accounting standards issued by the Ministry of Finance ("MOF") of the PRC, Application Guidance for Accounting Standards for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises and other relevant requirements. The 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 and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

2. Going concern

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

As at 31 December 2021, the Group's current liabilities exceeded their current assets by RMB1,141,187,795.27. As at 31 December 2021, the Group have obtained the unutilised general facility of RMB2,604,186,150.00 granted by financial institutions, and the Group are expected to have sufficient financial support to pay off debts in the next 12 months, so the financial statements are still prepared on the basis of going concern.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. 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 and right-of-use 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. 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 2021, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

2. Accounting Period

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

3. Operating cycle

The Group's operating cycle is 12 months.

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 III. 9. Foreign Currency Transactions and Translation of Financial Statements denominated in Foreign Currencies".

5. Accounting treatments for business combinations under common control and not under common control

Business combinations involving entities under common control: The assets and liabilities acquired by the acquirer through business combination shall be measured at the carrying value of the assets, liabilities of the acquiree (including goodwill incurred in the acquisition of the acquiree by ultimate controlling party) in the financial statements of the ultimate controlling party at the date of combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or total nominal value of the issued shares) is adjusted to capital premium in capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combinations not involving entities under common control: The cost of combination is the fair value of assets paid, liabilities incurred or committed and issued shares by the acquirer to obtain control. Where the cost of combination is higher than the fair value of the identifiable net assets acquired from the acquiree in business combination, the Company shall recognise such difference as goodwill; where the cost of combination is less than the fair value of the identifiable net assets acquired from the acquiree in business combination, such difference shall be charged to current profit or loss. The identifiable assets acquired from the acquiree in a business combination that meet the recognition criteria, liabilities and contingent liabilities are measured at the fair value at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

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

The direct relevant expenses incurred for the business combinations are recognised as the profit or loss in the period when the costs are incurred; the transaction costs for the equity securities or debt securities issued for business combination shall be recognised as the initial recognition amount of equity securities or debt securities.

6. Preparation of consolidated financial statements

1) *Scope of consolidation*

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 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.

2) *Consolidation procedure*

The Company regards the entire enterprise group as an accounting entity and prepares consolidated financial statements in accordance with unified accounting policies to reflect the overall financial position, operating results and cash flow of the Group. The impact of internal transactions between the Company and its subsidiaries or between subsidiaries shall be offset. If internal transactions indicate that the relevant assets have suffered impairment losses, this part of losses shall be confirmed in full. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The shareholders' equity, net profit or loss and other comprehensive income of subsidiaries for the period attributable to non-controlling shareholders are respectively and separately presented under the shareholders' equity in the consolidated balance sheet, the net profit in the consolidated income statement, and the total comprehensive income in the consolidated income statement. If the loss for the period shared by a non-controlling shareholder of a subsidiary exceeds the balances arising from the shares enjoyed by the non-controlling shareholder in the shareholders' equity of the subsidiary at the beginning of the period, non-controlling interest will be written down accordingly.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

6. Preparation of consolidated financial statements *(Continued)*

2) Consolidation procedure *(Continued)*

(1) Increase of subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time when the ultimate controller has the control.

Where control can be exercised on the investee under the common control for additional investment or other reasons, equity investments held before the control over the combined party is obtained, the related profits or losses, other comprehensive income as well as other changes in net assets recognised from the later between the date when the original equity is obtained and the date when the acquirer and the acquiree are under common control to the combination date will respectively write down the opening retained earnings or the current profit or loss during the period for comparing financial statements.

During the reporting period, if the Company acquired subsidiaries or business from the business combination not under common control, all identifiable assets, liabilities and contingent liabilities will be included in the consolidated financial statements from the acquisition date based on their fair value determined on the acquisition date.

Where the Company can control the investee not under common control for additional investments, it shall re-measure equity of the acquiree held before the acquisition date at the fair value of such equity on the acquisition date and include the difference between the fair value and book value in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified into profit or loss and other changes in shareholders' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

(2) Disposal of subsidiaries

① General treatment methods

When the Company loses the control over the investee due to disposal of partial equity investment or other reasons, the remaining equity investment after the disposal should be re-measured by the Company at the fair value thereof on the date of losing the control. The difference of total amount of the consideration from disposal of equities plus the fair value of the remaining equities less the shares calculated at the original shareholding ratio in net assets and goodwill of the original subsidiary which are continuously calculated as of the acquisition date or combination date shall be included in the investment income of the period at the loss of control. Other comprehensive income that will be reclassified into profit or loss later associated with the equity investments of the original subsidiary, or the changes in other shareholders' equity calculated under the equity method, shall be transferred into investment income of the current period when control is lost.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

6. Preparation of consolidated financial statements *(Continued)*

2) **Consolidation procedure** *(Continued)*

(2) *Disposal of subsidiaries (Continued)*

② Disposal of subsidiaries by stages

If the control is lost due to disposal of the equity investments in subsidiaries through multiple transactions by stages, and the terms, conditions and economic impact of the transactions related to the disposal of equity investments in subsidiaries meet one or more of the following circumstances, it usually indicates that multiple transactions will be treated a package deal:

- i. The transactions are concluded at the same time or under the consideration of mutual effect;
- ii. These transactions as a whole can reach a complete business result;
- iii. The occurrence of a transaction depends on that of other transaction or more; and
- iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose off subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognised as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

Where various transactions do not belong to a package deal, before the loss of the control, accounting treatment shall be made according to the partial disposal of equity investments in the subsidiary without losing control; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

6. Preparation of consolidated financial statements *(Continued)*

2) Consolidation procedure *(Continued)*

(3) Purchase of non-controlling interests in a subsidiary

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of non-controlling interest and the share of net assets calculated constantly from the acquisition date (or combination date) according to the newly increased shareholding ratio. If the share premium is insufficient to offset, retained earnings will be adjusted.

(4) Partial disposal of equity investments in subsidiaries without losing control

The share premium of capital reserves in the consolidated balance sheet will be adjusted according to the difference between the disposal price and the share of net assets of subsidiaries calculated from the acquisition date or the combination date corresponding to the disposal of long-term equity investments; if the share premium of capital reserves is insufficient, the retained earnings will be adjusted.

7. Classification of joint arrangements and accounting treatment

Joint arrangements can be classified into joint operations and joint ventures.

When the Group is a party to a joint arrangement and has rights to the assets, and obligations for the liabilities, relating to such arrangement, the joint arrangement is classified as a joint operation.

The Group recognises the following items in relation to its share of benefits in joint operations:

- (1) the assets held solely by the Group and those jointly held on a pro-rata basis;
- (2) the liabilities assumed solely by the Group and those jointly assumed on a pro-rata basis;
- (3) the income generated from the sale of the products of the joint operation attributable to the Group;
- (4) the income generated by the joint operation from the sale of products on a pro-rata basis;
- (5) the expenses incurred solely by the Group and those incurred by the joint operation on a pro-rata basis.

The investment in joint ventures of the Group are accounted for under the equity method. For the details, please refer to Note III. 13. Long-term equity investments”.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

8. Cash and cash equivalent

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

1) *Foreign currency transactions*

Foreign currency transactions shall be translated into RMB at the spot exchange rate on the day when the transactions occurred.

Balance sheet date foreign currency monetary items shall be translated using the spot exchange rate at the balance sheet date. The resulting exchange difference are recognised in profit or loss for the current period, except for those differences related to a specific-purpose borrowing denominated in foreign currency for acquisitions and construction of the qualified assets, which should be capitalised as cost of the borrowings.

2) *Translation of financial statements denominated in foreign currency*

The assets and liabilities in the balance sheets are translated at the spot exchange rate on the balance sheet date. Except for "Retained earnings", all items under owner's equity are translated at the spot exchange rates when incurred. The income and expenses items in the income statement are translated at the spot exchange rates on the transaction dates.

On disposal of a foreign operation, the translation difference of the financial statements in foreign currency relating to that foreign operation is transferred from shareholders' equity to profit or loss of the period during which the disposal occurs.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments

The Group recognises a financial asset, a financial liability or equity instrument when it becomes a party to the financial instrument contract.

1) *Classification of financial instruments*

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

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

A financial asset is measured at fair value through other comprehensive income (debt instruments) if it meets both of the following conditions and is not designated at fair value through profit or loss:

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Financial instruments (Continued)

1) *Classification of financial instruments (Continued)*

At 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 designation is made on an investment-by-investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss.

At initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

At the initial recognition, financial liabilities are classified as: financial liabilities measured at fair value through profit or loss and financial liabilities measured at amortised cost.

2) *Recognition basis and measurement method of financial instruments*

(1) *Financial assets at amortised cost*

Financial assets measured at amortised cost include bills receivable and accounts receivable, other receivables, long-term receivables, and debt investment, etc., of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognised amount; exclude accounts receivable with significant financing component and accounts receivable with the financing component not exceeding one year and not considered by the Company, of which initial measurement is made at the contract transaction price.

During the holding period, the interest calculated with the effective interest method should be included in the current profit or loss.

At recovery or disposal, the difference between the purchase price obtained and the book value of such financial assets is included in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

2) **Recognition basis and measurement method of financial instruments** *(Continued)*

(2) *Financial assets (debt instruments) at fair value through other comprehensive income*

Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other debt investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognised amount. The subsequent measurement of such financial assets is made at fair value. Changes in fair value are included in other comprehensive income except for the interest calculated by the effective interest method, impairment losses or reversal, and exchange gains or losses.

At the time of derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the current period profit or loss.

(3) *Financial assets (equity instruments) at fair value through other comprehensive income*

Financial assets (equity instruments) measured at fair value through other comprehensive income, including the investment in other equity instruments, are initially measured at fair value, and relevant transaction costs are included in the initially recognised amount. The subsequent measurement of such financial assets is made at fair value, and the changes in fair value are included in other comprehensive income. The dividends obtained are included in the current profit or loss.

At derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred from the other comprehensive income to the retained earnings.

(4) *Financial assets measured at fair value through profit or loss*

Financial assets measured at fair value through profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

(5) *Financial liabilities measured at fair value through profit or loss*

Financial liabilities measured at fair value through profit or loss include trading financial liabilities and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

2) **Recognition basis and measurement method of financial instruments** *(Continued)*

(6) *Financial liabilities measured at amortised cost*

Financial liabilities measured at the amortised cost include short-term borrowings, bills payable, accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognised amount.

During the holding period, the interest calculated by the effective interest method is included in the current profit or loss.

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current period profit or loss.

(7) *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.

3) **Derecognition and transfer of financial assets**

Where one of the following conditions is met, the Group shall derecognise financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Group does not retain the control over the financial assets through it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

3) **Derecognition and transfer of financial assets** *(Continued)*

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets shall not be derecognised.

In determining whether the transfer of a financial asset meets the above derecognition criteria of financial assets, the principle of substance over form will be adopted.

The Group divides the transfer of financial assets into entire transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts is included in the current period profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in shareholders' equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred shall be allocated between the derecognised part and the recognised part based on the relative fair value, and the difference between the following two amounts shall be included in the current profit or loss:

- (1) The book value of derecognised part;
- (2) The sum of the consideration for the derecognised part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in shareholders' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets shall continue to be recognised, and the consideration received shall be recognised as a financial liability.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

4) ***Derecognition of financial liabilities***

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof shall be derecognised; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities shall be derecognised, and at the same time, the new financial liabilities shall be recognised.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities shall be derecognised in whole or in part, and the financial liabilities of which terms have been modified shall be recognised as the new financial liabilities.

Where financial liabilities are derecognised in whole or in part, the difference between the book value of the financial liabilities derecognised and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in current period profit or loss.

Where the Group redeems part of its financial liabilities, it shall, on the redemption date, allocate the entire book value of whole financial liabilities according to the relative fair value of the part that continues to be recognised and the derecognised part. The difference between the book value allocated to the derecognised part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) shall be included in the current period profit or loss.

5) ***Determination of fair value of financial assets and financial liabilities***

Unless otherwise stated, the Group measures the fair value of financial assets and liabilities based on following principal:

Fair value refers to the price that market participants can receive for the sale of an asset or pay for the transfer of a liability in an orderly transaction that occurs on the measurement date.

When estimating the fair value, the Group considers the characteristics (including asset status and location, restrictions on the sale or use of assets, etc.) that market participants consider when pricing the relevant assets or liabilities on the measurement date, and adopts valuation techniques that are applicable to the current circumstance and is supported by sufficient available data and other information. The valuation techniques used mainly include market approach, income approach and cost approach.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

6) **Accounting treatment for impairment testing of financial assets**

The Group recognise 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 fair value through profit or loss, equity securities designated at fair value through other comprehensive income and derivative financial assets, are not subject to the ECL assessment.

(1) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, which is 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).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

6) **Accounting treatment for impairment testing of financial assets** *(Continued)*

(1) Measurement of ECLs (Continued)

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 financial instruments which meet the following criteria, 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.

(2) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

6) **Accounting treatment for impairment testing of financial assets** *(Continued)*

(3) *Significant increases in credit risk*

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

10. Financial instruments *(Continued)*

6) **Accounting treatment for impairment testing of financial assets** *(Continued)*

(3) *Significant increases in credit risk (Continued)*

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.

(4) *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.

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

10. Financial instruments *(Continued)*

6) **Accounting treatment for impairment testing of financial assets** *(Continued)*

(5) *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.

(6) *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 instruments*

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 Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

11. Inventories

1) **Classification and initial recognition**

The Group's inventories are categorised as 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 processing and other expenditures incurred in bringing the inventories to their present location and condition.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

2) *Cost of inventories transferred out*

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

3) *Basis for determining the net realisable value*

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 values of merchandise inventories held directly for sale, such as finished goods, stock commodities, and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realisable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realisable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realisable values of the excessive part are calculated on the basis of normal selling prices.

When the provision for inventory impairment is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realisable value of the inventory is higher than the book value of the same, the provision for inventory impairment shall be reversed from the amount of provision for inventory impairment originally made, and the reversed amount shall be included in the current profit or loss.

4) *Inventory count system*

The Group maintains a perpetual inventory system.

5) *Amortisation method of low-value consumables and packaging materials*

- (1) Low-value consumables are amortised using one-off write-off method;
- (2) Packaging materials are amortised using one-off write-off method.

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

12. Contract assets

1) *Recognition and standard of contract assets*

The Group presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer's payments. The consideration that the Group has the right (and this right depends on factors other than passage of time) to receive for goods transferred to customers is listed as contract assets. Contract assets and contract liabilities under the same contract shall be shown on a net basis. The Group has the right (only depends on the passage of time) to receive the consideration for goods to customers is listed as trade receivables individually.

2) *Method of determination of expected credit loss of contract assets and accounting treatment*

For the method of determination of expected credit loss of contract assets and accounting treatment methods, please refer to the Note III. 10 6) "Accounting treatment for impairment testing of financial assets".

13. Long-term equity investments

1) *Joint control or significant influence criterion*

Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the relevant activities of the arrangement require the unanimous consent of the parties sharing control. If the Group together with the other joint venture parties can jointly control over the investee and are entitled to the right of the net assets of the investee, the investee is joint venture of the Group.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of an enterprise, but not the power to control, or jointly control, the formulation of such policies with other parties. Where the Group can exercise significant Influence over an investee, the investee is an associate of the Group.

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

13. Long-term equity investments *(Continued)*

2) **Determination of initial investment cost**

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

For business combinations involving entities under common control, the initial investment cost of long-term equity investments are its share of the book value of the shareholders' equity of the acquiree in the financial statements of the ultimate controlling party on the date of combinations. The difference between initial investment cost of long-term equity investment and the carrying value of consideration paid is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings. In connection with imposing control over the investee under joint control as a result of additional investment and other reasons, on the combination date, the initial cost of long-term equity investments shall be determined based on share of the carrying amount of the net assets of the combined party in the consolidated financial statement of the ultimate controlling party after the combination. The difference between initial investment cost of long-term equity investment the date of combination and the sum of the carrying value of long-term equity investment before combination and the carrying value of newly paid consideration for additional shares acquired on the date of combination is to adjust share premium. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Business combinations involving entities not under common control: the cost of the combination determined on the date of acquisition shall be taken as the initial investment cost of the long-term equity investment. In connection with imposing control over the investee not under joint control as a result of additional investment and other reasons, the initial investment cost when changing to the cost method shall be the sum of the carrying value of the equity investment originally held and the newly increased initial investment cost.

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

The initial investment cost of a long-term equity investment obtained by the Group by cash payment shall be the purchase cost which is actually paid.

The initial investment cost of a long-term equity investment obtained by the Group by means of issuance of equity securities shall be the fair value of the equity securities issued.

3) **Subsequent measurement and recognition of profit or loss**

(1) Long-term equity investments accounted for under cost method

Long-term equity investments of the Company in its subsidiaries are accounted for under cost method unless such investments meet the conditions of holding for sale. Under the cost method, except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognises the proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.

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

13. Long-term equity investments *(Continued)*

3) **Subsequent measurement and recognition of profit or loss** *(Continued)*

(2) *Long-term equity investments accounted for under equity method*

Long-term equity investments in associates and joint ventures are accounted for under 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.

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 shareholders' equity of the investee other than those arising from net profits or losses and other comprehensive income and distributions to shareholders ("other changes in shareholders' 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, except for the invested or disposed of assets constituted a business. 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.

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

13. Long-term equity investments *(Continued)*

3) **Subsequent measurement and recognition of profit or loss** *(Continued)*

(3) Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the book value and the actual price shall be included in the current investment income.

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognised originally upon the accounting by the equity method shall be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be carried forward to the current profit or loss in proportion.

Where the Group loses the joint control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognised upon the accounting by the equity method from the original equity investment shall be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity shall be transferred to the current profit or loss in full.

Where the Group loses the control over the investee on account of the partial disposal and any other reason, at the preparation of any single financial statements, if the remaining equity has the joint control over or significant influence on the investee, the accounting shall be made by the equity method, and an adjustment shall be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognised before the control over the investee is obtained shall be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity recognised on account of the accounting by the equity method shall be carried forward to the current profit or loss in proportion; if the remaining equity has no joint control over or significant influence on the investee, relevant financial assets shall be recognised, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same shall be included in the current profit or loss, and other comprehensive income and other changes in shareholders' equity which have been recognised before the control over the investee is obtained shall be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment shall be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed shall be firstly recognised as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment shall be made respectively for each transaction.

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

14. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, which include 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 (including after the completion of self-construction or development activities and buildings under development for future rental purpose).

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 III. 21. Impairment of long-term assets.

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.

15. Fixed assets

1) *Recognition and initial measurement 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:

- (1) It is probable that economic benefits associated with the assets will flow into the Group; and
- (2) The costs of the asset can be measured reliably.

The fixed assets are initially measured at cost (and by taking the impact of expected disposal costs).

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.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed assets (Continued)

2) Depreciation method

Depreciation of the fixed assets is made using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the Group should choose different depreciation rates or methods to separately provide for depreciation.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

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

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

3) 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.

16. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include construction costs, installation cost, borrowing costs capitalised which fulfill the capitalization criteria and other expenditures incurred before it is ready for intended use. Construction in progress is transferred to a fixed asset when it is ready for its intended use and the relevant fixed asset is depreciated starting from the following month after the transfer.

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

17. Borrowing costs

1) *Recognition criteria of capitalisation of borrowing costs*

The borrowing costs incurred to the Group and directly attributable to the acquisition and construction or production of assets eligible for capitalisation should be capitalised and recorded into relevant asset costs; other borrowing costs should be recognised as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalisation refer to fixed assets, investment properties, inventories and other assets which may reach their intended use or sale status only after long-time acquisition and construction or production activities.

2) *Capitalisation period for borrowing costs*

Capitalisation period refers to the period from the beginning of capitalisation to the cease of capitalisation, excluding the period of capitalisation suspension of borrowing costs.

Capitalisation shall start when the following conditions are satisfied simultaneously:

- (1) Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalisation, have already been incurred;
- (2) Borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

Capitalisation of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalisation have reached their intended use or sale status.

3) *Capitalisation suspension period*

If the acquisition, construction or production activities of assets eligible for capitalisation are abnormally interrupted and such interruption lasts for more than 3 months, the capitalisation of borrowing costs should be suspended; if the interruption is necessary for the acquired, constructed or produced assets eligible for capitalisation to reach the working condition for their intended use or sale, the borrowing costs will continue to be capitalised. Borrowing costs incurred during the interruption are recognised as the current profit or loss and the borrowing cost shall continue to be capitalised until the acquisition, construction or production of the assets restarts.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17. Borrowing costs (Continued)

4) *Measurement method of capitalisation rate and capitalised amounts of borrowing costs*

For specific borrowings for acquiring, constructing or producing assets eligible for capitalisation, borrowing costs actually incurred during the period for specific borrowings less the interest income from the unused borrowings deposited in the bank or investment income from temporary investment with the unused borrowings should be recognised as the capitalisation amount of borrowing costs.

For general borrowings used for acquiring and constructing or producing assets eligible for capitalisation, the amount borrowing costs of general borrowings to be capitalised should be calculated by multiplying the weighted average of asset expenditure of the part of accumulated asset expenditure exceeding specific borrowings by the capitalisation rate for the used general borrowings. The capitalisation rate is determined based on the weighted average effective interest rate for general borrowings.

During the period for capitalisation, the exchange differences arising from translation of the principal and interest of the specific borrowings denominated in foreign currency should be capitalised, and included in the cost of assets eligible for capitalisation. The exchange differences arising from translation of the principal and interest of borrowings denominated in foreign currency other than the specific borrowings denominated in foreign currency should be included in the current profit or loss.

18. Intangible assets

1) *Recognition and measurement of intangible assets*

Intangible assets are initially measured at cost, except for the toll bridge franchise operating rights are determined based on the price invested by the shareholders. 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. The Group regards intangible assets with unforeseeable future economic benefits as intangible asset with an indefinite useful life, and such intangible asset 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.

NOTES TO THE FINANCIAL STATEMENTS

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

18. Intangible assets *(Continued)*

2) *Estimate of useful lives for intangible assets with definite useful lives*

Category	Amortisation period (years)
Land use rights	20-70/uncertain
Joint operating earning rights	10
Software use right	5-10
Passenger service licenses	uncertain
Station franchise operating rights	38
Toll bridge franchise operating rights	28
Trademark rights	10
Trade mark rights	3-20
Others	2-16.25

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

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

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

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

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

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Intangible assets (Continued)

3) *Determination basis of intangible assets with indefinite useful lives and procedures for reviewing the useful life thereof*

As at the balance sheet date, the Group reassesses the useful lives for intangible assets with indefinite useful lives.

4) *Specific criteria for classifying research and development phases*

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.

Research phase: Research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: Development phase is the phase when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

5) *Criteria for capitalisation of development expenditures*

The research expenditure is included in the current profit or loss when it incurred. The development expenditure is recognised as intangible assets when it meets the following conditions at the same time, and is included in the current profit or loss when it fails to meet the following conditions:

- (1) The product or process is technically and commercially feasible;
- (2) The Group has sufficient resources and intention to complete the development work;
- (3) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

The expenditure attributable to the intangible assets during its development phase can be measured reliably.

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

19. Goodwill

The initial cost of goodwill arising on a business combination not under common control, is the difference between the combination cost and the fair value share of the acquiree's identifiable net assets obtained in the combination.

Goodwill is transferred out when its related asset group or portfolio of asset group is disposed, and recognised in the profit and loss.

The Group does not amortise goodwill, regardless of whether there are indication of impairment, goodwill is tested for impairment at least annually at the end of each year.

20. 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

21. Impairment of long-term assets

Long-term equity investment, investment properties measured using a cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful life, long-term deferred expenses and other non-current assets, are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

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

21. Impairment of long-term assets *(Continued)*

Goodwill through business combination shall be subject to impairment test at each year end, irrespective of whether there is any indication of impairment.

When the Group performs impairment test on goodwill, the Group shall, as of the purchase day, allocate on a reasonable basis the carrying value of the goodwill through business combination to the relevant asset group, or if there is a difficulty in allocation, to allocate it to the set of asset groups. When the Group allocates the carrying value of goodwill, the allocation shall be made based on the relative benefits gained from the synergy of business combination by relevant asset group or set of asset groups, based on which impairment tests for goodwill shall be carried out.

For the purpose of impairment test on the relevant asset group or the set of asset groups containing goodwill, if any evidence shows that the impairment of asset group or set of asset groups related to goodwill is possible, an impairment test will be made firstly on the asset group or set of asset groups not containing goodwill, thus calculating the recoverable amount and comparing it with the relevant carrying value so as to recognise the corresponding impairment loss. Then the Group will perform an impairment test on the asset group or set of asset groups containing goodwill, and compare the carrying value of the asset group or set of asset groups (including the carrying value of the goodwill allocated thereto) with the recoverable amount. Where the recoverable amount of the relevant assets group or set of the asset groups is lower than the carrying value thereof, it shall recognise the impairment loss. The amount of the impairment loss shall first charge against the carrying value of any goodwill allocated to the asset group or set of asset groups, then charge it against the carrying value of other assets in proportion to the weight of other assets in the asset group or set of asset groups with goodwill excluded.

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

22. Contract liabilities

The Group has presented contract assets or contract liabilities in the balance sheet based on the connection between the fulfilment of performance obligations and payment of the customers. A contract liability represents the obligation to transfer goods or services to a customer for which the Group has received a consideration or an amount of consideration that is due from the customer. A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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

23. Employee benefits

1) *Accounting treatment on short-term employee benefits*

In the accounting period in which employees provide service for the Group, short-term benefits actually incurred are recognized as liabilities and charged to profit or loss or cost of relevant assets.

With regard to contributions to social insurance schemes and housing funds and provision for labour union expenses and employee education expenses as required by regulations, the Group should calculate and recognize the corresponding employee benefits payables according to the appropriation basis and proportion as stipulated by relevant requirements in the accounting period in which employees provide service.

Welfare expenses incurred by the Group in profit or loss when incurred or costs related assets based on actual amount. Non-monetary employee benefits will be accounted for in accordance with their fair value if they can be measured reliably.

2) *Accounting treatment on post-employment benefits*

(1) *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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

23. Employee benefits *(Continued)*

2) **Accounting treatment on post-employment benefits** *(Continued)*

(2) 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.

3) **Accounting treatment on termination benefit**

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 an appropriate discount rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

24. Provision

A provision is recognised for an obligation related to a contingency if:

- (1) the Group has a present obligation;
- (2) it is probable that an outflow of economic benefits of the Group will be required to settle the obligation;
- (3) the amount of obligation can be estimated reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at initial recognition date.

When recognising the best estimate amount, the Group takes 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.

The Group reviews the carrying amount of provision on the balance sheet date. If there is unambiguous evidence indicating that the carrying amount cannot reflect the current best estimate, such carrying amount will be adjusted based on the current best estimate.

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

25. 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.

1) *Accounting policies on revenue recognition and measurement*

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. Control over relevant goods or services refers to the ability to direct the use of the goods or services to obtain almost all of the economic benefits from the goods or services.

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 and amounts expected to be returned to the customers. The Group determines the transaction price in accordance with the terms of the contract and together with its past customary practices. The Group considers the impact of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group 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;
- 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

25. Revenue *(Continued)*

1) **Accounting policies on revenue recognition and measurement** *(Continued)*

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation, except that the progress cannot be measured reasonably. The Group considers the nature of the goods or services to determine whether input method or output method shall be adopted to measure the progress towards complete satisfaction of the performance obligation. When the progress of the 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, that is the customer has an obligation for a payment of goods or services;
- the Group has transferred the legal title of the goods to the customer, that is the customer has legal ownership of the goods;
- the Group has transferred physical possession of the goods to the customer, that is the customer has physical possession of the goods;
- the Group has transferred the significant risks and rewards of ownership of the goods to the customer, that is the customer bears the risks and rewards of the ownership of the goods; and
- the customer has accepted the goods or services.

The Group assesses whether it is a principal or an agent to a transaction according to whether the Group controls the goods or services before they are transferred to the customers. When the Group is able to control the goods or services before they are transferred to the customers, the Group is considered a principal and recognises the gross amount of the consideration received or receivable as revenue; Otherwise, the Group is considered an agent that revenue shall be recognised according to the amount of the commission or handling charge the Group expects to have the right to receive. Such received or receivable amount represents the net amount of the gross consideration after deducting the considerations payable to other parties in the transaction, or the pre-determined commission amount or an amount calculated based on a pre-determined percentage.

NOTES TO THE FINANCIAL STATEMENTS

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Revenue (Continued)

2) 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).

NOTES TO THE FINANCIAL STATEMENTS

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

26. Government grants

1) *Classification*

Government grants are non-reciprocal transfers of monetary or non-monetary assets which are classified as related to an asset or related to income.

Government grants related to an asset refer to government grants for acquiring, construction or other means to form a long-term asset. Government grants related to income refers to government grants other than those related to an asset.

2) *Point of recognition*

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.

3) *Accounting treatment*

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.

27. Deferred tax assets and liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

27. Deferred tax assets and liabilities *(Continued)*

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.

Under normal circumstances, deferred tax is recognised for all temporary differences. 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 recognized.

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.

Taxable temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred tax liabilities unless the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deductible temporary differences arising on investments in subsidiaries, associates and joint ventures are recognised as deferred assets when it is probable that taxable profits will be available against which the deductible temporary differences can be utilized.

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.

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.

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For the year ended 31 December 2021

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

27. Deferred tax assets and liabilities *(Continued)*

When the Group has a legal right to settle current tax assets and liabilities on a net basis and it intends either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, current tax assets and liabilities are offset and presented on a net basis.

At the balance sheet date, deferred tax assets and liabilities can be offset and presented on a net basis if the following conditions are met:

- Taxpayers 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.

28. Leases

A lease is a contract that conveys the right to use an asset 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 of 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 uses; and
- the lessee has the right to direct the use of the asset.

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

28. Leases *(Continued)*

For a contract that contains multiple lease components, the lessee and lessor separates and accounts for each lease component as a lease respectively. For a contract that contains lease and non-lease components, the lessee and lessor separates the lease and non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. When separating the lease and non-lease components of a contract, 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 principles of transaction price allocation described in Note III. 25 Revenue.

1) *The Group 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 adjusted for any lease payments made at or before the commencement date (less any lease incentives received), plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is depreciated using the straight-line method. If it is reasonably certain that the lease will transfers ownership of the underlying asset to the lessee by the end of the lease term, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciate the right-of-use asset 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 are recognised in accordance with the accounting policy described in Note III. 21 Impairment of long-term assets.

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, and the Group's incremental borrowing rate.

The Group calculates interest expenses in each period during the lease term based on a constant periodic rate of interest, and recognizes the interest expenses in profit or loss or part of the cost of another related assets. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss or part of the cost of another related asset as incurred.

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

28. Leases *(Continued)*

1) *The Group as a lessee (Continued)*

After the commencement date, the Group remeasures the lease liability by discounting the revised lease payments, if either:

- 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, the Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. However, if the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases (leases that have a lease term of 12 months or less) and leases of low-value assets, and recognized the lease payments associated with these leases in profit or loss or part of the cost of another related assets on a straight-line basis over the lease term.

2) *The Group as a lessor*

At the lease inception date, the Group classifies each of its leases as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, 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 an intermediate lessor, it assesses the lease classification of a sublease 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 the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Leases (Continued)

2) The Group as a lessor (Continued)

Under finance leases, at the commencement date, the Group recognises finance lease receivable and derecognises the underlying assets. The Group initially measures finance lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date, discounted at the interest rate implicit in the lease.

The Group calculates and recognises finance income in each period during the lease term, based on a constant periodic rate of interest. The derecognition and impairment losses are recognised in accordance with the accounting policy described in Note III. 10 Financial instruments. Variable lease payments not included in the measurement of the net instruments in the lease are recognized in profit or loss as incurred.

Lease payments received under operating leases are recognised as lease income on a straight-line basis over the lease term. The Group capitalises the initial direct costs incurred in obtaining an operating lease and recognises those costs as expenses over the lease term on the same basis as the lease income. Variable lease payments not included in the measurement of the net investment in the lease are recognised in profit or loss as incurred.

29. Special reserve

The Group provided for safety expense according to the relevant regulations of the "Notice on Printing and Distributing the "Administrative Measures for the Provision and Utilisation of Safety production expenses" (Caiqi [2012] No. 16), issued by the MOF and the State Administration of Work Safety.

Provisions for safety production expenses are included in the cost of related products or profit or loss of the current period and included in the "special reserve" account correspondingly.

When the provisions are utilised within the prescribed scope, if the expenditures are revenue in nature, those expenditures are offset directly against the special reserve; if the fixed assets are formed, the expenditures will be accumulated in "construction in progress" and transferred to fixed assets when the relevant safety project is completed and ready for its intended use. At the same time, the special reserve is reduced according to the cost of the fixed asset formed and the accumulated depreciation of the same amount is provided. The fixed asset will no longer be depreciated in future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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

30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. 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. The Group determines the reporting segment based on the operating segment and considering the principle of materiality.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. The accounting policies adopted in the preparation of segment reports are consistent with those adopted in the preparation of the Group's financial statements.

31. Profit distributions

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.

32. 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. The related parties of the Group also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc. 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.

33. Significant accounting judgements and estimates

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.

Except for Note III. 14, 15, 18, 20, 28 and 26 which 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 and Note V. 3, 4, 5, 6, 9, 11, 12, 13, 14, 15, 17 and 18 which contain information about the accounting estimates relating to provisions for impairment of various types of assets, other significant accounting estimate is as follows:

Note III. 23 Employee benefits – defined benefit plans.

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

34. Changes in significant accounting policies and accounting estimates

1) *Changes in significant accounting policies*

(1) Implementation of "The Notice on Adjusting the Application Scope of the Regulations on Accounting Treatment for COVID-19-Related Rent Concessions"

On 19 June 2020, the MOF issued the "Regulations on Accounting Treatment for COVID-19-Related Rent Concessions" (Cai Kuai [2020] No. 10), which enables enterprises to choose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which are directly caused by the COVID-19 pandemic.

On 26 May 2021, the MOF issued the "Notice on Adjusting the Application Scope of the Regulations on Accounting Treatment for COVID-19-Related Rent Concessions" (Caikuai [2021] No. 9), which will be implemented on 26 May 2021. The notice adjusted the application scope of simplified approach for the COVID-19-Related Rent Concessions under the "Regulations on Accounting Treatment for COVID-19-Related Rent Concessions" from "Concessions only for lease payments payable before 30 June 2021" to "Concessions only for lease payments payable before 30 June 2022". Other applicable conditions remain unchanged.

The Group is listed overseas and adopts the Accounting Standards for Business Enterprises to prepare financial statements. As a lessor, the simplified approach is not applicable; as a lessee, the Group chooses to apply the simplified approach for the COVID-19-related rent concessions and accounted for the rent concessions as a variable lease payment; when a concession agreement is reached and the original lease payment obligation is released, the rent concession is accounted for as a reduction of the cost of the relevant asset or expense using the undiscounted amount or the present value of the amount discounted using the pre-concession discount rate. The lease liabilities be also adjusted correspondingly.

2) *Changes in significant accounting estimates*

(1) Changes in accounting estimates

The Group has changed the depreciation period of new energy buses from 6-8 years to 8 years since 1 January 2021. The amortisation period of deferred income of the corresponding subsidies has also been adjusted accordingly. Regarding such changes in accounting estimates, the Group has applied the prospective method to adjust the amounts of depreciation and amortisation.

(2) Impact of changes in accounting estimates

The change in the depreciation period of new energy buses has resulted in decrease in depreciation expenses of fixed assets and amortisation of the deferred income of subsidiaries related to new energy buses for the period by RMB97,729,502.86 and RMB27,994,112.53 respectively.

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IV. TAXATION

1. Main types of taxes and corresponding tax rates

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. TAXATION (CONTINUED)

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

Taxpayers with different enterprise income tax rates are the disclosure as follows:

Name of the taxpayers	Income tax rate
Guangdong Gangtong Vehicles Transportation Company Limited	20%
Guangdong Tongyi Landscape Co., Ltd.	20%
Shenzhen City Man Kam To Bus station Co., Ltd.	20%
Guangdong Yue Li Jia Passenger Transport Company (Guangzhou)	20%
Guangdong Province Transportation Engineering Company Limited	20%
Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd.	20%
Guangdong Yangjiang Vehicles Transportation Co., Ltd.	20%
Yangjiang Yueyun Langri Car Rental Co., Ltd.	20%
Dongyuan County Dengta Town Yueyun Property Lease Co., Ltd.	20%
Heyuan City Yueyun Tongxing Travel Company Limited	20%
Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	20%
Zhongshan City Eastern Station Co., Ltd.	20%
Dapu Vehicles Transportation Co., Ltd.	20%
Meizhou Vehicle Materials Supply Co., Ltd.	20%
Dapu Yueyun Motor Inspection Co., Ltd.	20%
Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd.	20%
Yangshan County Yueyun Motor Inspection Co., Ltd.	20%
Zhuhai Gongqi Taxi Co., Ltd.	20%
Zhuhai Qiguan Sightseeing Bus Co., Ltd.	20%
Zhaoqing Yueyun Travel Service Co., Ltd.	20%
Huaiji County Yueyun City-Village Public Transportation Co., Ltd.	20%
Raoping Yueyun Public Transportation Co., Ltd.	20%
Chaozhou Changyun Service Co., Ltd.	20%
Guangdong Yueyun Development Co., Ltd.	20%
Guangdong FLY-E Logistics Technology Co., Ltd.	20%
Yueyun Transportation (HK) Company Limited	16.5%
The Motor Transport Company of Guangdong and Hong Kong Limited	16.5%
Gang Tong (HK) Motor Transport Company Limited	16.5%
Guangdong Yue Li Jia Passenger Transport Company (Hong Kong)	16.5%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IV. TAXATION (CONTINUED)

2. Tax incentives

Note 1: According to “The Announcement of adjustment on some government funds Policy by MOF” (Cai shui [2019] No.46), the payable amount of cultural construction fee belonging to the central revenue shall be reduced by 50%; for the cultural construction fee belonging to the local income, the financial and party committee propaganda departments of all provinces (districts and cities) can reduce the payable amount within the range of 50% in combination with the local economic development level, the development of propaganda, ideological and cultural undertakings and other factors, from 1 July 2019 to 31 December 2024.

According to “The Announcement of reduction on cultural construction fee Policy” (Yue cai shui [2019] No.8) issued by Department of Finance of Guangdong Province and National Tax Bureau of Guangdong Provincial, the payable amount of cultural construction fee belonging to the local income shall be reduced by 50%, from 1 July 2019 to 31 December 2024.

According to “The Announcement of tax supporting Policy for film and other industries” (Announcement [2020] No.25) issued by MOF and National Tax Bureau, cultural construction fee is exempted from 1 January 2020 to 31 December 2020. According to “The Announcement of extention of tax relief policies related to the epidemic” (Announcement [2021] No.7) issued by MOF and National Tax Bureau, as the tax relief policies under Announcement [2021] No.7 has expired, the implementation period is extended under 31 December 2021.

Note 2: Pursuant to Cai shui [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. Pursuant to an announcement [2021] No. 12, “The Announcement on the Implementation of Preferential Income Tax Policies for Small-scaled minimal profit enterprise and Individual Industrial and Commercial Households” issued by MOF and National Tax Bureau on 2 April 2021, for Small-scaled minimal profit enterprise with an annual taxable income amount below RMB1,000,000 (RMB1,000,000 included), on top of the tax relief policies stipulated under “The Announcement of implementation on inclusive tax relief policy of Small-scaled minimal profit enterprise” issued by MOF and National Tax Bureau” (Cai shui [2019] No. 13), the enterprise income tax will be further halved. That is, for Small-scaled minimal profit enterprise whose annual taxable income does not exceed RMB1,000,000, the taxable income is reduced by 12.5%, and the enterprise income tax is paid at the tax rate of 20%, from 1 January 2021 to 31 December 2022.

Certain subsidiaries of the Group meets the requirements of Small-scaled minimal profit enterprise and subject to enterprise income tax calculated at a tax rate of 20%. Please refer to Note “IV.1 Main types of taxes and corresponding tax rates for details”. Furthermore, the statutory tax rate of the Group’s other subsidiaries in Mainland China is 25% and the statutory tax rate was implement during the current period (Corresponding period in last year: 25%).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IV. TAXATION (CONTINUED)

2. Tax incentives (Continued)

Note 3: The applicable Hong Kong profits tax rate for the period is 16.5% for the 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) (corresponding period in last year: 16.5%).

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 24 February 2021, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 100% exemption of profit tax in 2021 with the maximum of HK\$10,000.

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 4 March 2020, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 100% exemption of profit tax in 2020 with the maximum of HK\$20,000.

According to Hong Kong tax regulations, the tax losses incurred by an enterprise in a tax year can be carried forward and used to offset against future taxable income of the enterprise in subsequent years.

Note 4: 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 "Announcement on clarifying the policy for the deduction of value-added tax in the life service industry" (Announcement [2019] No.87) by MOF and National Tax Bureau, taxpayers of production and living services are entitled to additional 15% on the current period input VAT amount to deduct against the VAT payable amount. Taxpayers shall comply with additional deduction policies of other items set out in "The Announcement on deepening VAT reform" (Announcement [2019] No. 39 issued by MOF, National Tax Bureau and General Administration of Customs).

According to "The Announcement on further supporting self-employment and employment of retired soldiers" (Cai shui [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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

IV. TAXATION *(CONTINUED)*

2. Tax incentives *(Continued)*

Note 5: According to “The Announcement on tax revenue policies for supporting COVID-19 prevention and control” (Announcement [2020] No. 8) issued by MOF and National Tax Bureau, the tax loss carried forward can be extended from 5 years to 8 years for the enterprises affected by the epidemic seriously. VAT is exempted for income obtained from providing public transportation services, living services and providing express delivery services for residents of essential living since 1 January 2020. According to “The Announcement on the implementation period of tax policies for supporting COVID-19 prevention and control” (Announcement [2020] No.28) issued by MOF and National Tax Bureau, the preferential tax policies stipulated in the Announcement [2020] No. 8 issued by MOF and National Tax Bureau shall be implemented until 31 December 2020. According to “The Announcement on the continuation of the implementation of some preferential tax and fee policies in response to the epidemic” issued by MOF and National Tax Bureau (Announcement [2021] No.7), as the tax relief policies under Announcement [2020] No. 8 has expired, the implementation period is extended until 31 March 2021.

According to “The Announcement on tax collection management policies for supporting COVID-19 prevention and control” (Announcement[2020]No. 4) issued by National tax Bureau, taxpayers applied to the preferential income of VAT exemption according to Announcement[2020]No.8 and shall be exempted from city maintenance and construction tax, education surcharge and local education surcharge since 10 February 2020.

Note 6: According to “The Announcement on supporting the VAT policy of individual industrial and commercial households to resume work and resume business” (Announcement [2020] no. 13) issued by MOF and National tax Bureau, from 1 March 2020 to 31 May 2020, except for Hubei Province, small-scale VAT taxpayers in other provinces, autonomous regions, and municipalities directly under the Central Government whose taxable sale income subject to 3% tax rate, VAT will be taxed at a reduced rate of 1%; for prepaid VAT items subject to 3% prepaid tax rate, VAT will be prepared at a reduced rate of 1%. According to “The Announcement on extending the implementation period of the VAT reduction and exemption policy for small-scale taxpayers” (Announcement [2020] no. 24) issued by MOF and National Tax Bureau, tax relief policies in the Announcement [2020] no. 13 is extended to 31 December 2021. According to “The Announcement on Extending the Implementation of Certain Tax Relief Policies in Response to the Epidemic” (Announcement [2021] No. 7 by the MOF National Tax Bureau), the tax relief policies in the Announcement [2020] no. 13 is further extended to 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Details of cash at bank and on hand

Items	31 December 2021	31 December 2020
Cash on hand	6,387,201.07	7,385,548.22
Deposits with bank	1,243,016,534.52	1,234,165,939.19
Including: Deposits in GCG Finance (note 1)	185,772.70	543,623,211.15
Other monetary funds (note 2)	36,218,369.66	15,638,500.81
Total	1,285,622,105.25	1,257,189,988.22

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 X. 5&6)). 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: The details of other monetary funds that are restricted in use due to mortgage, pledge or freezing are as follows:

Item	31 December 2021	31 December 2020
Performance security deposits	5,859,721.17	7,558,861.55
Pledged loan deposits	23,360,000.00	2,200,000.00
Property maintenance funds	5,679,919.92	4,971,750.78
Tourism quality security deposits	1,318,728.57	907,888.48
Total	36,218,369.66	15,638,500.81

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Bills receivable

1) Classification of bills receivable

Items	31 December 2021	31 December 2020
Bank acceptance bills	–	300,000.00
Total	–	300,000.00

3. Accounts receivable

1) The aging analysis of accounts receivable is as follows:

Aging	31 December 2021	31 December 2020
Within 3 months (inclusive)	255,866,780.91	285,019,526.90
Over 3 months but within 6 months (inclusive)	42,951,643.60	39,969,433.48
Over 6 months but within 1 year (inclusive)	41,151,890.58	74,387,495.49
Over 1 year but within 2 years (inclusive)	57,622,270.46	16,547,549.90
Over 2 years but within 3 years (inclusive)	10,412,048.07	6,374,421.18
Over 3 years	35,958,155.36	34,621,893.09
Sub-total	443,962,788.98	456,920,320.04
Less: Provision for bad and doubtful debts	65,371,845.01	59,785,956.95
Total	378,590,943.97	397,134,363.09

Note: The aging is counted starting from the date when accounts receivable are recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts

Items	31 December 2021					31 December 2020				
	Amount		Provision for bad and doubtful debts		Book value	Amount		Provision for bad and doubtful debts		Book value
	Amount	Percentage (%)	Amount	Provision ratio(%)		Amount	Percentage (%)	Amount	Provision ratio(%)	
Provision for bad debts is made on a individual basis	18,506,005.94	4.17	18,506,005.94	100.00	-	18,506,005.94	4.05	18,506,005.94	100.00	-
Provision for bad debts is made on a collective basis	425,456,783.04	95.83	46,865,839.07	11.02	378,590,943.97	438,414,314.10	95.95	41,279,951.01	9.42	397,134,363.09
Including:										
Aging portfolio	425,456,783.04	95.83	46,865,839.07	11.02	378,590,943.97	438,414,314.10	95.95	41,279,951.01	9.42	397,134,363.09
Total	443,962,788.98	100.00	65,371,845.01		378,590,943.97	456,920,320.04	100.00	59,785,956.95		397,134,363.09

Provision for bad debts is made on a individual basis:

Items	31 December 2021			Reasons for accruing
	Amount	Provision for bad and doubtful debts	Provision ratio(%)	
Shenzhen Hongbao Trading Co., Ltd.	14,264,922.29	14,264,922.29	100.00	Not expected to be recovered
Guangzhou Junfa Trading Co., Ltd.	2,914,775.00	2,914,775.00	100.00	Not expected to be recovered
Zhuhai Yuexinyuan Trade Development Co., Ltd	1,285,603.65	1,285,603.65	100.00	Not expected to be recovered
Guangzhou Wen Hui Property Management Company Limited	40,705.00	40,705.00	100.00	Not expected to be recovered
Total	18,506,005.94	18,506,005.94		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts (Continued)

Provision for bad debts is made on a collective basis:

Items	31 December 2021		Provision ratio(%)
	Amount	Provision for bad and doubtful debts	
Aging portfolio			
Road transportation and other service			
Within 1 year (inclusive)	228,381,155.75	11,419,057.78	5.00
Over 1 year but within 2 years (inclusive)	19,319,773.52	6,761,920.75	35.00
Over 2 years but within 3 years (inclusive)	8,598,276.02	4,299,138.04	50.00
Over 3 years	11,411,616.97	11,411,616.97	100.00
Sub-total	267,710,822.26	33,891,733.54	
Service zone operation			
Within 1 year (inclusive)	58,128,327.25	2,906,416.36	5.00
Over 1 year but within 2 years (inclusive)	2,407,059.39	240,705.94	10.00
Over 2 years but within 3 years (inclusive)	1,141,461.38	342,438.41	30.00
Over 3 years	1,325,726.55	662,863.28	50.00
Sub-total	63,002,574.57	4,152,423.99	
Constructions material supply			
Within 1 year (inclusive)	53,460,832.09	2,673,041.60	5.00
Over 1 year but within 2 years (inclusive)	35,895,437.55	3,589,543.76	10.00
Over 2 years but within 3 years (inclusive)	672,310.67	201,693.21	30.00
Over 3 years	4,714,805.90	2,357,402.97	50.00
Sub-total	94,743,386.21	8,821,681.54	
Total	425,456,783.04	46,865,839.07	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

3) Movements of provision for bad and doubtful debts for the year is as follows:

Category	Movements during the year				31 December 2021
	31 December 2020	Charge into income statement	Disposal or written-off	Foreign currency financial statement translation differences	
Provision for bad debts is made on a individual basis	18,506,005.94	–	–	–	18,506,005.94
Provision for bad debts is made on a collective basis	41,279,951.01	5,617,451.67	1,675.00	(29,888.61)	46,865,839.07
Total	59,785,956.95	5,617,451.67	1,675.00	(29,888.61)	65,371,845.01

4) Accounts receivable of actual written-off during the year is as follow:

Items	Written-off amount
Accounts receivable of actual written-off	1,675.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Prepayments

1) The aging analysis of prepayments is as follows

Aging	31 December 2021			31 December 2020		
	Gross carrying Amount	Percentage (%)	Provision for bad and doubtful debts	Gross carrying Amount	Percentage (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	157,470,985.66	24.73	–	194,989,539.43	29.05	–
Over 1 year but within 2 years (inclusive)	7,719,741.42	1.21	–	6,852,002.27	1.02	–
Over 2 years but within 3 years (inclusive)	2,426,145.89	0.38	–	141,858.94	0.02	–
Over 3 years	469,263,892.17	73.68	468,767,440.30	469,343,121.49	69.91	468,767,440.30
Total	636,880,765.14	100.00	468,767,440.30	671,326,522.13	100.00	468,767,440.30

Note 1: The aging is counted starting from the date when prepayments are recognised.

Note 2: As at 31 December 2021, individually significant prepayments aged over 3 years mainly include a payment for purchase of materials of RMB468,764,363.80. The Company has filed a lawsuit and prevailed in previous year, and made full provision for the prepayment in previous year in view of the poor financial condition of the debtors.

5. Other receivables

Items	31 December 2021	31 December 2020
Dividends receivable	26,901,744.08	15,276,787.31
Others	471,106,323.56	513,969,016.18
Total	498,008,067.64	529,245,803.49

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

1) Dividends receivable

(1) Details of dividends receivable

Investees	31 December 2021	31 December 2020
Southern United Assets and Equity Exchange Company Limited	25,901,744.08	15,276,787.31
Shenzhen Yueyun Investment Development Company Limited	1,000,000.00	–
Total	26,901,744.08	15,276,787.31

Note: As at 31 December 2021, the Group has no dividends receivable with aging over more than one year.

2) Others

(1) The aging analysis is as follows:

Aging	31 December 2021	31 December 2020
Within 1 year (inclusive)	296,729,037.00	359,417,621.40
Over 1 year but within 2 years (inclusive)	89,041,805.82	60,739,777.79
Over 2 years but within 3 years (inclusive)	19,208,933.94	35,752,430.09
Over 3 years	203,157,906.08	196,687,331.70
Sub-total	608,137,682.84	652,597,160.98
Less: Provision for bad and doubtful debts	137,031,359.28	138,628,144.80
Total	471,106,323.56	513,969,016.18

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

2) Others (Continued)

(2) Classified disclosure by bad debt provision method

Category	31 December 2021					31 December 2020				
	Gross carrying		Provision for bad and doubtful debts			Gross carrying		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value	Amount	Provision ratio (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts is made on a individual basis	123,335,335.59	20.28	123,191,049.74	99.88	144,285.85	123,083,830.77	18.86	121,879,847.74	99.02	1,203,983.03
Provision for bad debts is made on a collective basis	484,802,347.25	79.72	13,840,309.54	2.85	470,962,037.71	529,513,330.21	81.14	16,748,297.06	3.16	512,765,033.15
Including:										
Aging portfolio	86,974,416.64	14.30	13,840,309.54	15.91	73,134,107.10	106,040,940.00	16.25	16,748,297.06	15.79	89,292,642.94
Combination of security deposit and government subsidy	397,827,930.61	65.42	–	–	397,827,930.61	423,472,390.21	64.89	–	–	423,472,390.21
Total	608,137,682.84	100.00	137,031,359.28		471,106,323.56	652,597,160.98	100.00	138,628,144.80		513,969,016.18

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

2) Others (Continued)

(2) Classified disclosure by bad debt provision method (Continued)

Provision for bad debts is made on a collective basis:

Items	31 December 2021		
	Other receivables	Provision for bad and doubtful debts	Provision ratio(%)
Provision for bad debts based on aging portfolio			
Within 1 year (inclusive)	52,417,306.93	2,620,865.35	5.00
Over 1 year but within 2 years (inclusive)	12,461,225.11	1,246,122.51	10.00
Over 2 years but within 3 years (inclusive)	5,373,103.49	1,611,931.07	30.00
Over 3 years	16,722,781.11	8,361,390.61	50.00
Sub-total	86,974,416.64	13,840,309.54	
Combination of security deposit and government subsidy	397,827,930.61	–	
Total	484,802,347.25	13,840,309.54	

(3) Provisions for bad debts accrued, reversed or recovered during the current year

Category	Movement during this year				
	31 December 2020	Charge into income statement	Disposal/ Writeen-off	Foreign currency translation difference	31 December 2021
Provision for bad debts is made on a individual basis	121,879,847.74	1,318,202.00	7,000.00	–	123,191,049.74
Provision for bad debts is made on a collective basis	16,748,297.06	(2,891,088.63)	–	(16,898.89)	13,840,309.54
Total	138,628,144.80	(1,572,886.63)	7,000.00	(16,898.89)	137,031,359.28

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

2) Others (Continued)

(4) Other receivables of actually written off in the current year

Items	Amount of written-off
Other receivables of actually written off	7,000.00

(5) Disclosure of other receivables by nature

Nature	31 December 2021	31 December 2020
Security deposits	106,837,116.35	85,965,713.02
Government grants	252,612,009.12	293,298,923.23
Staff advances	15,732,490.24	15,545,561.93
Insurance compensation relating to traffic accidents	10,527,685.49	5,849,432.75
Amount due from related parties	27,109,523.15	43,646,104.20
Others	195,318,858.49	208,291,425.85
Total	608,137,682.84	652,597,160.98

NOTES TO THE FINANCIAL STATEMENTS

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(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Inventory

1) Inventory classification

Items	31 December 2021			31 December 2020		
	Book balance	Provision for impairment of inventories	Book value	Book balance	Provision for impairment of inventories	Book value
Raw materials	15,244,631.74	985,328.91	14,259,302.83	18,631,457.31	1,019,767.21	17,611,690.10
Finished goods	89,283,599.37	–	89,283,599.37	97,253,958.56	1,672.35	97,252,286.21
Others	1,679,743.12	–	1,679,743.12	1,578,153.74	–	1,578,153.74
Total	106,207,974.23	985,328.91	105,222,645.32	117,463,569.61	1,021,439.56	116,442,130.05

2) Provision for impairment of inventories

Items	31 December 2020	Increase during this year Accrual	Decrease during this year	31 December 2021
Raw materials	1,019,767.21	–	34,438.30	985,328.91
Finished goods	1,672.35	–	1,672.35	–
Total	1,021,439.56	–	36,110.65	985,328.91

7. Non-current assets due within one year

Items	31 December 2021	31 December 2020
Long-term receivables due within one year	–	609,548.93
Total	–	609,548.93

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Other current assets

Items	31 December 2021	31 December 2020
Deductable input VAT	54,983,320.25	49,828,563.01
Prepaid tax and surcharges	2,695,134.56	1,995,429.49
Total	57,678,454.81	51,823,992.50

9. Long-term equity investments

Investee	Changes during this year							Book balance at 31 December 2021	Provision for impairment at 31 December 2021
	Book balance at 31 December 2020	Additional investment	Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declaring cash dividends or profits	Others		
1. Joint ventures									
Guangdong Yuehuahui Business Management Co., Ltd. (note 1)	6,710,953.40	–	650,207.27	–	–	–	–	7,361,160.67	–
Zhuhai Yuegong Xinhai Transportation Co., Ltd. (note 2)	66,883,611.06	–	(22,471,114.80)	1,229,622.04	–	–	–	45,642,118.30	–
Guangdong Zhongyou Top-E Energy Trading Company Limited	34,774,179.54	1,331,600.00	3,374,328.90	–	–	1,800,000.00	–	37,680,108.44	–
Guangdong Roadnet Innovalues Media Information Technology Co., Ltd.	4,160,557.84	–	(1,055,223.61)	–	–	–	–	3,105,334.23	–
Guangzhou Yueyun Software Technology Co., Ltd.	156,648.89	–	(149,138.33)	–	–	–	–	7,510.56	–
Shaoguan Yuehong Bus Station Company Limited	3,184,022.85	–	(321,025.86)	–	–	–	–	2,862,996.99	–
Sub-total	115,869,973.58	1,331,600.00	(19,971,966.43)	1,229,622.04	–	1,800,000.00	–	96,659,229.19	–
2. Associates									
Southern United Assets and Equity Exchange Co., Ltd.	68,177,817.55	–	19,893,233.27	–	–	25,901,744.08	–	62,169,306.74	–
Guangdong South Passenger Network Center Company Limited (note 3)	5,160,342.43	–	315,011.37	–	–	–	–	5,475,353.80	–
Qingyuan Zhongguan Development Co., Ltd.	346,311.45	–	512.05	–	–	–	–	346,823.50	–
Zhuhai Wandatong Hongkong- Zhuhai-Macau Bridge Port Passenger Service Co., Ltd.	6,096,804.30	–	154,822.10	–	36,923.75	–	–	6,288,550.15	–

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For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term equity investment (Continued)

Investee	Book balance at 31 December 2020	Additional investment	Changes during this year					Book balance at 31 December 2021	Provision for impairment at 31 December 2021
			Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declaring cash dividends or profits	Others		
2. Associates (continued)									
Lufeng Shen-Shan Expressway Services Company Limited	2,433,763.77	-	(1,178,163.14)	-	-	-	-	1,255,600.63	-
Heyuan City Yueyun New Energy Co., Ltd.	233,296.01	-	-	-	-	-	-	233,296.01	233,296.01
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	1,160,027.41	-	(818,539.94)	-	(45,645.74)	-	-	295,841.73	-
Guangzhou City Tianhe Coach Terminal Co., Ltd.	30,198,918.51	-	1,326,978.66	-	-	-	-	31,525,897.17	-
Guangdong Guangye Yueyun Natural Gas Company Limited	10,007,082.44	-	(1,272,923.42)	-	-	-	-	8,734,159.02	-
CNPC Yueyun Natural Gas Co. Ltd.	12,715,908.99	-	(1,281,188.25)	-	(115,504.30)	-	-	11,319,216.44	-
Shantou City Automobile Passenger Traffic Centre Co., Ltd.	23,311,992.16	-	(770,013.00)	-	30,994.36	-	-	22,572,973.52	-
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	-	-	-	-	-	-	-	-	-
Shenzhen Yueyun Investment Development Company Limited	48,231,900.58	-	327,723.46	-	(6,148.19)	1,000,000.00	-	47,553,475.85	-
Hui Ke Tong Technology (Zhuhai) Company Limited	1,019,218.57	-	(799,199.17)	-	-	-	-	220,019.40	-
Express Cross-Border Coach Management Company Limited	89,013.13	-	(87,744.24)	-	-	-	(1,268.89)	-	-
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	22,290,373.54	-	(1,781,165.44)	-	-	-	(609,892.84)	19,899,315.26	-
Guangdong-Hong Kong-Macao System Technology Co., Ltd.	-	-	-	-	-	-	-	-	-
Shaoguan Libao Technology Company Limited	1,553,383.00	-	801,574.82	-	-	210,000.00	-	2,144,957.82	-
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	930,000.00	-	-	-	-	-	-	930,000.00	930,000.00
Shaoguan City Danxia Mountain Travel Bus Company Limited	11,303,494.20	-	(1,129,338.32)	-	-	-	-	10,174,155.88	-
Shaoguan Huanya Vehicle Rental Co., Ltd.	-	500,000.00	-	-	-	-	-	500,000.00	-
Sub-total	245,259,648.04	500,000.00	13,701,580.81	-	(99,380.12)	27,111,744.08	(611,161.73)	231,638,942.92	1,163,296.01
Total	361,129,621.62	1,831,600.00	(6,270,385.62)	1,229,622.04	(99,380.12)	28,911,744.08	(611,161.73)	328,298,172.11	1,163,296.01

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For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Long-term equity investment (Continued)

Note 1: The Group holds 50% equity of Guangdong Yuehuahui Business Management Co., Ltd. (hereinafter referred to as "Guangdong Yuehuahui"). According to the articles of association of Guangdong Yuehuahui, the shareholders of the company exercise their voting rights in proportion to their capital contributions. The board of directors consists of 5 directors, of which 3 are appointed by the Group and 2 are appointed by third-party shareholders. The resolutions of the board of directors must be unanimously approved by two-thirds of the directors. Therefore, Guangdong Yuehuahui is a joint venture of the Group.

Note 2: The Group holds a 49% stake in Zhuhai Yuegong Xinhai Transportation Co., Ltd. (hereinafter referred to as "Yuegong Xinhai"). According to the company's articles of association of Yuegong Xinhai, the resolution of the shareholders' meeting of the company must be unanimously passed by the voting rights held by the shareholders. Therefore, Yuegong Xinhai is a joint venture of the Group.

Note 3: The Company and its subsidiary Zhuhai Gongyun Bus Terminal Co., Ltd. respectively hold 12% and 4% equity in Guangdong Nanyuetong Passenger Transport Networking Center Co., Ltd. (hereinafter referred to as "Nanyuetong"). According to the promoter agreement of Nanyuetong, the Company has appointed management personnel to serve as directors in Nanyuetong and enjoy the corresponding substantive right to participate in decision-making. Therefore, the Company has a significant influence on Nanyuetong, which is an associate of the Group.

10. Investment in other equity instruments

1) Investment in other equity instruments

Items	31 December 2021	31 December 2020
Zhuhai Gongyun Automobile Transportation Co., Ltd. (note 1)	2,880,000.00	2,880,000.00
Zhongdao Tourism Industry Development Co., Ltd. (note 2)	600,000.00	600,000.00
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. (note 3)	308,228.22	308,228.22
Puning City Yueyun Huazhan Co., Ltd. (note 3)	309,360.00	309,360.00
Chaozhou Hengan Transportation Co., Ltd.	96,460.00	96,460.00
Chaozhou United Motor Vehicle Business Consulting Service Co., Ltd.	30,000.00	30,000.00
Guangdong South Container Transportation United Company (Note 4)	—	—
Guangzhou Huadu Jindaoda expressway economic development Co., Ltd. (Note 4)	—	—
Total	4,224,048.22	4,224,048.22

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investment in other equity instruments (Continued)

1) Investment in other equity instruments (Continued)

Note 1: Zhuhai Gongyun Vehicle Transportation Co., Ltd. is a company initiated and established by two companies on February 11, 2003. The registered capital is RMB500,000. In 2019, the shareholders increased the capital in the same proportion so that the registered capital increased from the original RMB500,000 to RMB28.8 million. The Group only holds 10% of the shares and has no significant impact on the operating decisions of Zhuhai Gongyun Automobile Transportation Co., Ltd. The Group accounts for the investment in Zhuhai Gongyun Automobile Transportation Co., Ltd. as an investment in other equity instruments.

Note 2: Zhongdao Tourism Industry Development Co., Ltd. (hereinafter referred to as "Zhongdao Tourism") is a company initiated and established by 30 companies on April 17, 2018. The registered capital of the Zhongdao Tourism is RMB30 million. The group only holds 1% of the shares of the Zhongdao Tourism. It does not have a significant impact on the business decisions of Zhongdao Tourism. The Group accounts for the investment in Zhongdao Tourism as other equity instrument investments.

Note 3: Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. is 30% owned by Guangdong Yueyun Langri Co., Ltd., a subsidiary of the Group, and Puning yueyun Huazhan Co., Ltd. is 40% owned by Guangdong Automobile Transportation Group Co., Ltd., a subsidiary of the Group. Since the above invested units are contracted and operated by other units or individuals, Therefore, Guangdong Automobile Transportation Group Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. have no significant impact on the above invested units, and the above equity investment is accounted as investment in other equity instruments.

Note 4: As at 31 December 2021, the Group held 14.11% and 10% equity interests in Guangdong Nanfang Container Transport Co., Ltd. and Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd. respectively. Guangdong Nanfang Container Transport Co. has ceased operation and Guangdong Huadu Jindaoda Expressway Economic Development Co., Ltd. has suffered losses all the year round. Therefore, on 31 December 2021, the fair value of the above two other equity instrument investments was zero.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investment properties

1) Investment properties using cost measurement model

Items	Buildings	Land use rights	Total
1. Cost			
(1) Balance as at 31 December 2020	82,838,999.88	17,986,620.81	100,825,620.69
(2) Additions during the year	87,650,212.29	13,049,038.59	100,699,250.88
– Transfer from fixed assets	87,650,212.29	–	87,650,212.29
– Transfer from intangible assets	–	13,049,038.59	13,049,038.59
(3) Decrease during the year	8,946,522.82	1,141,807.51	10,088,330.33
– Disposals	1,899,633.58	–	1,899,633.58
– Transfer to fixed assets	6,959,547.53	–	6,959,547.53
– Transfer to intangible assets	–	752,159.18	752,159.18
– Foreign currency financial statement translation differences	87,341.71	389,648.33	476,990.04
(4) Balance as at 31 December 2021	161,542,689.35	29,893,851.89	191,436,541.24
2. Accumulated depreciation or amortisation			
(1) Balance as at 31 December 2020	7,002,342.69	4,225,568.43	11,227,911.12
(2) Additions during the year	30,237,287.85	2,479,730.09	32,717,017.94
– Accrual or amortization	2,689,941.23	358,588.17	3,048,529.40
– Transfer from fixed assets	27,547,346.62	–	27,547,346.62
– Transfer from intangible assets	–	2,121,141.92	2,121,141.92
(3) Decrease during the year	2,798,760.25	299,082.09	3,097,842.34
– Disposals	1,899,633.58	–	1,899,633.58
– Transfer to fixed assets	818,011.45	–	818,011.45
– Transfer to intangible assets	–	196,994.11	196,994.11
– Foreign currency financial statement translation differences	81,115.22	102,087.98	183,203.20
(4) Balance as at 31 December 2021	34,440,870.29	6,406,216.43	40,847,086.72
3. Book value			
(1) As at 31 December 2021	127,101,819.06	23,487,635.46	150,589,454.52
(2) As at 31 December 2020	75,836,657.19	13,761,052.38	89,597,709.57

Note: The remaining period of amortisation of land use rights is 20 to 61 years.

As at 31 December 2021 and 31 December 2020, no investment properties of the Group were pledged for loans.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets

1) Fixed assets and fixed assets liquidation

Items	31 December 2021	31 December 2021
Fixed assets	3,496,526,225.50	3,870,626,229.91
Fixed assets liquidation	212,304.63	–
Total	3,496,738,530.13	3,870,626,229.91

2) Fixed assets

Items	Buildings and structures	Buildings improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Total
1. Cost						
(1) Balance as at 31 December 2020	2,064,857,068.85	289,285,545.07	148,749,137.34	397,040,104.27	4,047,905,980.30	6,947,837,835.83
(2) Additions during the year	174,381,852.05	13,099,790.20	24,444,192.83	29,174,770.76	129,324,764.85	370,425,370.69
– Purchases	39,728,956.12	–	5,506,283.39	24,348,044.69	86,671,865.40	156,255,149.60
– Transfer from construction in progress	115,827,228.64	13,099,790.20	3,868,691.16	4,790,313.31	40,096,285.72	177,682,309.03
– Transfer from investment properties	6,959,547.53	–	–	–	–	6,959,547.53
– Classification adjustment	11,866,119.76	–	15,069,218.28	36,412.76	2,556,613.73	29,528,364.53
(3) Reductions during the year	110,709,947.73	31,523,309.33	35,526,173.41	10,749,720.58	390,231,425.66	578,740,576.71
– Disposals or discarding	21,683,990.23	31,523,309.33	23,672,650.07	10,492,494.60	366,577,811.89	453,950,256.12
– Transfer to investment properties	87,650,212.29	–	–	–	–	87,650,212.29
– Foreign currency financial statement translation differences	1,053,720.93	–	30,782.58	199,315.98	6,327,924.28	7,611,743.77
– Classification adjustment	322,024.28	–	11,822,740.76	57,910.00	17,325,689.49	29,528,364.53
(4) Balance as at 31 December 2021	2,128,528,973.17	270,862,025.94	137,667,156.76	415,465,154.45	3,786,999,319.49	6,739,522,629.81

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

2) Fixed assets (Continued)

Items	Buildings and structures	Buildings improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Total
2. Accumulated depreciation						
(1) Balance as at 31 December 2020	520,113,502.82	139,049,356.84	57,565,732.90	279,540,551.37	2,076,470,337.77	3,072,739,481.70
(2) Additions during the year	113,356,580.91	27,774,355.84	19,322,717.73	6,780,666.52	434,994,539.70	602,228,860.70
– Accruals	112,492,489.46	27,774,355.84	14,069,911.45	6,772,968.22	433,970,798.65	595,080,523.62
– Transfer from investment properties	818,011.45	–	–	–	–	818,011.45
– Classification adjustment	46,080.00	–	5,252,806.28	7,698.30	1,023,741.05	6,330,325.63
(3) Reductions during the year	49,155,166.13	6,304,661.87	11,084,318.53	10,961,821.27	358,641,087.32	436,147,055.12
– Disposal or discarding	21,085,388.66	6,304,661.87	11,054,447.58	10,804,133.84	347,196,759.39	396,445,391.34
– Transfer to investment properties	27,547,346.62	–	–	–	–	27,547,346.62
– Foreign currency financial statement translation differences	522,430.85	–	29,870.95	109,027.45	5,162,662.28	5,823,991.53
– Classification adjustment	–	–	–	48,659.98	6,281,665.65	6,330,325.63
(4) Balance as at 31 December 2021	584,314,917.60	160,519,050.81	65,804,132.10	275,359,396.62	2,152,823,790.15	3,238,821,287.28
3. Povision of impairment						
(1) Balance as at 31 December 2020	–	–	–	–	4,472,124.22	4,472,124.22
(2) Additions during the year	–	–	–	–	–	–
(3) Reductions during the year	–	–	–	–	297,007.19	297,007.19
– Disposal or discarding	–	–	–	–	297,007.19	297,007.19
(4) Balance as at 31 December 2021	–	–	–	–	4,175,117.03	4,175,117.03
4. Book value						
(1) Book value as at 31 December 2021	1,544,214,055.57	110,342,975.13	71,863,024.66	140,105,757.83	1,630,000,412.31	3,496,526,225.50
(2) Book value as at 31 December 2020	1,544,743,566.03	150,236,188.23	91,183,404.44	117,499,552.90	1,966,963,518.31	3,870,626,229.91

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

2) Fixed assets (Continued)

Note: As at 31 December 2021, fixed assets of the Group with carrying amount of RMB317,488,454.17 (31 December 2020: RMB385,514,759.00) were pledged for bank loans, among which, RMB295,746,756.11 (31 December 2020: RMB355,714,159.01) were pledged for long-term loans, RMB21,741,698.06 (31 December 2020: RMB29,800,599.99) were pledged for short-term loans and RMB19,761,962.23 (31 December 2020: Nil) were pledged for long-term payables.

3) Fixed assets for which the certificate of title has not been obtained

Except for the buildings for which the certificate of title is being processed, certain buildings and structures of the Group located in Guangzhou, Qingyuan, Foshan, Shaoguan, Zhaoqing, Shanwei, Meizhou and Heyuan etc. have not yet obtained the certificate of title due to historical reasons. As at 31 December 2021, the book value of such buildings and structures was RMB200,527,990.97 (31 December 2020: RMB212,209,594.92).

4) Fixed assets liquidation

Items	31 December 2021	31 December 2020
Transportation vehicles	212,304.63	–
Total	212,304.63	–

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For the year ended 31 December 2021

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress

1) Construction in progress

Items	31 December 2021	31 December 2020
Construction in progress	68,174,239.36	111,025,507.16
Total	68,174,239.36	111,025,507.16

2) Movements of construction in progress

Items	31 December 2021			31 December 2020		
	Gross carrying amount	Provision for impairment	Book value	Gross carrying amount	Provision for impairment	Book value
Bus station reconstruction	26,699,743.17	451,957.10	26,247,786.07	22,939,109.35	451,957.10	22,487,152.25
Reconstruction project of "Three Old"	14,878,562.56	–	14,878,562.56	14,878,562.56	–	14,878,562.56
Purchase of vehicles	5,998,000.00	–	5,998,000.00	18,692,753.16	–	18,692,753.16
Digital Media Project	5,723,970.16	–	5,723,970.16	5,603,242.00	–	5,603,242.00
Commercial transformation of service zones	5,578,538.12	–	5,578,538.12	14,730,327.89	–	14,730,327.89
Yueyun transportation office Renovation	3,008,368.63	–	3,008,368.63	3,163,524.08	–	3,163,524.08
Tianxin village construction	–	–	–	11,055,282.24	–	11,055,282.24
Yuxing Platform Construction Project Phase IV	–	–	–	6,318,200.00	–	6,318,200.00
Yueyun Financial Sharing Project Phase II	–	–	–	1,286,000.00	–	1,286,000.00
Others	6,739,013.82	–	6,739,013.82	12,810,462.98	–	12,810,462.98
Total	68,626,196.46	451,957.10	68,174,239.36	111,477,464.26	451,957.10	111,025,507.16

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

3) Movements of construction projects in progress

Project name	31 Decmber 2020	Additions during the year	Transfer to fixed assets	Transfer to intangible assets	31 Decmber 2021
Parking lot project	2,247,421.45	5,478,360.30	–	–	7,725,781.75
Purchase of vehicles	18,692,753.16	27,401,532.56	40,096,285.72	–	5,998,000.00
Commercial transformation of service zones	14,730,327.89	83,199,521.67	92,351,311.44	–	5,578,538.12
Yangchun Bus Terminal Renovation Project	–	2,308,038.22	–	–	2,308,038.22
Chaozhou Bus Terminal Construction Project	16,000.00	2,765,544.00	2,554,920.00	–	226,624.00
Tianxin village construction	11,055,282.24	2,001,774.20	13,057,056.44	–	–
Yuxing Platform Construction Project Phase IV	6,318,200.00	1,686,459.64	–	8,004,659.64	–
Yueyun Financial Sharing Service System Phase II	1,286,000.00	–	–	1,286,000.00	–
Yuanxi Bus Terminal Phase II Construction Project	1,870,780.39	1,094,517.75	2,965,298.14	–	–
Total	56,216,765.13	125,935,748.34	151,024,871.74	9,290,659.64	21,836,982.09

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Right-of-use assets

Items	Buildings and structures	Land use rights	Transportation vehicles	Others	Total
1. Cost					
(1) Balance as at 31 December 2020	2,504,002,423.41	110,271,832.93	660,285,229.81	1,016,246.22	3,275,575,732.37
(2) Additions during the year	214,076,640.87	775,792.45	147,886.53	–	215,000,319.85
– Addition of lease	214,076,640.87	775,792.45	147,886.53	–	215,000,319.85
(3) Reduction during the year	78,125,138.61	8,806,613.06	503,125.58	1,016,246.22	88,451,123.47
– Disposal	77,745,134.31	8,806,613.06	503,125.58	1,016,246.22	88,071,119.17
– Foreign currency financial statement translation differences	380,004.30	–	–	–	380,004.30
(4) Balance as at 31 December 2021	2,639,953,925.67	102,241,012.32	659,929,990.76	–	3,402,124,928.75
2. Accumulated depreciation					
(1) Balance as at 31 December 2020	826,725,852.44	39,116,057.15	217,015,182.02	932,834.36	1,083,789,925.97
(2) Additions during the year	165,073,792.33	6,122,179.29	71,776,313.99	83,411.86	243,055,697.47
– Accrual	165,073,792.33	6,122,179.29	71,776,313.99	83,411.86	243,055,697.47
(3) Reduction during the year	32,227,166.76	5,541,457.96	503,125.58	1,016,246.22	39,287,996.52
– Disposal	31,970,922.13	5,541,457.96	503,125.58	1,016,246.22	39,031,751.89
– Foreign currency financial statement translation differences	256,244.63	–	–	–	256,244.63
(4) Balance as at 31 December 2021	959,572,478.01	39,696,778.48	288,288,370.43	–	1,287,557,626.92
3. Book value					
(1) Book value as at 31 December 2021	1,680,381,447.66	62,544,233.84	371,641,620.33	–	2,114,567,301.83
(2) Book value as at 31 December 2020	1,677,276,570.97	71,155,775.78	443,270,047.79	83,411.86	2,191,785,806.40

Note: As at 31 December 2021, transportation vehicles with carrying amount of RMB366,181,756.83 were pledged for lease (31 December 2020: RMB442,464,097.81).

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For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets

1) Details of intangible assets

Project	Land use rights	Computer software	Passenger service licenses	Station and toll ridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
1. Cost							
(1) Balance as at 31 December 2020	876,684,517.90	91,182,859.68	36,880,898.18	387,478,456.26	316,547,835.99	4,321,958.72	1,713,096,526.73
(2) Additions during the year	10,988,506.29	10,597,230.90	-	-	3,913,259.50	-	25,498,996.69
- Purchases	10,236,347.11	806,571.26	-	-	3,913,259.50	-	14,956,177.87
- Transfer from construction in progress	-	9,790,659.64	-	-	-	-	9,790,659.64
- Transfer from investment properties	752,159.18	-	-	-	-	-	752,159.18
(3) Reductions during the year	73,495,852.72	12,750.00	1,051,736.65	-	2,533,234.30	-	77,093,573.67
- Disposal	21,156,166.79	12,750.00	-	-	2,533,234.30	-	23,702,151.09
- Transfer to investment properties	13,049,038.59	-	-	-	-	-	13,049,038.59
- Foreign currency financial statement translation differences	1,037,051.44	-	1,051,736.65	-	-	-	2,088,788.09
- Deduction on land value	38,253,595.90	-	-	-	-	-	38,253,595.90
(4) Balance as at 31 December 2021	814,177,171.47	101,767,340.58	35,829,161.53	387,478,456.26	317,927,861.19	4,321,958.72	1,661,501,949.75
2. Accumulated amortization							
(1) Balance as at 31 December 2020	167,794,933.93	48,504,507.28	-	285,061,190.85	175,552,849.45	1,638,451.61	678,551,933.12
(2) Additions during the year	18,918,464.04	9,238,275.59	-	5,688,973.30	23,200,314.75	370,293.04	57,416,320.72
- Accrual	18,721,469.93	9,238,275.59	-	5,688,973.30	23,200,314.75	370,293.04	57,219,326.61
- Transfer from investment properties	196,994.11	-	-	-	-	-	196,994.11
(3) Reductions during the year	8,051,505.04	12,750.00	-	-	2,529,901.18	-	10,594,156.22
- Disposal	5,503,447.75	12,750.00	-	-	2,529,901.18	-	8,046,098.93
- Foreign currency financial statement translation differences	426,915.37	-	-	-	-	-	426,915.37
- Transfer to investment properties	2,121,141.92	-	-	-	-	-	2,121,141.92
(4) Balance as at 31 December 2021	178,661,892.93	57,730,032.87	-	290,750,164.15	196,223,263.02	2,008,744.65	725,374,097.62
3. Book value							
(1) Book value as at 31 December 2021	635,515,278.54	44,037,307.71	35,829,161.53	96,728,292.11	121,704,598.17	2,313,214.07	936,127,852.13
(2) Book value as at 31 December 2020	708,889,583.97	42,678,352.40	36,880,898.18	102,417,265.41	140,994,986.54	2,683,507.11	1,034,544,593.61

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(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

1) Details of intangible assets (Continued)

Note 1: As at 31 December 2021, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right (toll bridge franchise operating rights) with carrying amount of RMB53,504,666.40 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Group as mentioned in Note V. 32 (31 December 2020: RMB57,618,606.46). In addition, land use rights with carrying amount of RMB138,119,749.90 (31 December 2020: RMB192,175,047.58) were pledged for bank loans, among which, RMB95,210,187.94 (31 December 2020: RMB102,354,103.08) were pledged for long-term loans and RMB42,909,561.96 (31 December 2020: RMB89,820,944.50) were pledged for short-term loans. As at 31 December 2021, land use rights with carrying amount of RMB1,025,674.00 (31 December 2020: RMB931,902.00) were pledged for long-term payables. As at 31 December 2021, there were no other restricted intangible assets of the Group.

Note 2: 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 etc. have not yet obtained the certificates of ownership. As at 31 December 2021, the carrying amount of land use rights without certificate of title for the Group was RMB7,282,924.59 (31 December 2020: RMB10,736,440.28).

Note 3: As at 31 December 2021, land use rights with carrying amounts of RMB87,038,912.42 (31 December 2020: RMB87,705,163.22) were obtained through allocation.

16. Development expenditure

Project	31 December 2020	Additions during the year Internal development expenditure	Reductions during the year Recognized as intangible assets	31 December 2021
Video Surveillance Rescue				
Cloud Service Platform	–	3,101,047.16	–	3,101,047.16
Yuexing platform added chartering business requirements and online car booking information security projects	–	708,714.63	–	708,714.63
Total	–	3,809,761.79	–	3,809,761.79

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill

1) Movements of goodwill

Name of investee from which goodwill arising	31 December 2020	Additions during the year Accrual	Reductions during the year Disposal	31 December 2021
Cost				
Heyuan City Yueyun Motor Transportation Co., Ltd.	28,559,728.57	—	—	28,559,728.57
Qingyuan Yueyun Vehicles Transportation Co., Ltd.(Note 1)	35,402,088.43	—	—	35,402,088.43
Guangdong Yueyun Langri Co., Ltd.	23,198,978.67	—	—	23,198,978.67
Guangdong Yangjiang Vehicles Transportation Group Co., Ltd.	7,558,101.69	—	—	7,558,101.69
Yangjiang City Yangzha New Image Public Transportation Co., Ltd.	5,416,461.97	—	—	5,416,461.97
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	—	—	2,100,000.00
Guangdong FLY-E Logistics Technology Co., Ltd.	6,809,901.49	—	—	6,809,901.49
Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.	1,641,316.22	—	—	1,641,316.22
Zhongshan Yueyun Tongxing Transportation Co. Ltd.	528,466.69	—	—	528,466.69
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	1,402,500.00	—	—	1,402,500.00
Sub-total	112,617,543.73	—	—	112,617,543.73
Provision for impairment				
Heyuan City Yueyun Motor Transportation Co., Ltd.	8,046,462.29	15,975,038.55	—	24,021,500.84
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	—	—	2,100,000.00
Guangdong FLY-E Logistics Technology Co., Ltd.	3,796,869.59	3,013,031.90	—	6,809,901.49
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	—	528,466.69	—	528,466.69
Sub-total	13,943,331.88	19,516,537.14	—	33,459,869.02
Book value	98,674,211.85	(19,516,537.14)	—	79,157,674.71

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill (Continued)

2) *Impact on impairment testing of goodwill*

The above-mentioned investees are mainly engaged in passenger transportation services and bus station operations service alone or at the same time, and a few investees are engaged in other businesses.

Before 2020, the Group identified the above-mentioned subsidiary businesses as separate asset groups, and allocated goodwill to each relevant asset group for impairment testing.

In 2020, for the investees of the Group that operate multiple businesses, the business model of the passenger transportation service and bus station operations service has undergone major changes. The passenger transportation business uses online platforms to vigorously develop inter-city and customized carpooling business, and uses small vehicles to develop the passenger transport business between towns and villages. The interdependence between the passenger transportation service and bus station operations service dropped significantly, and the asset groups corresponding to the two businesses can generate cash inflows separately. Based on this, the Group made changes to the allocation of asset groups: For investees that operate a single business, the Group considers their operations-related assets as a group of assets related to goodwill; for investees that operate multiple businesses, the assets related to goodwill are divided into vehicle asset group and bus station asset group, based on the main business types. Goodwill is allocated to each asset group which is expected to benefit from the synergies of the combination. Details of each asset group are as follows:

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill (Continued)

2) Impact on impairment testing of goodwill (Continued)

	Note	2021
Heyuan City Yueyun Motor Transportation Co.,Ltd. Vehicle Assets Group	(a)	22,241,351.46
Heyuan City Yueyun Motor Transportation Co., Ltd. Bus Station Assets Group	(b)	6,318,377.11
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group(Note 1)	(a)	30,481,922.87
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Bus Station Assets Group	(b)	4,920,165.56
Guangdong Yueyun Langri Co., Ltd. Vehicle Assets Group	(a)	15,111,950.23
Guangdong Yueyun Langri Co., Ltd. Bus Station Assets Group	(b)	8,087,028.44
Guangdong Yueyun Langri Co., Ltd. Bus Station Assets Group	(b)	7,558,101.69
Yangjiang City Yangzha New Image Public Transportation Co., Ltd. Vehicle Assets Group	(a)	5,416,461.97
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group (Note 3)	(a)	2,100,000.00
Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Assets Group	(a)	6,809,901.49
Zhongyuetong Gas Station Assets Group	(a)	1,641,316.22
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	(a)	1,219,286.93
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Bus Station Assets Group	(b)	183,213.07
Zhongshan Yueyun Tongxing Transportation Co., Ltd. Vehicle Assets Group (Note 2)	(a)	528,466.69
Total		112,617,543.73

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill (Continued)

2) Impact on impairment testing of goodwill (Continued)

(a) Vehicle Assets Group, Software Platform Assets Group and Gas Station Assets Group

For the above mentioned asset groups, the recoverable amount is determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the most recent five-year financial budgets approved by management and a discount rate (weighted average cost of capital) of 11.67%~12.49%. The expected growth rate of cash flows beyond the five-year budget period were assumed to be 0%.

As at 31 December 2021, according to the estimated recoverable amount of Heyuan City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group, Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group and Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Assets Group, the Group made provision of RMB15,975,038.55, RMB528,466.69 and RMB3,013,031.90 respectively.

Based on the estimated recoverable amount, no impairment loss was recognised of the remaining vehicle assets group and gas station assets group. However, as key assumptions on which management has made in respect of future cash projections are subject to change, an adverse change in the assumptions could cause the carrying amount to exceed its recoverable amount.

The calculation of present value of expected future cash flows of the above-mentioned asset group was based on operating income growth rate and profit margin as the key assumption, which was determined by management on the basis of past performance up to the budget period:

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill (Continued)

2) Impact on impairment testing of goodwill (Continued)

(a) Vehicle Assets Group, Software Platform Assets Group and Gas Station Assets Group (Continued)

	Average income growth rate during the forecast period	Average profit margin during the forecast period
Heyuan City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	2.92%	8.49%
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group	3.65%	6.14%
Guangdong Yueyun Langri Co., Ltd. Vehicle Assets Group	1.05%	4.93%
Yangjiang City Yangzha New Image Public Transportation Co., Ltd. Vehicle Assets Group	7.61%	23.22%
Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Asset Group	0.97%	0.14%
Zhongyuetong Gas Station Asset Group	-1.57%	12.37%
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	2.01%	8.49%

Note 1: In this year, Qingyuan Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Group, absorbed and merged Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd., and the fleet and related personnel of Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd. have been merged into Qingyuan Yueyun Vehicles Transport Co., Ltd. and is no longer independently accounted for. Therefore, when the Group conducts the goodwill impairment test at the end of the year, the original Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd. fleet asset group merged into the Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group test.

Note 2: The management of the Group plans to cease the operation of the fleet lines related to Zhongshan Yueyun Tongxing Transportation Co., Ltd. in the future. Therefore, the Group makes full provision for impairment of the goodwill of the relevant fleet asset group.

Note 3: As at 31 December 2020, according to the estimated recoverable amount of Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group, the Group made provision of RMB2,100,000.00.

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Goodwill (Continued)

2) Impact on impairment testing of goodwill (Continued)

(b) Bus Station Asset Group

For the above station asset group, the recoverable amount is determined by the fair value less costs of disposal. In the related asset group, the fair value of land and buildings is determined according to the bidding, auction and listing transaction price of similar lots or recent related evaluation reports; the fair value of other assets such as equipment is determined according to the replacement cost method. Disposal costs consider transaction listing costs, intermediary fees, and transaction taxes. As at 31 December 2021, the Group's management's estimation based on the estimation recoverable amount of bus station assets group, no impairment loss was recognized by the Group's management.

18. Long-term deferred expenses

Items	31 December 2020	Additions during the year	Decrease during the year	31 December 2021
Leasehold improvements	239,233,618.96	94,625,838.67	57,542,862.81	276,316,594.82
Others	14,788,341.29	6,499,019.91	5,165,209.30	16,122,151.90
Total	254,021,960.25	101,124,858.58	62,708,072.11	292,438,746.72

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For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities

1) Deferred tax assets that are not offset

Items	31 December 2021		31 December 2020	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for bad and doubtful debts of accounts receivable	50,506,847.12	12,433,848.41	50,579,513.24	12,644,878.31
Provision for bad and doubtful debts of other receivables	83,784,594.90	20,911,377.01	99,866,623.16	24,966,655.79
Provision for impairment of inventories	34,354.34	8,588.59	343,518.56	85,879.64
Provision for impairment of prepayment	468,764,363.80	117,191,090.95	468,764,363.84	117,191,090.96
Provision for impairment of other non-current assets	8,182,934.64	2,045,733.66	9,279,941.68	2,319,985.42
Unrealised profits arising from transactions within the Group	3,353,019.80	838,254.95	3,364,246.88	841,061.72
Deductible tax losses	159,702,346.97	35,428,153.11	103,482,144.24	25,870,536.06
Accrued Expenses	6,877,249.06	1,710,400.47	15,767,185.68	3,941,796.42
Employee benefits payable	36,532,632.71	9,133,158.51	38,645,806.24	9,661,451.56
Amortisation of intangible assets	1,596,344.36	399,086.09	1,756,228.48	439,057.12
Long-term employee benefits payable	22,749,364.94	5,661,801.87	32,456,314.44	8,114,078.61
Depreciation of fixed assets	7,446,154.76	1,861,538.69	—	—
Lease expense	354,372,755.72	88,593,188.92	304,110,674.16	76,027,668.54
Deferred revenue	99,965,584.85	24,991,396.22	82,580,522.80	20,645,130.70
Others	4,709,117.49	1,177,279.38	6,171,742.08	1,542,935.52
Total	1,308,577,665.46	322,384,896.83	1,217,168,825.48	304,292,206.37

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities (Continued)

2) Deferred tax liabilities that are not offset

Items	31 December 2021		31 December 2020	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Assets appreciation	119,253,712.69	29,813,428.17	105,016,449.40	26,254,112.35
Debit difference of long-term equity investments	16,537,729.88	4,134,432.47	16,997,111.28	4,249,277.82
Investment income	8,280,250.84	2,070,062.71	14,131,580.28	3,532,895.07
Government grants	56,150,112.65	14,037,528.16	84,092,268.60	21,023,067.15
Depreciation of fixed assets	315,200,718.68	77,952,187.26	220,848,834.92	55,212,208.73
Total	515,422,524.74	128,007,638.77	441,086,244.48	110,271,561.12

3) Deferred tax assets or liabilities presented on a net basis after offset

Items	31 December 2021		31 December 2020	
	Deferred tax assets and liabilities offset	Balance of deferred tax assets or liabilities after offset	Deferred tax assets and liabilities offset	Balance of deferred tax assets or liabilities after offset
Deferred tax assets	57,588,133.39	264,796,763.44	34,876,109.27	269,416,097.10
Deferred tax liabilities	57,588,133.39	70,419,505.38	34,876,109.27	75,395,451.85

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities (Continued)

4) Details of unrecognized deferred tax assets

Items	31 December 2021	31 December 2020
Deductible temporary differences	159,091,549.20	92,636,960.66
Deductible tax losses	1,098,897,705.08	683,888,495.85
Total	1,257,989,254.28	776,525,456.51

Note: As certain of the Group's subsidiaries consider that it is not probable that sufficient taxable profits will be available in future periods to offset the above deductible temporary differences and deductible losses, no deferred tax assets are recognised on the above deductible tax losses and temporary differences..

5) Deductible tax losses for unrecognized deferred tax assets will expire in the following years

Year	31 December 2021	31 December 2020
2021	–	30,720,579.51
2022	56,604,212.11	63,629,841.43
2023	64,048,699.49	71,575,292.03
2024	86,545,507.30	102,251,973.43
2025	86,910,731.33	110,084,621.14
2026	506,683,179.80	–
2028	298,105,375.05	305,626,188.31
Total	1,098,897,705.08	683,888,495.85

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Other non-current assets

Items	31 December 2021			31 December 2020		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayments for land use rights	47,483,062.84	—	47,483,062.84	57,261,226.31	—	57,261,226.31
Prepaid taxes	9,250,772.11	—	9,250,772.11	10,830,533.11	—	10,830,533.11
Deductible input VAT	54,297,275.46	—	54,297,275.46	75,846,508.80	—	75,846,508.80
Prepayment for long-term assets	37,057,372.91	—	37,057,372.91	43,007,482.61	—	43,007,482.61
Revaluation increment of asset value of Guangdong Yueyun Langri Co., Ltd. (note)	16,537,729.94	—	16,537,729.94	16,997,111.33	—	16,997,111.33
Prepaid lease payments	133,333,333.13	—	133,333,333.13	—	—	—
Others	14,678,425.78	—	14,678,425.78	9,600,000.00	—	9,600,000.00
Total	312,637,972.17	—	312,637,972.17	213,542,862.16	—	213,542,862.16

Note: The 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 Guangdong Vehicles Transportation Group Company Limited ("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.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Short-term loans

1) Classification of short-term loans

Items	31 December 2021	31 December 2020
Pledged loan	–	30,000,000.00
Loans secured by mortgages (note 2)	176,216,071.36	190,096,898.32
Pledged and mortgaged loans (note 3)	5,000,000.00	–
Unsecured loans	574,685,287.39	373,514,500.18
Including: Loans from banks	374,685,287.39	373,514,500.18
Total	755,901,358.75	593,611,398.50

- As at 31 December 2021, the Group's short-term loans were borrowings from banks or GCG Finance within 1 year, which bear interest rates ranging from 1.90%-6.50% per annum (31 December 2020: 2.05%-6.50%).
- For the details of assets pledged for secured loans as at 31 December 2021, please refer to Note V. 12 and 15.
- As at 31 December 2021, the pledged and mortgaged loans held by the Group are the loans borrowed by the subsidiary Shanwei Yueyun Automobile Transportation Co., Ltd. with the comprehensive operation subsidy during the demonstration, promotion and application period of new energy bus in 2022 as the pledged assets and land as the collateral.

2) Overdue short-term loans

As at 31 December 2021, the Group had no overdue short-term loans (31 December 2020: Nil).

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Bills payable

Category	31 December 2021	31 December 2020
Bank acceptance bills	1,318,800.00	–
Total	1,318,800.00	–

As at 31 December, the Group had no overdue bills payable that have not been settled.

23. Accounts payable

1) The nature analysis of accounts payable is as follows:

Items	31 December 2021	31 December 2020
Materials payable	106,326,212.74	78,182,040.26
Transportation fee payable	99,719,661.91	149,499,203.59
Contract payments for cars	80,716,054.74	108,076,092.31
Progress payments for constructions	209,517,502.02	233,591,336.02
Expressway service zones contracts fee payable	60,658,167.60	41,132,664.15
Fuel expenses payable	26,580,236.10	28,660,721.82
Service fees payable	13,039,798.66	10,573,529.03
Others	51,770,631.55	28,890,164.43
Total	648,328,265.32	678,605,751.61

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Accounts payable (Continued)

2) The aging analysis of accounts payable is as follows:

Items	31 December 2021	31 December 2020
Within 1 year (inclusive)	506,796,666.07	569,671,794.73
Over 1 year but within 2 years (inclusive)	65,874,406.97	46,547,145.73
Over 2 years but within 3 years (inclusive)	17,523,935.48	51,979,008.85
Over 3 years	58,133,256.80	10,407,802.30
Total	648,328,265.32	678,605,751.61

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

Item	31 December 2021	Nature and reasons for unsettlement
Maoming Dianbai Eryun Transportation Co., Ltd.	20,600,294.00	Contract payments for cars undue.
Total	20,600,294.00	

24. Advances from customers

1) The nature of advances from customers is as follows:

Items	31 December 2021	31 December 2020
Advances from contractors	85,204,125.73	76,893,390.79
Advances for advertising space rental fee	15,492,941.16	19,360,668.06
Other advances	4,061,321.80	7,871,744.02
Total	104,758,388.69	104,125,802.87

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Advances from customers (Continued)

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

Items	31 December 2021	31 December 2020
Within 1 year (inclusive)	95,471,848.03	95,303,854.90
Over 1 year but within 2 years (inclusive)	3,958,964.78	6,467,736.07
Over 2 years but within 3 years (inclusive)	4,437,991.96	247,297.30
Over 3 years	889,583.92	2,106,914.60
Total	104,758,388.69	104,125,802.87

3) Advances from customers with aging over one year

As at 31 December 2021, the Group had no advances from customers with aging over one year with individual amount over RMB10 million.

25. Contract liabilities

1) Contract liabilities

Items	31 December 2021	31 December 2020
Advances payments for transportation fees	12,422,768.38	5,449,361.14
Advances payments for goods	37,159,483.14	43,099,347.29
Advances payments for services fee	7,653,666.94	5,564,839.84
Total	57,235,918.46	54,113,548.27

2) Amount and reasons for significant changes in book value during the reporting period

In 2021, there was no significant change in the book value of the Group's contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Employee benefits payable

1) Employee benefits payable

Items	31 December 2021	31 December 2020
Short-term employee benefits	161,391,667.81	167,759,340.27
Post-employment benefits-defined contribution plans	23,374,322.39	23,673,210.70
Termination benefits	17,605,805.62	9,726,140.33
Long-term employee benefits due within one year (note V. 35)	11,448,460.53	16,492,724.25
Total	213,820,256.35	217,651,415.55

2) Short-term employee benefits

Items	31 December 2020	Additions during the year	Reductions during the year	31 December 2021
(1) Salaries, bonuses, allowances	151,483,921.93	1,443,869,144.48	1,447,893,427.63	147,459,638.78
(2) Staff welfare	101,698.21	67,108,827.73	67,108,847.73	101,678.21
(3) Social insurance	3,864,926.55	81,137,733.43	82,651,456.96	2,351,203.02
Including: Medical insurance	3,195,162.70	69,282,753.55	70,608,373.61	1,869,542.64
Work-related injury insurance	499,464.09	2,638,053.49	2,702,914.26	434,603.32
Maternity insurance	109,782.01	7,296,429.96	7,359,261.95	46,950.02
Others	60,517.75	1,920,496.43	1,980,907.14	107.04
(4) Housing fund	3,856,136.41	85,650,281.96	86,141,887.02	3,364,531.35
(5) Labor union fee, staff and workers' education fee	7,722,365.95	27,273,432.33	27,108,319.43	7,887,478.85
(6) Other short-term employee benefits	730,291.22	35,582,089.32	36,085,242.94	227,137.60
Total	167,759,340.27	1,740,621,509.25	1,746,989,181.71	161,391,667.81

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Employee benefits payable (Continued)

3) Defined contribution plans

Items	31 December 2020	Additions during the year	Reductions during the year	31 December 2021
Basic pension insurance	21,231,481.32	156,314,383.23	157,761,791.94	19,784,072.61
Unemployment insurance	641,682.55	3,786,486.13	3,918,375.30	509,793.38
Annuity payments	1,800,046.83	12,742,087.70	11,461,678.13	3,080,456.40
Mandatory provident fund	–	495,093.77	495,093.77	–
Total	23,673,210.70	173,338,050.83	173,636,939.14	23,374,322.39

27. Taxes payable

Tax items	31 December 2021	31 December 2020
VAT	18,578,047.85	16,166,525.77
Corporate income tax	35,465,190.36	59,260,139.75
Individual income tax	2,437,736.77	2,211,873.03
Urban maintenance and construction tax	1,307,851.38	939,653.86
Property tax	5,241,552.67	7,341,027.49
Land appreciation tax	9,489,806.68	9,489,806.68
Education surcharges (including local education surcharges)	909,726.32	800,568.41
Land use tax	1,264,465.99	2,435,041.28
Others	4,317,639.01	4,265,768.06
Total	79,012,017.03	102,910,404.33

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Other payables

Items	31 December 2021	31 December 2020
Dividends payable	26,571,213.34	44,586,341.78
Others	698,468,390.02	765,499,956.27
Total	725,039,603.36	810,086,298.05

1) Dividends payable

Item	31 December 2021	31 December 2020
Common stock dividends	26,571,213.34	44,586,341.78
Total	26,571,213.34	44,586,341.78

2) Other payables

(1) Other payables by nature:

Items	31 December 2021	31 December 2020
Security deposits and other deposits	290,419,389.96	306,145,621.77
Deposits received from drivers for safety management purpose	26,928,867.43	29,135,262.66
Accidents compensation payables	8,579,668.82	12,812,403.60
Amount received paid on behalf	103,228,872.45	151,073,285.80
Construction payables	47,861,301.27	57,424,814.17
Professional Service Fee	14,767,397.44	12,690,963.28
Water, electricity and fuel charges	2,440,446.63	8,319,381.50
Amount due to related parties	29,530,830.26	28,245,398.62
Others	174,711,615.76	157,652,824.87
Total	698,468,390.02	765,499,956.27

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Other payables (Continued)

2) Other payables (Continued)

(2) The following other payables to customers with ageing over one year with individual amount over RMB10 million:

Items	31 December 2021	Reasons for unsettlement
Qingyuan City Jiafu Investment Co., Ltd.	30,409,189.52	Construction in progress, unbilled
BYD Automobile Industrial Co., Ltd.	38,050,000.00	Pure electric vehicle purchase subsidy, payment not yet requested by supplier
China Petrochemical Sales Co., Ltd. Guangdong Branch	18,200,000.00	Performance security deposit
Guangzhou Hongsheng Catering Management Co., Ltd.	10,855,369.59	Performance security deposit

29. Non-current liabilities due within one year

Items	Note V	31 December 2021	31 December 2020
Long-term loans due within one year	31	263,059,210.18	242,524,331.63
Bonds payable due within one year	32	390,873,016.30	—
Long-term payables due within one year	34	70,561,326.27	21,970,748.15
Lease liabilities due within one year	33	285,406,463.39	267,809,024.38
Bond interest payable due within one year		4,108,713.00	—
Total		1,014,008,729.14	532,304,104.16

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Other non-current liabilities

Item	31 December 2021	31 December 2020
Finance payable	35,000,000.00	–
Total	35,000,000.00	–

31. Long-term loans

Item	31 December 2021	31 December 2020
Unsecured loans	1,003,241,356.69	1,034,152,961.89
Including: Loans from banks	871,623,254.73	677,252,961.89
Loans from GCG Finance	131,618,101.96	356,900,000.00
Loans secured by mortgages (note 2)	140,349,660.01	147,571,681.58
Pledged loans (note 3)	35,830,404.99	116,580,884.71
Mortgaged and guaranteed loans (note 4)	167,876,152.01	214,838,070.08
Pledged and mortgaged loans (note 5)	11,000,000.00	–
Pledged, mortgaged and guaranteed loans (note 6)	41,200,000.00	46,200,000.00
Total	1,399,497,573.70	1,559,343,598.26
Less: Long-term loans due within one year		
Including: Unsecured loans	104,410,379.16	106,037,780.00
Loans secured by mortgages	45,245,247.36	52,509,803.55
Pledged loans	14,630,404.99	14,700,000.00
Mortgaged and guaranteed loans	77,773,178.67	64,276,748.08
Pledged and mortgaged loans	3,000,000.00	–
Pledged, mortgaged and guaranteed loans	18,000,000.00	5,000,000.00
Sub-total (note V.29)	263,059,210.18	242,524,331.63
Long-term loans due after 1 year	1,136,438,363.52	1,316,819,266.63

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Long-term loans (Continued)

Note 1. As at 31 December 2021, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 3.65% ~ 4.90% per annum (31 December 2020: 3.16% ~ 4.90%).

Note 2. For the details of assets pledged for secured loans as at 31 December 2021, please refer to Note V. 12 and 15.

Note 3. As at 31 December 2021, pledged loans held by the Group include the loan borrowed by Qingyuan Yueyun Vehicles Transportation Co., Ltd. with RMB200,000.00 as the pledge deposit and the loan borrowed by Shanwei Yueyun Automobile Transport Co., Ltd. with the national subsidies of 2019 for energy saving and the operation of new energy vehicles as pledged assets.

Note 4. As at 31 December 2021, 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 Guangdong Yueyun Langri Co., Ltd., Heyuan City Yueyun Motor Transportation Co., Ltd., Qingyuan Yueyun Vehicles Transportation Co., Ltd., Meizhou Yueyun Motor Transportation Co., Ltd. and Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.

Note 5. As at 31 December 2021, the pledged and mortgaged loans held by the Group are the loans borrowed by the subsidiary of the Company, Shanwei Yueyun Automobile Transportation Co., Ltd. with the comprehensive operation subsidy during the demonstration, promotion and application period of new energy bus in 2022 as the pledged assets and land as the collateral.

Note 6. As at 31 December 2021, pledged, mortgaged and guaranteed loans held by the Group are the loan borrowed by Shanwei Yueyun Automobile Transport Co., Ltd. with the national subsidies of 2019 for energy saving and the operation of new energy vehicles as pledged assets, with land as collateral and guaranteed by the Company at 51% joint and several liability.

Note 7. As at 31 December 2021, there was no overdue borrowing by the Group (31 December 2020: Nil).

32. Bonds payable

1) Details of Bonds payable

Item	31 December 2021	31 December 2020
2014 corporate bond (first phase)	–	392,533,626.17
Total	–	392,533,626.17

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Bonds payable (Continued)

2) Changes in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)

Item	Issue amount	Issue date	Periods	31 December 2020	Amortisation for the year	Non-current liabilities due within one year (note V. 29)	31 December 2021
2014 corporate bond (first phase)	400,000,000.00	28/09/2015	7 years	392,533,626.17	(1,660,609.87)	390,873,016.30	-
Total	400,000,000.00			392,533,626.17	(1,660,609.87)	390,873,016.30	-

Note: 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 the coupon rate and the investors will be entitled to request the Company to redeem the bonds after five years of the issue date. On 28 September 2020, the Company redeemed the bonds with the amount of RMB8,694,000.00 of bond principal without adjusting the coupon rate.

In connection with the issuance of these bonds, GCGC provided an unconditional and irrecoverable joint liability guarantee in full on the principal and interest of the bonds. In the meantime, the Company provided counter guarantee to GCGC with a pledge of the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right (Note V. 15).

33. Lease liabilities

Items	31 December 2021	31 December 2020
Lease liabilities	2,345,172,966.06	2,409,195,310.62
Less: lease liabilities due within one year (note V. 29)	285,406,463.39	267,809,024.38
Total	2,059,766,502.67	2,141,386,286.24

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term payables

Item	31 December 2021	31 December 2020
Long-term payables	195,830,684.95	79,084,738.67
Total	195,830,684.95	79,084,738.67

1) Long-term payables

Items	31 December 2021	31 December 2020
Finance lease payable	183,550,447.93	–
Payables for vehicles purchase	49,889,080.10	68,097,364.76
Station construction fees and land transfer fee	24,188,866.00	23,638,866.00
Deposits	7,163,617.19	8,958,993.00
Others	1,600,000.00	360,263.06
Total	266,392,011.22	101,055,486.82
Less: Long-term payables due within one year		
Including: Finance lease payable	56,023,223.30	–
Payables for purchasing vehicles	14,538,102.97	21,970,748.15
Sub-total (note V.29)	70,561,326.27	21,970,748.15
Long-term payables due after one year	195,830,684.95	79,084,738.67

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable

1) Details of long-term employee benefits payable

Items	31 December 2021	31 December 2020
Termination benefits	194,822,297.08	209,950,138.77
Less: Settled within one year (note V.26)	11,448,460.53	16,492,724.25
Total	183,373,836.55	193,457,414.52

2) Movements in defined benefit plans are as follows:

(1) Present value of defined benefit plans obligation

Items	2021	2020
1. Balance at the beginning of the year	209,950,138.77	197,315,998.70
2. Included in profit or loss:	3,179,950.53	41,568,968.87
(1) Current cost	4,056,063.93	36,293,245.87
(2) Settlement gain	6,056,766.26	—
(3) Net interest	5,180,652.86	5,275,723.00
3. Included in other comprehensive income:	(4,623,657.05)	503,410.42
(1) Actuarial loss	(4,623,657.05)	503,410.42
4. Other movements	(22,931,449.27)	(28,431,418.38)
(1) Benefits paid	(22,931,449.27)	(28,431,418.38)
5. Balance at the end of the year	194,822,297.08	209,950,138.77

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term employee benefits payable (Continued)

2) **Movements in defined benefit plans are as follows:** (Continued)

(2) *Significant actuarial assumptions and sensitivity analysis for defined benefit plans*

① Actuarial assumptions

Actuarial assumptions include demographic and financial assumptions. Demographic assumptions include mortality, employee turnover, disability, and early retirement rates. Financial assumptions include discount rates, benefit levels and future compensation. Regarding the demographic assumptions of the Group, this report only considers mortality. In terms of financial assumptions, this report only considers the discount rate.

1) Mortality

Use the general life table of the insurance industry "China Life Insurance Industry Experience Life Table (2000-2003)" pension business mortality.

2) Interest rate

With reference to the interest rates of long-term treasury bonds and high-quality corporate bonds in recent years, the annual interest rate is assumed to be 4.00%.

② Explanation of the results of sensitivity analysis

1) Mortality sensitivity analysis results

When other factors remain constant and mortality increases, future subsidy payments are reduced, thereby reducing the present value of the defined benefit plan obligation at the end of each year. When mortality declines, future subsidy payments increase and the present value of defined benefit plan obligations increases. When the death rate is 5% higher than the benchmark level, the liabilities decrease by RMB1,403,662.10.

2) Interest rate sensitivity analysis results

When other factors remain unchanged and the interest rate is higher than the benchmark level, the present value of the defined benefit plan obligation at the end of each year decreases; when the interest rate is lower than the benchmark level, the annual present value of the defined benefit plan obligation at the end of each year increases. When interest rates rose to 4.10% that year, the liabilities of defined benefit plans obligation fell by RMB1,203,662.10 to the benchmark level.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Deferred income

Items	31 December 2021	31 December 2020
Government grant related to assets (Note V.57)	329,238,455.47	367,346,038.23
Government grant related to income (Note V.57)	–	3,617,509.32
Prepayments of contracts	177,631,158.24	225,369,156.42
Rental of stations and advertising sites	13,801,421.26	14,198,958.61
Total	520,671,034.97	610,531,662.58

37. Share capital

Item	31 December 2020	Issue new shares	Bonus	Changes in the year Conversion of provident fund to shares	Others	Sub-total	31 December 2021
Total shares	799,847,800.00	–	–	–	–	–	799,847,800.00

38. Capital Reserve

Items	31 December 2020	Additions during the year	Reductions during the year	31 December 2021
Capital premium (share premium)	–	1,513,715.60	–	1,513,715.60
Other capital reserve	18,800,491.50	36,923.75	146,620.31	18,690,794.94
Total	18,800,491.50	1,550,639.35	146,620.31	20,204,510.54

Note 1: The capital premium is the long-term equity investment newly acquired by the company due to the purchase of 4.6379% of the shares held by minority shareholders of Qingyuan Yueyun Automobile Transportation Co., Ltd. in this year and the shareholding ratio that the subsidiary should enjoy from the date of purchase according to the proportion of newly added shares. The difference between the continuous calculation of the net assets shares, adjust the capital reserve share premium of RMB1,513,715.60.

Note 2: Changes in other capital reserves during the year refer to other changes in owners' equity of associates and joint ventures other than net profit and loss, other comprehensive income and profit distribution. The book value of long-term equity investments is adjusted and calculated under the equity method and shareholding ratio into other capital reserves.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Other comprehensive income

Items	31 December 2020	Amount before income tax for the current year	Movements for the year		Less: income tax expense	Attributable to shareholders of the Company after tax	Attributable to non-controlling interest after tax	31 December 2021
			Less: included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: included in other comprehensive income in the previous period and transferred to retained earnings in the current period				
1 Other comprehensive income that cannot be reclassified to profit or loss	(896,738.48)	(4,623,657.05)	-	-	(26,936.32)	(4,060,421.31)	(536,299.42)	(4,957,159.79)
Including: Remeasurement of defined benefit plan liability	(1,006,098.50)	(4,623,657.05)	-	-	(26,936.32)	(4,060,421.31)	(536,299.42)	(5,066,519.81)
Changes in fair value gains or losses on investments in other equity instruments	109,360.02	-	-	-	-	-	-	109,360.02
2 Other comprehensive income to be reclassified to profit or loss	(31,628,746.21)	(4,318,767.55)	-	-	-	(1,963,785.47)	(2,354,982.08)	(33,592,531.68)
Including: Translation differences of foreign currency financial statements	(31,628,746.21)	(4,318,767.55)	-	-	-	(1,963,785.47)	(2,354,982.08)	(33,592,531.68)
Total	(32,525,484.69)	(8,942,424.60)	-	-	(26,936.32)	(6,024,206.78)	(2,891,281.50)	(38,549,691.47)

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Specific reserve

Item	31 December 2020	Additions during the year	Reductions during the year	31 December 2021
Safety specific reserve	19,891,553.86	33,541,902.88	30,451,485.94	22,981,970.80
Total	19,891,553.86	33,541,902.88	30,451,485.94	22,981,970.80

Note: According to the letter of the General Office of the Emergency Management Department on soliciting opinions on the Administration instruction on using and provision of enterprises' safety specific reserve (Draft for comments) (Emergency Department Letter [2019] 428) and Administration instruction of safely operation of Guangdong Yueyun Transportation Co., Ltd., transportation enterprises should provide safety reserve monthly based on last year's actual operating income, at the rates of 1% for ordinary freight transportation service and 1.5% for passengers transportation service, respectively. Enterprises serve for production and storage of hazardous goods should set provision of safety reserve monthly based on last year's actual operating income.

41. Surplus reserve

Item	31 December 2020	Additions during the year	Reductions during the year	31 December 2021
Statutory surplus reserve	212,973,127.89	15,594,093.66	–	228,567,221.55
Total	212,973,127.89	15,594,093.66	–	228,567,221.55

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

42. Retained earnings

Items	2021	2020
Retained earnings at the beginning of the year	1,052,303,964.69	1,291,081,241.71
Add: Net loss for the year attributable to the shareholders of the Company	(220,330,084.02)	(229,193,291.25)
Less: Appropriation for statutory surplus reserve	15,594,093.66	9,583,985.77
Retained earnings at the end of the year	816,379,787.01	1,052,303,964.69

Note: In 2021, no dividend was declared by the Company (2020: no dividend was declared).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Operating income and operating costs

1) Operating income and operating costs

Items	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Operating income from principal activities	6,263,085,597.74	5,856,944,855.99	5,577,591,947.39	5,312,978,273.02
Other operating income	7,444,269.71	6,605,703.43	7,949,493.62	7,016,273.46
Total	6,270,529,867.45	5,863,550,559.42	5,585,541,441.01	5,319,994,546.48

Details of operating income are as follows:

Items	2021	2020
1. Operating income from principal activities		
Expressway service zones operation	3,726,306,933.17	3,003,512,269.95
Road passenger transportation and auxiliary services (note)	2,345,573,651.91	2,297,644,049.83
Taiping interchange assets operation services	121,446,132.92	66,017,682.94
Material logistics services	69,758,879.74	210,417,944.67
Sub-total	6,263,085,597.74	5,577,591,947.39
2. Other operating income	7,444,269.71	7,949,493.62
Total	6,270,529,867.45	5,585,541,441.01

Note: Operating income of Foshan City Yueyun Public Transportation Company Limited, Foshan City Sanshui District Yueyun Transportation Company Limited and Guangzhou City Yueyun Motor Transportation Co., Ltd. includes income derived from their operations of public traffic community business (hereinafter referred to as "TC Business"). Pursuant to the Public Traffic Service Contracts signed by these companies and local transportation and city management bureau in Foshan and Zengcheng, these companies shall operate certain bus lines in designated areas and all fare income derived from routes operation shall be enjoyed by local transportation and city management bureau. The companies shall settle operating income with local transportation and city management bureau monthly based on actual operating mileages of each operating route under price per kilometre of each route method as agreed in the Public Traffic Service Contract. During the year, income derived from TC Business was RMB492,459,554.76, representing 7.85% of total operating income (2020: RMB474,962,323.68, representing 8.50% of total operating income).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Financial expenses

Items	2021	2020
Interest expenses from loans, bonds and payables	109,721,948.27	103,801,088.71
Less: Borrowing costs capitalised	692,888.89	1,642,618.34
Net interest expenses	109,029,059.38	102,158,470.37
Less: Interest income	18,180,650.76	10,643,826.30
Exchange (gains)/losses	(1,243,150.30)	2,157,298.23
Amortisation of unrecognized financing charges	7,086,911.16	7,408,753.98
Interest expenses from lease liabilities	118,511,409.37	116,613,836.64
Others	13,271,007.12	12,279,307.00
Total	228,474,585.97	229,973,839.92

45. Other income

Items	2021	2020
Government grants related to assets	80,116,021.17	102,796,392.61
Government grants related to income	212,784,575.01	351,558,267.89
VAT reduction and exemption, etc (note)	29,427,015.41	79,901,083.80
Total	322,327,611.59	534,255,744.30

Note: Refer to Note IV 2 note 4 and note 5 for preferential policies of VAT reduction and exemption.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other income (Continued)

Government grants included in other income

Items	2021	2020	Related to assets/ Related to income
Subsidies for vehicles replacement	1,797,253.50	2,486,786.89	Related to assets
Subsidies for procurement of new energy vehicles	65,445,004.36	87,982,426.84	Related to assets
Subsidies for fixed asset renovation	8,769,280.49	8,797,931.29	Related to assets
Tax subsidies for vehicle purchase	412,765.91	425,531.88	Related to assets
Other subsidies related to assets	3,691,716.91	3,103,715.71	Related to assets
Subsidies for operation of new energy vehicle	–	139,185,024.61	Related to income
Subsidy for operation of bus line	151,707,956.53	127,755,258.41	Related to income
Subsidies of elderly concessionary travel card	32,919,246.51	22,980,603.03	Related to income
Others subsidies related to income	28,157,371.97	61,637,381.84	Related to income
Total	292,900,596.18	454,354,660.50	

46. Investment income

Items	2021	2020
Income from long-term equity investments under equity method	(6,270,385.62)	6,125,654.77
Gains on disposal of long-term equity investments	–	22,537,575.29
Others	(1,108,220.52)	653,532.68
Total	(7,378,606.14)	29,316,762.74

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Accrual of credit losses

Items	2021	2020
Accounts receivable	(5,617,451.67)	(1,915,180.67)
Other receivables	1,572,886.63	(26,063,105.93)
Total	(4,044,565.04)	(27,978,286.60)

48. Impairment losses

Items	2021	2020
Impairment loss of inventories	–	(651,066.12)
Impairment loss of long-term equity investments	–	(233,296.01)
Impairment loss of fixed assets	–	(9,775,602.84)
Impairment loss of goodwill	(19,516,537.14)	(13,943,331.88)
Impairment loss of prepayments	–	1,091.70
Total	(19,516,537.14)	(24,602,205.15)

49. Gains from asset disposals

Items	2021	2020
(Loss)/gains from disposal of fixed assets	(6,162,453.15)	16,559,418.63
Gains from disposal of other non-current assets	3,596,388.62	7,191,407.70
Gains from disposal of right-of-use assets	7,910,399.75	14,641.53
Total	5,344,335.22	23,765,467.86

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Non-operating income

Items	2021	2020
Gains on disposal of non-current assets	4,993,511.47	10,407,125.91
Government grants	2,977,228.07	2,727,422.63
Compensations	1,548,087.05	4,224,289.11
Others	7,079,505.17	4,441,047.47
Total	16,598,331.76	21,799,885.12

Government grants included in non-operating income

Subsidy items	2021	2020	Related to assets/ Related to income
Subsidies for vehicles disposals	–	66,500.00	Related to income
Other subsidies	2,977,228.07	2,660,922.63	Related to income
Total	2,977,228.07	2,727,422.63	

51. Non-operating expense

Items	2021	2020
Donations	3,000.00	140,247.12
Losses on disposal of non-current assets	7,713,605.97	17,514,853.81
Road accidents losses	3,861,652.79	4,473,836.58
Penalty expenses	801,787.51	2,118,803.79
Others	2,038,646.71	2,897,595.07
Total	14,418,692.98	27,145,336.37

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For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. Income tax expenses

1) Income tax expenses

Items	2021	2020
Current income tax expense	81,792,439.06	97,995,517.10
Deferred tax expense	(329,676.51)	(21,418,152.10)
Total	81,462,762.55	76,577,365.00

2) Reconciliation of income tax expenses to accounting profit is as follows:

Item	2021
Profit before taxation	(241,896,574.98)
Income tax expense calculated at tax rate of 25%	(60,474,143.74)
Effect of different tax rates applied by certain subsidiaries	5,726,244.84
Adjustments of tax filing differences	(1,576,264.91)
Effect of non-deductible expenses	8,133,068.63
Effect of utilisation of temporary differences and deductible tax losses in previous years	(9,028,186.45)
Effect of unrecognised deductible tax losses and temporary differences	138,682,044.18
Income tax expenses	81,462,762.55

Note: The details of the Company and its subsidiaries' applicable income tax rates are set out in Note IV.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

53. 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 of the Company. The calculation is as follows:

Items	2021	2020
Consolidated net loss attributable to ordinary shareholders of the Company	(220,330,084.02)	(229,193,291.25)
Weighted average number of ordinary shares outstanding	799,847,800.00	799,847,800.00
Basic earnings per share	(0.28)	(0.29)
Including: Basic earnings per share from continuing operations	(0.28)	(0.29)

Weighted average number of ordinary shares is calculated as follows:

Items	2021	2020
Issued ordinary shares at the beginning and the end of the year	799,847,800.00	799,847,800.00
Weighted average number of ordinary shares at the end of the year	799,847,800.00	799,847,800.00

2) *Diluted earnings per share*

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted). The calculation result is the same as basic earnings per share.

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For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

54. Supplement to income statement

Operating costs, selling and distribution expenses, general and administrative expenses, research and development expenses and financial expenses in the income statement are classified according to their nature and listed as follows:

Items	2021	2020
Changes in finished goods	2,613,635,335.44	2,615,675,543.22
Employee benefits expenses	1,971,849,170.76	1,927,405,549.89
Depreciation and amortization	716,863,277.39	807,584,009.30
Depreciation of right-of-use	243,055,697.47	229,636,142.29
Raw materials used	150,369,686.38	111,438,180.85
Rental expenses	54,072,150.31	82,308,056.72
Financial expenses	228,474,585.97	229,973,839.92
Other income	(322,327,611.59)	(534,255,744.30)
Accrual/(reversal) of impairment losses	19,516,537.14	24,602,205.15
Accrual/(reversal) of credit losses	4,044,565.04	27,978,286.60
Investment income	7,378,606.14	(29,316,762.74)
Auditors' remuneration	4,980,000.00	9,130,000.00
Other expenses	822,694,080.76	316,633,626.19
Total	6,514,606,081.21	5,818,792,933.09

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Supplement to cash flow statement

1) Supplement to cash flow statement

Supplement	2021	2020
1. Reconciliation of net loss to cash flows from operating activities:		
Net loss	(323,359,337.53)	(315,174,308.33)
Add: Provisions for credit loss	4,044,565.04	27,978,286.60
Provisions for impairment of assets	19,516,537.14	24,602,205.15
Depreciation of fixed assets and investment properties	598,129,053.02	682,414,608.35
Depreciation of right-of-use assets	243,055,697.47	229,636,142.29
Amortisation of intangible assets	57,219,326.61	71,315,281.93
Amortisation of long-term deferred expenses	61,514,897.76	53,854,119.02
Gains on disposal of fixed assets, intangible assets and other long-term assets	(5,344,335.22)	(23,765,467.86)
Losses on disposal of fixed assets	2,720,094.50	7,107,727.90
Financial expenses	239,869,565.54	232,771,142.54
Investment income	7,378,606.14	(29,316,762.74)
Decrease/(increase) in deferred tax assets	4,619,333.66	(26,847,437.50)
(Decrease)/increase in deferred tax liabilities	(4,975,946.47)	5,429,285.40
Decrease/(increase) in inventories	11,219,484.73	(14,216,606.21)
Decrease in operating receivables	129,070,089.98	38,602,420.07
Decrease/(Increase) in operating payables	(141,524,673.71)	187,750,442.60
Decrease/(Increase) in specific reserve	3,090,416.94	(6,017,679.54)
Net cash inflow from operating activities	906,243,375.60	1,146,123,399.67
2. Change in cash and cash equivalents		
Cash and cash equivalents at the end of the year	1,249,403,735.59	1,241,551,487.41
Less: Cash and cash equivalents at the beginning of the year	1,241,551,487.41	1,163,480,565.54
Net increase in cash and cash equivalents	7,852,248.18	78,070,921.87

Note: The balance of other cash in cash and cash equivalents of the Group at the end of this year and the previous year are all restricted cash, which was deducted from the balance of cash and cash equivalents. For information on other cash, please refer to Note V 1.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Supplement to cash flow statement (Continued)

2) Details of cash and cash equivalents

Items	31 December 2021	31 December 2020
I. Cash at bank and on hand	1,249,403,735.59	1,241,551,487.41
Including: Cash on hand	6,387,201.07	7,385,548.22
Bank deposits available on demand	1,243,016,534.52	1,234,165,939.19
II. Cash equivalents	–	–
III. Closing balance of cash and cash equivalents available on demand	1,249,403,735.59	1,241,551,487.41

56. Assets with restricted ownership or right of use

Items	Book value at the end of the year	Restricted Reason
Monetary funds	36,218,369.66	Pledged loan deposits, performance security deposits, tourism quality deposits and property maintenance funds
Fixed assets	337,250,416.40	Mortgage loan, financial lease mortgage
Intangible assets	192,650,090.30	Mortgage loan, pledge counter-guarantee, long-term payable mortgage guarantee
Right-of-use asset	366,181,756.83	Financial lease sale and leaseback
Total	932,300,633.19	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Government grants

1) Government grants related to assets

Items	Amount	Balance sheet presentation items	The amount included in the current profit and loss or offsetting the loss of related costs and expenses		Items included in the current profit and loss or offsetting the loss of related costs and expenses
			2021	2020	
Subsidies for vehicles replacement	1,692,940.73	Deferred income	1,797,253.50	2,486,786.89	Other income
Subsidies for procurement of new energy vehicles	189,696,880.68	Deferred income	65,445,004.36	87,982,426.84	Other income
Subsidies for fixed assets renovation	111,170,902.60	Deferred income	8,769,280.49	8,797,931.29	Other income
Tax subsidies for vehicles purchase	12,025,281.72	Deferred income	412,765.91	425,531.88	Other income
Software development subsidies	300,000.00	Deferred income	–	–	Other income
Other subsidies related to assets	14,352,449.74	Deferred income	3,691,716.91	3,103,715.71	Other income

2) Government grants related to income

Items	Amount		The amount included in the current profit and loss or offsetting the loss of related costs and expenses		Items included in the current profit and loss or offsetting the loss of related costs and expenses
			2021	2020	
Fuel subsidies	95,630,314.94	95,630,314.94	105,609,029.13		Operating costs
Subsidies for operation of bus lines	151,707,956.53	151,707,956.53	127,755,258.41		Other income
Subsidies for operation of new energy vehicles	–	–	139,185,024.61		Other income
Subsidies of elderly concessionary travel card	32,919,246.51	32,919,246.51	22,980,603.03		Other income
Other subsidies	28,157,371.97	28,157,371.97	61,637,381.84		Other income
Subsidies for vehicles disposals	–	–	66,500.00		Non-operating income
Other subsidies	2,977,228.07	2,977,228.07	2,660,922.63		Non-operating income

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Government grants (Continued)

3) Refund of government subsidy

Item	Amount	Reason
Subsidies for procurement of new energy vehicles	2,624,000.00	Government fiscal adjustment

58. Net current liabilities

Items	31 December 2021	31 December 2020
Current assets	2,493,235,541.83	2,555,304,908.11
Less: Current liabilities	3,634,423,337.10	3,093,408,723.34
Net current liabilities	(1,141,187,795.27)	(538,103,815.23)

59. Total assets less current liabilities

Item	31 December 2021	31 December 2020
Total assets	10,543,632,762.95	11,052,730,259.95
Less: Current liabilities	3,634,423,337.10	3,093,408,723.34
Total assets less current liabilities	6,909,209,425.85	7,959,321,536.61

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Lease

1) As a lessee

Items	2021
Interest expense on lease liabilities	118,511,409.37
Short-term lease expenses applied the practical expedient	34,837,445.32
Variable lease payments not included in the measurement of lease liabilities	19,234,704.99
Income from sub-leasing right-of-use assets	481,318,776.78
Total cash outflow for leases	531,118,791.90

2) As a lessor

(1) Operating lease

Items	2021
Lease income	551,708,476.53
Including: income related to variable lease payments not included in lease receipts	23,009,654.18

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

Remaining lease term	Undiscounted lease receipts
Within 1 year (inclusive)	519,603,130.04
Over 1 year but within 2 years (inclusive)	447,049,536.36
Over 2 years but within 3 years (inclusive)	368,902,361.03
Over 3 years but within 4 years (inclusive)	309,498,327.68
Over 4 years but within 5 years (inclusive)	262,010,275.76
Over 5 years	1,298,083,854.41
Total	3,205,147,485.27

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Lease (Continued)

2) As a lessor (Continued)

(2) Finance lease

Items	2021
Finance income on the net investment in the lease	31,392.09

As at 31 December 2021, the Group had no financial leases.

VI. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Changes in the scope of consolidation due to other reasons

1. Subsidiaries newly included in the scope of consolidation this year

Two new subsidiaries of the Company were established this year, including Guangning Lihao Property Management Co., Ltd. and Heyuan City Yuancheng District Xinyun Property Management Co., Ltd.

2. Subsidiaries that are no longer included in the scope of consolidation this year

Ten subsidiaries of the Company completed industrial and commercial deregistration in 2021 and have not been longer included in the scope of consolidation since then, including Guangzhou Yueyun Transportation Co., Ltd., Foshan Nanhai District Yueyun Transportation Co., Ltd., Chaozhou Yueyun Junma Tourism Transportation Co., Ltd., Chaozhou Hongyun Travel Agency Co., Ltd., Shaoguan Yueyun Travel Agency Co., Ltd., Shaoguan Jitongtu Automobile Transportation Co., Ltd., Qingyuan Qingxin District Yueyun Automobile Transportation Co., Ltd., Yangchun Langri Fuel Co., Ltd., Yangjiang Yueyun Langri Automobile Driving Training Co., Ltd. and Yangjiang Yueyun Langri Fuel Co., Ltd. The operating results and cash flows of the above companies before the date of cancellation have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

NOTES TO THE FINANCIAL STATEMENTS

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VII.INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

1) Composition of the Group

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Guangdong Highway Media Company Limited	Guangdong China	Guangdong China	Expressway services	100.00	100.00	Established
Yueyun Transportation (HK) Company Limited	Hong Kong China	Hong Kong China	Material Logistics services	100.00	100.00	Established
Guangdong Top-E Expressway Service Zone Company Limited	Guangdong China	Guangdong China	Expressway services	95.56	95.56	Business combinations involving enterprises under common control
Guangdong Tongyi Landscape Co., Ltd.	Guangdong China	Guangdong China	Expressway services	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Jindaoda Expressway Economic Development Company Limited	Guangdong China	Guangdong China	Expressway services	100.00	100.00	Business combinations involving enterprises under common control
The Motor Transport Company of Guangdong and Hong Kong Limited (Note 1)	Hong Kong China	Hong Kong China	Cross-border transportation services	62.00	71.43	Business combinations involving enterprises under common control
Gang Tong (HK) Motor Transport Company Limited	Hong Kong China	Hong Kong China	Cross-border transportation services	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Yue Li Jia Passenger Transport Company (Hong Kong)	Hong Kong China	Hong Kong China	Cross-border transportation services	70.00	70.00	Business combinations involving enterprises under common control
The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited (Note 1)	Guangdong China	Guangdong China	Cross-border transportation services	62.00	71.43	Business combinations involving enterprises under common control
Shenzhen Yuegang Transport Company Limited	Guangdong China	Guangdong China	Cross-border transportation services	100.00	100.00	Business combinations involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Guangdong Yue Li Jia Passenger Transport Company (Guangzhou)	Guangdong China	Guangdong China	Cross-border transportation services	70.00	70.00	Business combinations involving enterprises under common control
Guangdong Province Transportation Engineering Company Limited	Guangdong China	Guangdong China	Real Estate leasing	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Vehicles Transportation Group Co., Ltd.	Guangdong China	Guangdong China	Investment and domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Foshan City Yueyun Public Transportation Co., Ltd. (Note 1)	Guangdong China	Guangdong China	Domestic transportation	51.00	100.00	Business combinations involving enterprises under common control
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	59.62	59.62	Business combinations involving enterprises under common control
Foshan City Sanshui District Yueyun Traffic Co., Ltd. (Note 1)	Guangdong China	Guangdong China	Domestic transportation	51.00	100.00	Business combinations involving enterprises under common control
Guangdong Yueyun Traffic Rescue Co., Ltd.	Guangdong China	Guangdong China	Traffic Rescue	100.00	100.00	Business combinations involving enterprises under common control
Shenzhen City Shenwei Lighter Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	55.00	55.00	Business combinations involving enterprises under common control
Guangdong Yueyun Langri Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	51.00	51.00	Business combinations involving enterprises under common control
Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd. (Note 1)	Guangdong China	Guangdong China	Station services	60.00	100.00	Business combinations involving enterprises under common control

NOTES TO THE FINANCIAL STATEMENTS

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Yangjiang City Yueyun Langri Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	65.00	65.00	Business combinations involving enterprises under common control
Yangchun City's Third Motor Transportation Co., Ltd. (Note 1)	Guangdong China	Guangdong China	Domestic transportation	70.00	100.00	Business combinations involving enterprises under common control
Yangchun City Yueyun Langri Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Yangxi County Yueyun Langri Passenger Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	51.00	51.00	Business combinations involving enterprises under common control
Zhongshan City Eastern Station Co., Ltd.	Guangdong China	Guangdong China	Station services	100.00	100.00	Business combinations involving enterprises under common control
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	70.00	70.00	Business combinations involving enterprises under common control
Guangzhou City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	51.00	51.00	Business combinations involving enterprises under common control
Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd.	Guangdong China	Guangdong China	Station services	60.00	60.00	Business combinations involving enterprises under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Heyuan City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	55.28	55.28	Business combinations involving enterprises under common control
Foshan City Yueyun Hexing Transportation Co., Ltd.	Guangdong China	Guangdong China	Station services	51.00	51.00	Business combinations involving enterprises under common control
Guangdong Gangtong Vehicles Transportation Company Limited	Guangdong China	Guangdong China	Cross-border transportation services	100.00	100.00	Established
Yangjiang City Yueyun Langri Passenger Transport Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Established
Heyuan City Chengnan Freight Station Co., Ltd.	Guangdong China	Guangdong China	Station services	100.00	100.00	Established
Heyuan City Yueyun Tongxing Travel Company Limited	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control
Heyuan City Yueyun Lvdu Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control
Yangjiang City Yangzha New Image Public Transportation Company Limited	Guangdong China	Guangdong China	Domestic transportation	77.25	77.25	Business combinations involving enterprises not under common control
Yangjiang Yueyun Langri Car Rental Co., Ltd.	Guangdong China	Guangdong China	Leasing Services	100.00	100.00	Established
Dongyuan County Dengta Town Yueyun Property Lease Co., Ltd.	Guangdong China	Guangdong China	Property Management	100.00	100.00	Established

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VII.INTERESTS IN OTHER ENTITIES *(CONTINUED)*

1. Interests in subsidiaries *(Continued)*

1) *Composition of the Group (Continued)*

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	66.39	66.39	Business combinations involving enterprises not under common control
Yangshan County Yueyun Motor Inspection Co., Ltd	Guangdong China	Guangdong China	Vehicle Inspection	100.00	100.00	Business combinations involving enterprises not under common control
Qingyuan City Yueyun Public Transportation Co., Ltd	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	59.69	59.69	Business combinations involving enterprises not under common control
Shaoguan Polycom Motor Vehicles Driving Training Co., Ltd.	Guangdong China	Guangdong China	Motor Driver Training	100.00	100.00	Business combinations involving enterprises not under common control
Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control
Zhaoqing Yueyun Travel Service Co., Ltd.	Guangdong China	Guangdong China	Tourism Services	100.00	100.00	Established
Shanwei Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	51.00	51.00	Business combinations involving enterprises not under common control
Lufeng Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control
Haifeng Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Shanwei City Yueyun New Energy Vehicles Service Co., Ltd.	Guangdong China	Guangdong China	Station Service	100.00	100.00	Business combinations involving enterprises not under common control
Shanwei City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	85.00	85.00	Business combinations involving enterprises not under common control
Guangdong Yueyun Development Co., Ltd.	Guangdong China	Guangdong China	Commercial Service	100.00	100.00	Established
Haifeng Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Established
Luhe Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Established
Lufeng Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Established
Qingyuan Qingxin District Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control
Yangjiang City Hailing Yueyun Langri Travel Transportation Co., Ltd	Guangdong China	Guangdong China	Domestic transportation	65.00	65.00	Established
Guangdong Yangjiang Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Huaiji County Yueyun City-Village Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises not under common control

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VII.INTERESTS IN OTHER ENTITIES *(CONTINUED)*

1. Interests in subsidiaries *(Continued)*

1) *Composition of the Group (Continued)*

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	51.00	51.00	Established
Shaoguan City Guangshao Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	51.00	51.00	Established
Meizhou Yueyun Vehicles Transportation Company Limited	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Vehicles Passenger Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Xingning Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Dapu Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Wuhua Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Pingyuan Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Jiaoling Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Jiangnan Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Meizhou Vehicle Materials Supply Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Dapu Yueyun Motor Inspection Co., Ltd.	Guangdong China	Guangdong China	Vehicle Testing	51.00	51.00	Business combinations involving enterprises under common control
Shenzhen City Man Kam To Bus station Co., Ltd.	Guangdong China	Guangdong China	Property Management	100.00	100.00	Established
Chaozhou City Yueyun Vehicle Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Raoping Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Chaozhou City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Chaozhou Changyun Service Co., Ltd.	Guangdong China	Guangdong China	Hotel service	100.00	100.00	Business combinations involving enterprises under common control
Zhuhai Gongyun Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Zhuhai Gongqi Taxi Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Zhuhai Qiguan Sightseeing Bus Co., Ltd.	Guangdong China	Guangdong China	Domestic transportation	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	Guangdong China	Guangdong China	Wholesale of oil	51.00	51.00	Business combinations involving enterprises not under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Business nature	Shareholding percentage (%)		Established or acquired
				Direct	Indirect	
Guangdong FLY-E Logistics Technology Co., Ltd.	Guangdong China	Guangdong China	Commercial Service	51.72	51.72	Business combinations involving enterprises not under common control
Guangning Lihao Property Management Co., Ltd.	Guangdong China	Guangdong China	Property Management	100.00	100.00	Established
Heyuan Yuancheng Xinyun Property Management Co., Ltd.	Guangdong China	Guangdong China	Property Management	100.00	100.00	Established

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

2) Material non-wholly-owned subsidiaries

Name of the subsidiary	Proportion of ownership interest held by non-controlling interest ("NCI")	Profit or loss allocated to NCI during the year	Dividends paid to NCI during the year	Accumulated NCI at the end of the year
The Motor Transport Company of Guangdong and Hong Kong Limited	38.00	(25,442,486.46)	–	76,770,711.40
Foshan City Yueyun Public Transportation Co., Ltd.	49.00	2,150,302.17	1,165,993.57	152,726,905.99
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	40.38	(20,720,996.28)	–	68,321,898.49
Guangdong Yueyun Langri Co., Ltd.	49.00	(31,413,820.77)	–	123,184,698.86
Heyuan City Yueyun Motor Transportation Co., Ltd.	44.72	(26,238,300.25)	–	32,651,735.95
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	33.61	(15,328,623.28)	17,210,925.00	131,672,079.97
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd	40.31	(9,987,188.77)	165,777.59	102,384,399.73
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	49.00	57,020,738.69	28,722,380.90	166,563,426.86

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

3) Key financial information of material non-wholly-owned subsidiaries

Name of the subsidiary	As at 31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
The Motor Transport Company of Guangdong and Hong Kong Limited	142,070,408.61	172,635,682.23	314,706,090.84	103,536,052.99	6,339,065.94	109,875,118.93
Foshan City Yueyun Public Transportation Co., Ltd.	96,442,771.52	532,544,030.67	628,986,802.19	94,719,707.72	222,579,531.23	317,299,238.95
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	103,972,150.88	293,938,024.65	397,910,175.53	90,029,422.12	142,472,121.27	232,501,543.39
Guangdong Yueyun Langri Co., Ltd.	169,925,368.24	468,922,718.29	638,848,086.53	299,809,291.27	109,353,572.65	409,162,863.92
Heyuan City Yueyun Motor Transportation Co., Ltd.	77,698,687.09	383,463,259.18	461,161,946.27	262,578,660.28	128,972,533.48	391,551,193.76
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	103,468,959.48	642,520,704.22	745,989,663.70	160,941,023.09	187,057,843.74	347,998,866.83
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd	93,268,107.23	362,307,850.41	455,575,957.64	122,629,883.81	86,521,144.09	209,151,027.90
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	208,421,783.99	41,434,354.57	249,856,138.56	17,867,471.88	9,355,313.38	27,222,785.26

Name of the subsidiary	As at 31 December 2020					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
The Motor Transport Company of Guangdong and Hong Kong Limited	171,055,837.94	195,325,333.40	366,381,171.34	80,624,656.33	6,014,194.85	86,638,851.18
Foshan City Yueyun Public Transportation Co., Ltd.	149,890,722.36	634,953,173.63	784,843,895.99	99,306,588.07	380,331,974.65	479,638,562.72
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	87,440,235.81	344,170,936.57	431,611,172.38	104,054,703.18	110,832,076.31	214,886,779.49
Guangdong Yueyun Langri Co., Ltd.	141,668,946.93	508,508,653.32	650,177,600.25	244,684,341.76	112,052,810.46	356,737,152.22
Heyuan City Yueyun Motor Transportation Co., Ltd.	88,884,414.02	429,014,689.89	517,899,103.91	244,358,399.17	144,596,015.50	388,954,414.67
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	186,551,723.76	706,593,662.03	893,145,385.79	196,613,948.40	205,545,705.88	402,159,654.28
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd	102,967,263.84	393,573,882.38	496,541,146.22	155,479,792.95	81,893,106.68	237,372,899.63
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	149,772,825.11	46,354,076.00	196,126,901.11	25,708,007.68	9,873,453.34	35,581,461.02

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

3) Key financial information of material non-wholly-owned subsidiaries (Continued)

Name of the subsidiary	2021				2020			
	Operating income	Net profit/(loss)	Total comprehensive income	Net Cash inflow/(outflow) from operating activities	Operating income	Net profit/(loss)	Total comprehensive income	Net Cash inflow/(outflow) from operating activities
The Motor Transport Company of Guangdong and Hong Kong Limited	8,417,283.57	(68,903,646.20)	(75,859,755.51)	(41,717,505.64)	34,388,025.97	(67,855,435.18)	(87,806,044.98)	(46,922,816.41)
Foshan City Yueyun Public Transportation Co., Ltd.	328,322,648.90	4,394,096.62	4,394,096.62	204,997,029.01	322,018,901.21	3,383,071.44	3,383,071.44	98,113,033.50
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	166,086,753.03	(52,522,249.97)	(52,522,249.97)	(18,181,794.78)	179,606,328.62	(97,505,535.35)	(97,505,535.35)	(32,898,279.20)
Guangdong Yueyun Langri Co., Ltd.	301,084,457.51	(56,841,843.60)	(56,841,843.60)	3,504,002.62	279,520,612.02	(24,311,742.42)	(24,311,742.42)	39,478,302.10
Heyuan City Yueyun Motor Transportation Co., Ltd.	105,799,637.61	(58,676,342.88)	(59,484,153.59)	29,083,009.04	115,497,493.29	(72,606,972.19)	(72,606,972.19)	4,255,397.66
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	350,918,300.56	(45,608,270.85)	(44,850,647.60)	86,643,594.44	355,078,927.40	(7,437,649.29)	(6,308,795.33)	85,180,487.57
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd	205,841,030.81	(11,444,556.69)	(11,795,789.59)	34,467,285.65	196,834,087.58	1,070,793.77	746,320.85	11,616,711.18
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	1,110,250,631.97	116,770,618.18	116,770,618.18	142,016,004.20	666,172,178.63	83,113,655.82	83,113,655.82	90,340,689.40

Note: The key financial information of the above subsidiaries without offsetting intra-group transactions, but with adjustments made in light of the fair value at the consolidation date and difference in accounting policies.

2. Changes in the share of the owner's equity in the subsidiary and still control the subsidiary's transactions

1) Explanation of changes in the share of owners' equity in a subsidiary

In 2021, the Company purchased 4.6379% equity of the non-controlling shareholder of Qingyuan Yueyun Automobile Transportation Co., Ltd. As of 31 December 2021, the company holds 66.39% equity of Qingyuan Yueyun Automobile Transportation Co., Ltd.

2) The impact of the transaction on non-controlling interests and the owner's equity attributable to the parent company

Qingyuan Yueyun Vehicles Transportation Co., Ltd.	
Purchase cost/disposal consideration	
– Cash	21,212,800.00
Total purchase cost/disposal consideration	21,212,800.00
Less: Share of net assets of subsidiaries calculated according to the proportion of equity acquired/disposed	22,726,515.60
Difference	(1,513,715.60)
Including: adjusted capital reserve	(1,513,715.60)

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VII.INTERESTS IN OTHER ENTITIES *(CONTINUED)*

3. Interests in joint arrangements or associates

1) *Material joint ventures or associates*

Name of enterprise	Incorporation place	Registered place	Business nature	Shareholding percentage (%)	Accounting for investments in joint ventures or associates	Strategic to the Group's activities
Guangdong Zhongyou Top-E Energy Trading Company Limited	Guangdong China	Guangdong China	Wholesale of oil	51.00	Equity method	Yes
Zhuhai Yuegong Xinhai Transportation Co., Ltd.	Guangdong China	Guangdong China	Road transportation	49.00	Equity method	Yes
Southern United Assets and Equity Exchange Company Limited	Guangdong China	Guangdong China	Property Exchange	25.00	Equity method	Yes
Shenzhen Yueyun Investment Development Company Limited	Guangdong China	Guangdong China	Passenger Terminal Operation	20.00	Equity method	Yes
Shantou City Automobile Terminal Co., Ltd.	Guangdong China	Guangdong China	Passenger Terminal Operation	35.00	Equity method	Yes
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	Station Services	20.00	Equity method	Yes
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	Hong Kong China	Hong Kong China	Transportation	20.00	Equity method	Yes
CNPC Yueyun Natural Gas Co. Ltd.	Guangdong China	Guangdong China	Gas Wholesale and Retail	24.00	Equity method	Yes

Note: All joint ventures and associates of the Group are non-listed companies. As at 31 December 2021, the ability to transfer fund from the above joint ventures and associates to the Group is not restricted (31 December 2020: Nil).

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

2) Key financial information of material joint ventures

	Closing balance/current amount		Balance at the end of the previous year/ Amount of the previous period	
	Guangdong Zhongyou Top-E Energy Trading Company Limited	Zhuhai Yuegong Xinhai Transportation Co., Ltd.	Guangdong Zhongyou Top-E Energy Trading Company Limited	Zhuhai Yuegong Xinhai Transportation Co., Ltd.
Current assets	69,494,000.64	4,307,059.14	75,759,808.98	28,114,858.03
Including: Cash and cash equivalents	50,663,580.87	4,307,059.14	47,809,177.35	4,302,259.18
Non-current assets	11,114,507.91	88,945,121.05	13,441,204.95	113,948,383.28
Total assets	80,608,508.55	93,252,180.19	89,201,013.93	142,063,241.31
Current liabilities	6,725,942.98	105,000.00	19,652,654.85	5,566,075.88
Total liabilities	6,725,942.98	105,000.00	19,652,654.85	5,566,075.88
Equity attributable to parent company's shareholders	73,882,565.57	93,147,180.19	69,548,359.08	136,497,165.43
Group's share of net assets	37,680,108.44	45,642,118.30	34,774,179.54	66,883,611.06
Book value of equity investments in joint ventures	37,680,108.44	45,642,118.30	34,774,179.54	66,883,611.06
Operating income	333,081,253.89	–	169,276,568.67	–
Financial expenses	(1,001,017.03)	(17,692.63)	(1,085,590.35)	(288.20)
Income tax expense	2,269,380.06	–	2,393,905.09	5,449,175.10
Net profit	6,788,246.67	(48,639,062.06)	8,764,824.18	(15,528,648.28)
Other comprehensive income	–	–	–	(8,358,083.47)
Total comprehensive income	6,788,246.67	(48,639,062.06)	8,764,824.18	(23,886,731.75)
Dividends received from joint ventures in the current period	1,800,000.00	–	1,000,000.00	–

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

3) Key financial information of material associates

	Southern United Assets and Equity Exchange Company Limited	Shenzhen Yueyun Investment Development Company Limited	Closing balance/current amount			
			Shantou City Automobile Terminal Co., Ltd.	Guangzhou City Tianhe Coach Terminal Co., Ltd.	Hong Kong- Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	CNPC Yueyun Natural Gas Co. Ltd.
Current assets	308,612,418.38	32,123,005.79	5,736,901.15	174,238,314.57	8,496,095.49	36,420,290.47
Non-current assets	64,374,250.28	220,630,198.61	73,055,718.44	98,062,802.46	91,023,250.96	21,032,562.04
Total assets	372,986,668.66	252,753,204.40	78,792,619.59	272,301,117.03	99,519,346.45	57,452,852.51
Current liabilities	123,809,441.72	14,985,825.13	14,298,409.48	114,671,631.16	22,770.15	8,372,411.32
Non-current liabilities	500,000.00	-	-	-	-	-
Total liabilities	124,309,441.72	14,985,825.13	14,298,409.48	114,671,631.16	22,770.15	8,372,411.32
Equity attributable to parent company's shareholders	248,677,226.94	237,767,379.27	64,494,210.11	157,629,485.87	99,496,576.30	47,163,401.84
Group's share of net assets	62,169,306.74	47,553,475.85	22,572,973.52	31,525,897.17	19,899,315.26	11,319,216.44
Book value of equity investments in joint ventures	62,169,306.74	47,553,475.85	22,572,973.52	31,525,897.17	19,899,315.26	11,319,216.44
Operation income	171,010,027.00	20,665,142.71	8,765,608.69	-	-	27,581,327.94
Net profit	78,232,050.49	1,643,486.09	(2,230,891.39)	6,634,893.32	(17,350,617.96)	(5,422,673.26)
Other comprehensive income	-	-	-	-	(5,395,326.56)	-
Total comprehensive income	78,232,050.49	1,643,486.09	(2,230,891.39)	6,634,893.32	(22,745,944.52)	(5,422,673.26)
Dividends received from joint ventures in the current period	15,276,787.31	-	-	-	-	-

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

3) Key financial information of material associates (Continued)

項目	Balance at the end of the previous year/Amount of the previous period					
	Southern United Assets and Equity Exchange Company Limited	Shenzhen Yueyun Investment Development Company Limited	Shantou City Automobile Terminal Co., Ltd.	Guangzhou City Tianhe Coach Terminal Co., Ltd.	Hong Kong- Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	CNPC Yueyun Natural Gas Co. Ltd.
Current assets	282,459,685.35	24,304,352.97	5,111,773.45	167,374,612.69	26,580,588.67	40,992,965.46
Non-current assets	60,996,482.93	227,100,019.59	76,020,052.14	98,229,446.46	84,902,716.95	23,160,721.60
Total assets	343,456,168.28	251,404,372.56	81,131,825.59	265,604,059.15	111,483,305.62	64,153,687.06
Current liabilities	70,244,898.08	10,244,869.66	14,526,133.70	114,609,466.60	31,437.92	11,170,732.94
Non-current liabilities	500,000.00	–	–	–	–	–
Total liabilities	70,744,898.08	10,244,869.66	14,526,133.70	114,609,466.60	31,437.92	11,170,732.94
Equity attributable to parent company shareholders	272,711,270.20	241,159,502.90	66,605,691.89	150,994,592.55	111,451,867.70	52,982,954.12
Group's share of net assets	68,177,817.55	48,231,900.58	23,311,992.16	30,198,918.51	22,290,373.54	12,715,908.99
Book value of equity investments in joint ventures	68,177,817.55	48,231,900.58	23,311,992.16	30,198,918.51	22,290,373.54	12,715,908.99
Operating income	116,736,096.69	20,310,513.86	10,492,110.16	–	–	63,549,206.64
Net profit	62,599,516.56	2,088,427.20	(938,975.97)	12,500,844.55	(17,637,335.83)	(1,716,765.13)
Other comprehensive income	–	–	–	–	(6,896,815.37)	–
Total comprehensive income	62,599,516.56	2,088,427.20	(938,975.97)	12,500,844.55	(24,534,151.20)	(1,716,765.13)
Dividends received from joint ventures in the current period	15,276,787.31	–	–	–	–	2,315,126.98

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For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

4) Financial information of immaterial joint ventures and associates

	2021	2020
Joint ventures:		
Aggregate carrying amount of investments	13,337,002.45	14,212,182.98
Aggregate amount of share of		
– Net profit	(875,180.53)	(262,203.16)
– Total comprehensive income	(875,180.53)	(262,203.16)
Associates:		
Aggregate carrying amount of investments	36,598,757.94	40,332,736.71
Aggregate amount of share of		
– Net profit	(4,013,987.89)	(4,685,117.59)
– Other comprehensive income	–	(21,558.95)
– Total comprehensive income	(4,013,987.89)	(4,706,676.54)

5) Excessive losses incurred by joint ventures or associates

The Group equity accounts 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 2021, the unrecognised share of losses of associates is as follows:

Name of joint ventures or associates	Accumulated unrecognised share of losses at the beginning of the year	Recognised share of net losses during the year	Accumulated unrecognised share of losses at the end of the year
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	1,003,418.24	1,380,081.38	2,383,499.62
Heyuan City Yueyun New Energy Co., Ltd.	40,592.32	(40,592.32)	–
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	160,019.55	65,164.64	225,184.19
Guangdong – Hong Kong – Macao System Technology Co., Ltd.	–	37,028.86	37,028.86
Express Cross-Border Coach Management Company Limited	–	41,145.29	41,145.29
Total	1,204,030.11	1,482,827.85	2,686,857.96

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS

The Company has exposure to various financial risks in the course of operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The details of the above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The objective of the Group's risk management is to achieve an appropriate balance between risk and income, and strive to reduce the adverse impact of financial risks on the Group's financial performance. Based on this risk management objective, the Group has formulated risk management policies to identify and analyze the risks faced by the Group, set an appropriate risk acceptable level and design corresponding internal control procedures to monitor the risk level of the Group. The Group will regularly review these risk management policies and relevant internal control systems to adapt to market conditions or changes in the Group's business activities.

1. Credit risk

The Group's credit risk mainly comes from monetary funds and receivables. The management will continuously monitor the exposure of these credit risks.

The Group's monetary funds other than cash are mainly deposited in financial institutions with good credit. The management believes that there is no significant credit risk and is not expected to cause losses to the Group due to the other party's default.

The Group's monetary funds other than cash are mainly deposited in financial institutions with good credit. The management believes that there is no significant credit risk and is not expected to cause losses to the Group due to the other party's default.

The maximum credit risk exposure of the Group is the carrying amount of each financial asset in the consolidated balance sheet. The Group has not provided any guarantee that may expose the Group and the Company to credit risk.

In addition, for accounts receivables, the Group has formulated a credit policy according to the actual situation and conducted credit evaluation on customers to determine the credit limit and credit period. Credit evaluation is mainly based on the customer's financial status, external rating and bank credit record (if possible). The relevant accounts receivables are due within 30 to 90 days from the date of issuing the invoice. For debtors with overdue accounts receivable, the Group will urge collection from the debtors or negotiate with them to reschedule the payment term. Under normal circumstances, the Group will not require customers to provide collateral.

For other receivables, the Group monitors changes in credit risk by tracking the debtor's operating results and changes in the current economic environment. Credit evaluation is mainly based on the customer's financial status, external rating and bank credit record (if possible). For debtors whose other receivables are overdue, the Group will urge collection from them or negotiate with them to reschedule the payment term. Under normal circumstances, the Group will not require customers to provide collateral.

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For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise performs its obligation to settle by delivering cash or other financial assets.

The Company and its subsidiaries are responsible for their own cash management, including short-term investment of cash surplus and loan raising to meet the expected cash demand (if the loan amount exceeds some preset authorization limit, it needs to be approved by the board of directors of the Company). The Group's policy is to regularly monitor the short-term and long-term liquidity needs and whether they comply with the provisions of the loan agreement, so as to ensure the maintenance of sufficient cash reserves and marketable securities that can be realized at any time, and obtain the commitment of major financial institutions to provide sufficient standby funds to meet the short-term and long-term liquidity needs.

The Company's financial liabilities are listed as follows based on the undiscounted contract cash flow according to the maturity date:

Items	31 December 2021				
	Within 1 year or on demand	1-2 years	2-5 years	More than 5 years	Total
Short-term loans	774,330,426.86	–	–	–	774,330,426.86
Bills and accounts payable	649,647,065.32	–	–	–	649,647,065.32
Other payables	725,039,603.36	–	–	–	725,039,603.36
Other current liabilities	35,000,000.00	–	–	–	35,000,000.00
Long-term loans	305,127,206.31	471,927,991.86	618,277,945.99	84,175,358.20	1,479,508,502.36
Bonds payable	407,740,852.00	–	–	–	407,740,852.00
Long-term payables	73,530,018.61	150,439,394.48	46,322,464.60	–	270,291,877.69
Lease liabilities	440,491,760.78	305,398,272.51	676,949,550.33	1,773,351,636.42	3,196,191,220.04
Total	3,410,906,933.24	927,765,658.85	1,341,549,960.92	1,857,526,994.62	7,537,749,547.63

Items	31 December 2020				
	Within 1 year or on demand	1-2 years	2-5 years	More than 5 years	Total
Short-term loans	615,106,467.62	–	–	–	615,106,467.62
Bills and accounts payable	678,605,751.61	–	–	–	678,605,751.61
Other payables	810,086,298.05	–	–	–	810,086,298.05
Long-term loans	345,862,604.79	261,222,407.78	923,119,691.39	92,531,030.04	1,622,735,734.00
Bonds payable	16,434,852.00	407,740,852.00	–	–	424,175,704.00
Long-term payables	23,024,056.69	51,515,569.22	31,797,617.41	–	106,337,243.32
Lease liabilities	371,774,687.64	355,647,059.96	782,302,289.28	1,788,542,621.58	3,298,266,658.46
Total	2,860,894,718.40	1,076,125,888.96	1,737,219,598.08	1,881,073,651.62	7,555,313,857.06

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VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates.

Interest-bearing financial instruments at floating 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.

As at 31 December 2021, when other variables remain constant, if the interest rate of these borrowings at floating interest rate increases or decreases by 25 basis points, the net profit of the Company will decrease or increase by RMB20,397.80 (31 December 2020: RMB53,711.04). The management believes that 25 basis points reasonably reflects the reasonable range of possible changes in interest rates in the next year.

2) Exchange-rate risks

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates.

The functional currency of the Group's Hong Kong subsidiaries is Hong Kong dollars (HKD), while, the functional currency of other subsidiaries of the Group is RMB. In respect of cash at bank and on hand, accounts receivable and payables, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, if there is a short-term imbalance, 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.

The exchange rate risk faced by the Company mainly comes from financial assets denominated in US dollars (USD). The amount of foreign currency financial assets converted into RMB is listed as follows:

Items	31 December 2021		31 December 2020	
	USD	Total	USD	Total
Cash at bank and on hand	6,678,934.44	6,678,934.44	6,818,044.65	6,818,044.65
Total	6,678,934.44	6,678,934.44	6,818,044.65	6,818,044.65

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VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Market risk (Continued)

2) Exchange-rate risks (Continued)

As at 31 December 2021, with all other variables remain constant, if the RMB appreciates or depreciates by 5% against the USD, the net profit of the Group will increase or decrease by RMB250,460.04 (31 December 2020: RMB255,676.67). The management of the Company believes that 5% reasonably reflects the reasonable range of possible changes of RMB against USD in the next year.

3) Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk. As at 31 December 2021, the Group has no such price risk.

IX. DISCLOSURE OF FAIR VALUE

1. Fair value measurement

As at 31 December 2021 and 31 December 2020, the Group did not hold significant financial instruments measured at fair value.

2. Others

As at 31 December 2021, there was no significant difference between the book value and fair value of the Group's financial assets and financial liabilities.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent of the Company

Parent company	Registered place	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)
GCGC	Gudongdong province, the PRC	Investment Management	26,800,000,000.00	74.12	74.12

The ultimate holding company of the Group is GCGC.

2. Information on the subsidiaries of the Company

Information on the subsidiaries of the Company is disclosed in Note VII Intersects in other entities.

3. Information on joint ventures and associates

For information about the joint ventures and associates of the Group, refer to Note V.9 Long-term equity investments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

4. Information on other related parties

Other related parties	Related party relationships
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Chaoshan Circle Line Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Dachao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Oriental Thought Technology Company Limited	Controlled by the ultimate holding company
Guangdong Gaoen Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guangfozhao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangle Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangzhu Expressway West Section Co., Ltd.	Controlled by the ultimate holding company
Guangdong Humen Bridge Co., Ltd.	Controlled by the ultimate holding company
Guangdong Huiqing Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yunmao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Jiaoke Testing Co., Ltd.	Controlled by the ultimate holding company
Guangdong Communications Industrial Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Kaiyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Newsoft Technology Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Litong Properties Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Union Electronic Services Co., Ltd.	Controlled by the ultimate holding company
Guangdong Luoyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Maozhan Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meihe Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meiping Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong South China Logistics Enterprise Co., Ltd.	Controlled by the ultimate holding company
Guangdong Ninghua Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Pingxing Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Shanfen Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Expressway Development Co., Ltd.	Controlled by the ultimate holding company

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For the year ended 31 December 2021
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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

4. Information on other related parties (Continued)

Other related parties	Related party relationships
Guangdong Provincial Freeway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Highway Construction Co., Ltd.	Controlled by the ultimate holding company
Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd.	Controlled by the ultimate holding company
Guangdong Communications Group Finance Co., Ltd.	Controlled by the ultimate holding company
Guangdong Province Road & Bridge Construction Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Taishan Coastal Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Xinyue Communications Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yangmao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yuetongbao E-Commerce Co., Ltd.	Controlled by the ultimate holding company
Guangdong Zhaoyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Zihui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangfo Expressway Co., Ltd.	Controlled by the ultimate holding company
Guang-Shen-Zhu Expressway Co., Ltd.	Controlled by the ultimate holding company
Heyuan Helong Expressway Co., Ltd.	Controlled by the ultimate holding company
Jingzhu Expressway Guangzhu Section Co., Ltd.	Controlled by the ultimate holding company
Kee Kwan Motor Road Co., Ltd.	Controlled by the ultimate holding company
Shenzhen Yueyun Investment Development Co., Ltd.	Controlled by the ultimate holding company
Weisheng Transportation Enterprises Co., Ltd.	Controlled by the ultimate holding company
Yangjiang Yueyun Langri Real Estate Development Co., Ltd.	Controlled by the ultimate holding company
Yunfu City Guangyun Expressway Co., Ltd.	Controlled by the ultimate holding company
Dongguan Weisheng International Logistics Company Limited	Controlled by the ultimate holding company
Guangdong Litong Property Development Company Limited	Controlled by the ultimate holding company
Xin Yue(Guangzhou) Financial Leasing Co., Ltd.	Controlled by the ultimate holding company
Zhaoqing Yuezhaoh Highway Co., Ltd.	Joint venture of the ultimate holding company
Poly Changda Engineering Co., Ltd.	Associates of the ultimate controlling party
Foshan Guangsan Expressway Co., Ltd.	Associates of the ultimate controlling party
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	Associates of the ultimate controlling party
Shenzhen Huiyan Expressway Co., Ltd.	Associates of the ultimate controlling party
Guangdong Heyuan Car Transport Group Co., Ltd.	other related parties

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year

Transactions between the Group and its related parties are indicated as follows:

[#] Related party transactions that constitute to continuing connected transactions under Chapter 14A of the Listing Rules.

^β Related party transactions that constitute to connected transactions under Chapter 14A of the Listing Rules.

The following related party transactions are conducted based on normal commercial terms or according to relevant agreements.

1) *Purchases and rendering and receipt of services*

Purchases and receipt of services

Related parties	Caption	2021	2020
Guangdong South China Logistics Enterprise Company Limited [#]	Purchase of materials	29,109,328.23	94,573,940.79
Guangdong Yuehuahui Business Management Company Limited	Purchase of materials	15,340,159.41	15,759,407.20
Guangdong Guangye Yueyun Natural Gas Co., Ltd.	Purchase of materials	3,618,224.83	7,451,295.21
Shaoguan Libao Technology Company Limited	Purchase of materials	2,453,520.25	1,873,919.30
Others	Purchase of materials	1,586,137.52	2,979,730.28
Total		52,107,370.24	122,638,292.78
Guangdong Humen Bridge Company Limited [#]	Receipt of services	7,192,604.03	5,176,771.44
Guangdong Oriental Thought Technology Company Limited [#]	Receipt of services	975,823.23	1,154,887.79
Guangdong Jiaoke Testing Company Limited	Receipt of services	1,085,096.00	802,489.00
Guangdong Xinyue Communications Investment Company Limited ^β	Receipt of services	302,691.80	448,138.69
Others ^β	Receipt of services	2,826,148.44	1,076,059.39
Total		12,382,363.50	8,658,346.31

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the year (Continued)

1) Purchases and rendering and receipt of services (Continued)

Sales and rendering of services

Related parties	Descriptions	2021	2020
Poly Changda Engineering Co., Ltd. ^β	Material logistics service income	–	316,119.91
Total		–	316,119.91
Guangdong Zhongyou Top-E Energy Trading Company Limited	Expressway service operation income	1,499,066.22	1,238,938.05
Guangdong Humen Bridge Company Limited	Expressway service operation income	715,330.58	945,154.54
Others	Expressway service operation income	4,061,117.77	1,334,600.43
Total		6,275,514.57	3,518,693.02
Express Cross-Border Coach Management Company Limited	Logistics service income	–	2,168,074.81
Guangdong Chao-Hui Expressway Company Limited [#]	Logistics service income	1,102,921.79	1,135,922.33
Guangzhou Newsoft Technology Company Limited [#]	Logistics service income	1,229,649.51	935,533.98
Others [#]	Logistics service income	6,662,741.66	3,293,196.14
Total		8,995,312.96	7,532,727.26
Others ^β	Repairing income	887,142.50	679,353.89
Total		887,142.50	679,353.89
Guangdong Jiaoke Testing Company Limited [#]	Rendering of other services income	–	33,962,264.15
Guangdong Union Electronic Services Co., Ltd. ^β	Rendering of other services income	819,413.59	1,097,736.46
Guangdong Roadnet Innovalues Media Information Technology Co., Ltd.	Rendering of other services income	687,741.47	1,081,923.89
Guangdong Huiqing Expressway Company Limited	Rendering of other services income	–	773,584.91
Others	Rendering of other services income	6,792.43	640,363.27
Total		1,513,947.49	37,555,872.68

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For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

1) *Purchases and rendering and receipt of services (Continued)*

Related parties	Descriptions	2021	2020
Guangdong Province Road & Bridge Construction Development Company Limited [#]	Road rescue service income	16,827,985.20	14,920,500.00
Guangdong Guangle Expressway Company Limited [#]	Road rescue service income	5,323,582.01	4,202,830.19
Guangdong Provincial Freeway Company Limited [#]	Road rescue service income	5,190,005.24	9,149,571.93
Guangdong Chao-Hui Expressway Company Limited [#]	Road rescue service income	5,119,279.60	3,594,056.60
Guangdong Provincial Highway Construction Company Limited [#]	Road rescue service income	5,065,684.66	4,430,490.57
Guangdong Guangfozhao Expressway Company Limited [#]	Road rescue service income	3,134,731.10	2,474,787.74
Guangdong Bo-Da Expressway Company Limited [#]	Road rescue service income	2,509,044.30	2,108,646.23
Guangdong Guanghui Expressway Co., Ltd. [#]	Road rescue service income	2,469,811.30	—
Guangdong Maozhan Expressway Company Limited [#]	Road rescue service income	2,421,745.21	2,494,811.32
Guang-Shen-Zhu Expressway Co., Ltd. [#]	Road rescue service income	2,129,278.33	1,709,433.96
Guangdong Huiqing Expressway Co., Ltd. [#]	Road rescue service income	2,048,603.76	384,113.21
Guangdong Dachao Expressway Co., Ltd. [#]	Road rescue service income	1,936,845.23	—
Guangdong Pingxing Expressway Co., Ltd. [#]	Road rescue service income	1,766,354.75	1,394,490.57
Guangdong Ninghua Expressway Co., Ltd. [#]	Road rescue service income	1,506,466.97	1,189,316.04
Guangdong Luoyang Expressway Co., Ltd. [#]	Road rescue service income	1,492,718.82	1,178,462.26
Guangdong Zhaoyang Expressway Co., Ltd. [#]	Road rescue service income	1,464,929.75	1,680,495.28
Jingzhu Expressway Guangzhu Section Co., Ltd. [#]	Road rescue service income	1,343,112.22	—
Guangdong Zihui Expressway Co., Ltd. [#]	Road rescue service income	1,241,481.14	—
Guangdong Yunmao Expressway Co., Ltd. [#]	Road rescue service income	1,214,510.99	—
Guangdong Chaoshan Circle Line Expressway Company Limited [#]	Road rescue service income	1,192,886.75	—
Guangdong Meihe Expressway Company Limited [#]	Road rescue service income	850,648.57	2,041,556.60
Guangdong Taishan Coastal Expressway Company Limited [#]	Road rescue service income	837,590.93	1,220,929.25
Guangdong Kaiyang Expressway Co., Ltd. [#]	Road rescue service income	742,924.54	1,783,018.87
Guangdong Yang-Mao Expressway Company Limited [#]	Road rescue service income	470,283.01	1,128,679.25
Others [#]	Road rescue service income	6,644,432.99	4,776,330.18
Total		74,944,937.37	61,862,520.05

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the year (Continued)

2) Entrusted management and outsourcing

Entrusted management and outsourcing:

Consignor	Contractor	Contract objec	Start date	End date	Pricing basis	Contract expenses in 2021
Guangdong Bo-Da Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2013-3-31	2039-12-27	Negotiated price	4,265,366.16
Guangdong Chao-Hui Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2003-12-29	2041-12-31	Negotiated price	8,535,967.36
Guangdong Dachao Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2020-12-28	2045-12-29	Negotiated price	2,484,999.24
Guangdong Gaoen Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2019-3-31	2043-12-31	Negotiated price	3,133,610.85
Guangdong Guangfo Zhao Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2016-12-31	2041-12-31	Negotiated price	7,741,892.51
Guangdong Guangle Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2014-9-27	2039-9-26	Negotiated price	10,519,199.22
Guangdong Guangzhu Expressway West Section Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2013-1-25	2038-1-23	Negotiated price	10,623,963.12
Guangdong Jiangzhong Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2016-1-1	2027-8-26	Negotiated price	2,166,253.00
Guangdong Kaiyang Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2020-7-9	2027-7-23	Negotiated price	6,576,146.53
Guangdong Luoyang Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2016-10-31	2041-10-30	Negotiated price	2,059,620.14
Guangdong Maozhan Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-11-26	2040-12-29	Negotiated price	4,992,059.20
Guangdong Meihe Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2005-11-30	2033-12-27	Negotiated price	3,494,129.10
Guangdong Ninghua Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2020-7-30	2042-9-27	Negotiated price	8,556,889.86
Guangdong Pingxing Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2015-12-31	2040-12-30	Negotiated price	1,881,549.18
Guangdong Shanfen Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2018-1-1	2025-11-23	Negotiated price	1,852,908.14

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

2) *Entrusted management and outsourcing (Continued)*

Consignor	Contractor	Contract objec	Start date	End date	Pricing basis	Contract expenses in 2021
Guangdong Provincial Expressway Development Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2012-12-26	2036-3-14	Negotiated price	2,753,497.05
Guangdong Provincial Freeway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2003-4-3	2045-9-25	Negotiated price	18,992,185.80
Guangdong Provincial Highway Construction Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2019-12-3	2041-12-28	Negotiated price	12,208,065.18
Guangdong Province Road & Bridge Construction Development Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2010-7-1	2040-12-31	Negotiated price	17,484,090.84
Guangdong Taishan Coastal Expressway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-1-1	2028-12-31	Negotiated price	2,517,048.72
Guangdong Yangmao Expressway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-12-1	2029-11-30	Negotiated price	3,021,933.66
Guangdong Zhaoyang Expressway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2011-1-1	2039-12-31	Negotiated price	2,357,604.09
Guang-Shen-Zhu Expressway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2018-2-1	2027-6-30	Negotiated price	6,342,832.20
Heyuan Helong Expressway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2005-6-8	2032-12-31	Negotiated price	1,313,368.98
Lufeng Shenshan Expressway Service Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2021-9-20	2030-9-19	Negotiated price	2,387,853.40
Yunfu City Guangyun Expressway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2019-1-1	2027-12-23	Negotiated price	1,382,862.14
Zhaoqing Yuezhao Highway Co., Ltd. [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-1-5	2031-11-22	Negotiated price	1,044,832.55
Others [#]	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	–	–	Negotiated price	12,503,758.63

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the year (Continued)

2) Entrusted management and outsourcing (Continued)

Consignor	Contractor	Contract objec	Start date	End date	Pricing basis	Contract expenses in 2021
Guangdong Guangzhu Expressway West Section Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2013-12-1	2023-11-30	Negotiated price	9,818,571.62
Guang-Shen-Zhu Expressway Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2010-12-1	2027-6-30	Negotiated price	6,715,475.69
Jingzhu Expressway Guangzhu Section Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-1-1	2030-5-12	Negotiated price	3,160,788.28
Guangdong Provincial Freeway Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2008-8-22	Termination date of the highway toll	Negotiated price	3,379,748.24
Foshan Guangsan Expressway Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2012-10-10	Termination date of the highway toll	Negotiated price	2,723,154.30
Guangdong Provincial Highway Construction Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2008-9-1	Termination date of the highway toll	Negotiated price	1,534,553.63
Guangdong Province Road & Bridge Construction Development Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-7-15	Termination date of the highway toll	Negotiated price	1,002,359.34
Guangfo Expressway Co., Ltd.*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-1-1	Termination date of the highway toll	Negotiated price	1,466,829.03
Others*	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	-	-	-	5,070,698.93
Weisheng Transportation Enterprises Co., Ltd.*	The Motor Transport Company of Guangdong and Hong Kong Limited	Passenger transportation contracting fee	2021-1-1	2023-12-31	Negotiated price	2,488,800.00
Weisheng Transportation Enterprises Co., Ltd.*	The Motor Transport Company of Guangdong and Hong Kong Limited	Disbursements of passenger transportation contracting fee	2021-1-1	2023-12-31	Negotiated price	693,561.37

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the year (Continued)

2) Entrusted management and outsourcing (Continued)

Entrusted management and outsourcing:

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract expenses in 2021
The Motor Transport Company of Guangdong and Hong Kong Limited [#]	Weisheng Transportation Enterprise Co., Ltd.	Freight transportation outsourcing income	2021-1-1	2023-12-31	Negotiated price	4,569,436.80
The Motor Transport Company of Guangdong and Hong Kong Limited [#]	Weisheng Transportation Enterprise Co., Ltd.	Disbursements	2021-1-1	2023-12-31	Negotiated price	4,662,310.60

3) Lease

As the lessor:

Lessee	Type of assets leased	Lease income recognised in 2021	Lease income recognised in 2020
Guangdong South China Logistics Enterprise Company Limited	Buildings and structures	2,210,341.81	2,296,971.39
Express Cross-Border Coach Management Company Limited	Traffic line/Buildings and structures	106,773.50	95,904.48
Others	Buildings and structures	1,018,111.84	1,659,350.53

As the lessee:

Lessor	Type of assets leased	Lease expenses recognised in 2021	Lease expenses recognised in 2020
Guangdong Litong Properties Investment Company Limited [#]	Buildings and structures	8,880,200.04	8,361,245.00
Guangdong Province Gongbei Vehicles Transportation Company Limited [§]	Buildings and structures	2,364,000.00	1,380,400.00
Kee Kwan Motor Road Company Limited [§]	Traffic line/Buildings and structures	1,468,500.00	518,300.00
Others [§]	Buildings and structures	3,300,832.19	3,269,859.53

The Group has adopted new accounting policy for leases since 1 January 2019. Under the new policy, lease expenses include depreciation of right-of-use assets, interests on lease liabilities and short-term lease payments.

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

3) **Lease** *(Continued)*

Acquisition of right-of-use assets:

Lessee	Type of assets leased	2021	2020
Lufeng Shen-Shan Expressway Services Co., Ltd.	Buildings and structures	57,819,026.37	–
Guangdong Ninghua Expressway Company Limited	Buildings and structures	50,507,456.29	8,838,532.41
Guangdong Dachao Expressway Co., Ltd	Buildings and structures	29,493,028.98	–
Guangdong Litong Properties Investment Company Limited	Buildings and structures	18,661,236.20	–
Guangdong Provincial Freeway Company Limited	Buildings and structures	716,771.37	823,347.39
Guangdong Kai Yang Expressway Company Limited	Buildings and structures	–	13,073,578.43
Guangdong Province Road& Bridge Construction Development Company Limited	Buildings and structures	–	5,165,930.88
Guangdong Maozhan Expressway Company Limited	Buildings and structures	–	1,817,811.38
Jingzhu Expressway Guangzhu Section Company Limited	Buildings and structures	–	1,751,186.58
Qingyuan Zhongguan Development Company Limited	Buildings and structures	–	915,785.41

4) **Guarantees**

The Group as the guarantee holder:

Name of guarantor	Amount of guarantee	Inception date of guarantee	Maturity date of guarantee	Guarantee expired
GCGC	400,000,000.00	September 2015	September 2022	No

As stated in notes V.32, in connection with the issuance of these bonds of the Company, 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.

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For the year ended 31 December 2021

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

5) *Borrowing from and lending to related parties*

Related parties	Loan amount	Start date	Expiry date
Loan in			
GCG Finance	38,000,000.00	2019-12-24	2021-1-8
GCG Finance	30,000,000.00	2020-1-13	2021-1-8
GCG Finance	30,000,000.00	2021-2-5	2021-4-29
GCG Finance	50,000,000.00	2021-2-5	2021-12-24
GCG Finance	45,000,000.00	2021-7-26	2021-12-24
GCG Finance	40,000,000.00	2021-10-15	2021-12-24
GCG Finance	200,000,000.00	2021-12-22	2022-12-21
GCG Finance	6,000,000.00	2020-12-22	2021-3-9
GCG Finance	32,000,000.00	2020-12-22	2021-3-9
GCG Finance	66,400,000.00	2020-12-22	2021-3-9
GCG Finance	16,000,000.00	2020-1-15	2023-1-14
GCG Finance	1,000,000.00	2020-1-15	2021-6-21
GCG Finance	1,000,000.00	2020-1-15	2021-12-21
GCG Finance	4,000,000.00	2020-12-23	2021-4-9
GCG Finance	4,000,000.00	2020-12-23	2021-6-21
GCG Finance	6,000,000.00	2020-12-23	2021-11-25
GCG Finance	2,000,000.00	2020-12-23	2021-4-9
GCG Finance	2,000,000.00	2020-12-23	2021-6-21
GCG Finance	10,000,000.00	2020-12-23	2023-12-10
GCG Finance	2,000,000.00	2019-12-26	2021-4-9

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

5) *Borrowing from and lending to related parties (Continued)*

Related parties	Loan amount	Start date	Expiry date
GCG Finance	2,000,000.00	2019-12-26	2021-6-21
GCG Finance	22,000,000.00	2019-12-26	2024-12-25
GCG Finance	1,000,000.00	2018-9-21	2021-6-21
GCG Finance	24,000,000.00	2018-9-21	2021-9-20
GCG Finance	1,000,000.00	2019-8-8	2021-6-21
GCG Finance	30,000,000.00	2019-8-8	2022-8-7
GCG Finance	1,000,000.00	2019-8-8	2021-12-21
GCG Finance	500,000.00	2017-7-25	2027-7-24
GCG Finance	500,000.00	2017-7-25	2021-6-21
GCG Finance	15,000,000.00	2018-1-25	2028-1-24
GCG Finance	5,000,000.00	2018-5-28	2028-5-27
GCG Finance	15,000,000.00	2018-8-9	2028-8-8
GCG Finance	18,000,000.00	2020-1-23	2023-1-22
GCG Finance	500,000.00	2017-7-25	2021-6-21
GCG Finance	500,000.00	2020-1-23	2021-12-28
GCG Finance	500,000.00	2020-1-23	2021-12-28
Guangdong Heyuan Automobile Transportation Group Co., Ltd.	8,304,600.00	2021-12-24	2022-6-23

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

6) *Deposit in GCG Finance*

Company name	31 December 2021	31 December 2020
GCG Finance	185,772.70	543,623,211.15
Total	185,772.70	543,623,211.15

Note: According to the intercompany settlement account management agreement and general agreement on deposit with GCG Finance, the Group opened a deposit account in GCG Finance with a demand interest rate or conventional interest rate. In 2021 and 2020, the deposit rate will be 0.3%~2.3%. The deposit is deposited in GCG Finance, and recorded as "Cash at bank and on hand" by the Group.

7) *Interest income*

Related party	Descriptions	2021	2020
GCG Finance	Deposit interest income	7,641,718.41	7,038,197.59
Total		7,641,718.41	7,038,197.59

8) *Interest expenses*

Related party	Descriptions	2021	2020
GCG Finance	Loan interest expense	10,184,402.76	26,268,657.07
Shaoguan Libao Technology Company Limited	Interest expense of cash pool	1,927.56	2,603.46
Total		10,186,330.32	26,271,260.53

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

9) *Cash pool arrangement*

Pursuant to the relevant agreements, the Group centrally collects and manages the funds from 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. In 2021 and 2020, the above deposit interest rate is 0.3%~0.35%. Please refer to note X.6(2), Other payables – cash pool and note X.5(8), Interest expenses.

10) *Trademark*

During the current year and last year, GVTG granted some associates with the trademark use right of "Yueyun" at nil consideration.

11) *Road and bridge tolls*

The Group's subsidiaries which are engaged in transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services according to the charging standards jointly formulated and announced by the local government and the price department, and paid certain road and bridge tolls to those road and bridge companies held by GCGC through Union Electronic.

12) *Compensation for key management personnel*

Item	2021	2020
Compensation for key management personnel	6,200,370.28	8,139,997.06

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

12) Compensation for key management personnel *(Continued)*

Compensation for the directors and supervisors are as below:

2021

Title and name	Note	Board expenses	Basic salaries and other allowances	Retirement plan contributions	Total
Executive Director, Chairman of the Board Guo Junfa	(2)	–	122,976.69	9,635.22	132,611.91
Executive Director, Chairman of the Board Xuan Zongmin	(3)	–	342,683.74	5,675.04	348,358.78
Executive Director, General Manager Tang Yinghai	(4)	–	579,409.69	36,295.56	615,705.25
Executive Director, Deputy General Manager Yao Hanxiong	(5)	–	490,695.11	36,295.56	526,990.67
Executive Director, Deputy General Manager Zhang Xian	(6)	–	389,492.36	23,448.60	412,940.96
Executive Director, Financial Director Huang Wenban	(7)	–	404,811.00	36,295.56	441,106.56
Independent non-executive Director Jin Wenzhou		60,000.00	–	–	60,000.00
Independent non-executive Director Lu Zhenghua		60,000.00	–	–	60,000.00
Independent non-Executive Director Wen Huiying	(8)	60,000.00	–	–	60,000.00
Independent non-executive Director Zhan Xiaotong	(9)	60,000.00	–	–	60,000.00
Supervisor Li Xiangrong	(10)	–	408,839.64	36,295.56	445,135.20
Supervisor Zhen Jianhui		–	348,370.08	36,295.56	384,665.64
Supervisor Lian Yuebin	(11)	–	346,220.72	36,295.56	382,516.28
Independent Supervisor Dong Yihua		48,000.00	–	–	48,000.00
Independent Supervisor Lin Hai		48,000.00	–	–	48,000.00
Total		336,000.00	3,433,499.03	256,532.22	4,026,031.25

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For the year ended 31 December 2021
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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

5. Transactions between the Group and its related parties for the year (Continued)

12) Compensation for key management personnel (Continued)

2020

Title and name	Note	Board expenses	Basic salaries and other allowances	Retirement plan contributions	Total
Executive Director, Chairman of the Board Xuan Zongmin	(3)	–	515,470.93	2,661.96	518,132.89
Executive Director, General Manager Tang Yinghai	(4)	–	623,194.55	2,661.96	625,856.51
Executive Director, Deputy General Manager Yao Hanxiong	(5)	–	529,396.28	2,661.96	532,058.24
Executive Director, Deputy General Manager Zhang Xian	(6)	–	466,652.41	2,661.96	469,314.37
Executive Director, Financial Director Wen Wu	(12)	–	487,927.78	2,661.96	490,589.74
Executive Director, Financial Director Huang Wenban	(7)	–	–	–	–
Independent non – executive Director Lu Zhenghua		60,000.00	–	–	60,000.00
Independent non – executive Director Jin Wenzhou		60,000.00	–	–	60,000.00
Independent non – executive Director Wen Huiying	(8)	60,000.00	–	–	60,000.00
Independent non – executive Director Zhan Xiaotong	(9)	60,000.00	–	–	60,000.00
Supervisor Li Xiangrong	(10)	–	409,886.88	2,661.96	412,548.84
Supervisor Zhen Jianhui		–	355,575.83	2,661.96	358,237.79
Supervisor Lian Yuebin	(11)	–	360,175.83	2,661.96	362,837.79
Independent Supervisor Dong Yihua		48,000.00	–	–	48,000.00
Independent Supervisor Lin Hai		48,000.00	–	–	48,000.00
Total		336,000.00	3,748,280.49	21,295.68	4,105,576.17

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

12) Compensation for key management personnel *(Continued)*

Note:

- (1) The compensation for the following key management personnel are not paid by the Company:

2021: Non-executive Director Mr. Chen Min, Non-executive Director Mr. Chen Chuxuan, Supervisor Mr. Hu Xianhua, Supervisor Mr. Wang Qingwei.

2020: Non-executive Director Mr. Chen Min, Non-executive Director Mr. Chen Chuxuan, Supervisor Mr. Hu Xianhua, Supervisor Mr. Wang Qingwei.

- (2) The salaries of Mr. Guo Junfa included his salaries as both of executive director and Chairman of the Board. Mr. Guo Junfa became executive director in November 2021.
- (3) The salaries of Mr. Xuan Zongmin included his salaries as both of executive Director and Chairman of the Board, and he left the position in March 2021.
- (4) The salaries of Mr. Tang Yinghai included his salaries as both of executive Director and general manager.
- (5) The salaries of Mr. Yao Hanxiong included his salaries as both of executive Director and deputy general manager of the Company.
- (6) The salaries of Mr. Zhang Xian included his salaries as both of executive Director and deputy general manager, and he left the positions in September 2021.
- (7) The salaries of Mr. Huang Wenban included his salaries as both executive Director and financial director of the Company. Mr. Huang Wenban became executive Director and financial Director in December 2020, and as of 31 December 2020 are not paid by the Group.
- (8) Ms. Wen Huiying became non-executive Director in August 2018.
- (9) Mr. Zhan Xiaotong became non-executive Director in August 2018.
- (10) Ms. Li Xiangrong became Supervisor in June 2016.
- (11) Ms. Lian Yuebin became Supervisor in August 2017.
- (12) Mr. Wen Wu left the position of executive Director and financial director of the Company in December 2020.

During the year, the Company have neither made any payments that served as a motivation for Directors to join, nor paid any compensation for Director's resignation.

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For the year ended 31 December 2021
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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

12) *Compensation for key management personnel (Continued)*

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

Item	2021	2020
Other key management personnel	2,174,339.03	4,034,420.89

Note: Key management personnel are those personnel having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, general manager, chief accountant, financial director, vice general managers taking charge of each business unit, and personnel who perform similar strategic functions. The CEO of the Company is general manager.

Two (2020: Two) of the Group's top five highest paid people are directors. The compensation for the remaining three (2020: three) is as follows:

Item	2021	2020
Basic salaries and other allowances	1,472,085.33	1,983,467.80
Retirement plan contributions	108,886.68	55,345.92
Total	1,580,972.01	2,038,813.72

The emolument of each of the top five individuals was below HKD1 million in 2021 and 2020.

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS *(CONTINUED)*

6. Amounts due from/to related parties

1) Amounts due from related parties

Items	Related parties	31 December 2021		31 December 2020	
		Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
Accounts receivable					
	Guangdong Jiaoke Testing Company Limited	4,732,850.00	1,656,497.50	30,604,600.00	1,530,230.00
	Guangdong Humen Bridge Company Limited	3,197,414.91	159,870.75	5,610,451.34	334,968.86
	Guangdong Province Road & Bridge Construction Development Company Limited	2,190,718.08	109,535.90	2,330,717.45	116,535.88
	Guangdong South Passenger Network Center Company Limited	2,018,690.65	100,934.53	2,022,367.76	101,118.42
	Guangdong Provincial Freeway Company Limited	1,840,735.61	767,037.61	1,884,375.29	769,219.60
	Guangdong Meihe Expressway Company Limited	1,600,095.97	800,047.99	1,600,095.97	800,047.99
	Dongguan Weisheng International Logistics Co., Ltd.	913,756.77	45,687.84	638,150.53	31,907.53
	Guangdong Provincial Highway Construction Company Limited	542,366.08	27,118.30	324,454.13	16,222.71
	GCGC	532,602.72	152,986.30	532,602.72	51,561.64
	Guangdong Guangle Expressway Company Limited	523,856.07	26,192.80	507,533.58	25,376.68
	Guangdong Chao-Hui Expressway Company Limited	451,941.41	22,597.07	380,669.64	19,069.65
	Guangdong Yunmao Expressway Co., Ltd.	381,703.44	19,085.17	–	–
	Guangdong Guanghui Expressway Co., Ltd.	355,078.33	17,753.92	153,129.00	7,656.45
	Guangdong Litong Technology Investment Co., Ltd.	285,039.00	14,251.95	483,100.00	24,155.00
	Guangdong Guangfo Zhao Expressway Co., Ltd.	280,507.81	14,025.39	247,510.66	12,377.13
	Guang-shen-zhu Expressway Co., Ltd.	276,501.69	13,825.08	205,415.40	10,270.77
	ShenzhenYantian Port Holdings Co., Ltd.	258,425.92	12,921.30	258,425.88	12,921.29
	Other related parties	1,725,223.13	170,204.75	6,262,529.71	752,440.20
	Total	22,107,507.59	4,130,574.15	54,046,129.06	4,616,079.80

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

1) Amounts due from related parties (Continued)

		31 December 2021		31 December 2020	
Items	Related parties	Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
Prepayments					
	Shaoguan Libao Technology Co., Ltd.	1,522,220.00	–	–	–
	Guangdong Provincial Highway Construction Co., Ltd.	908,818.42	–	415,002.58	–
	Guang-shen-zhu Expressway Co., Ltd.	505,885.87	–	–	–
	Guangdong Union Electronic Services Co., Ltd.	466,250.77	–	3,303,693.49	–
	Guangdong Xinyue Communications Investment Co., Ltd.	350,000.00	–	350,000.00	–
	Guangdong Litong Real Properties Investment Co., Ltd.	201,161.79	–	–	–
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	191,463.00	–	–	–
	Guangdong Nanyue Logistics Industry Co., Ltd.	–	–	12,681,293.28	–
	Other related parties	107,079.83	–	2,731,069.07	–
	Total	4,252,879.68	–	19,481,058.42	–
Other receivables					
	Shantou City Automobile Passenger Traffic Center Station Co., Ltd.	4,159,744.79	4,159,744.79	4,221,868.79	4,221,868.79
	Guang-shen-zhu Expressway Co., Ltd.	3,584,000.00	–	3,585,050.00	–
	Guangdong Provincial Freeway Co., Ltd.	2,352,786.23	6,449.61	609,925.00	–
	Guangdong South Passenger Network Center Co., Ltd.	1,861,068.00	186,106.80	150,769.64	7,172.11
	Guangdong Province Road&Bridge Construction Development Co., Ltd.	1,745,507.75	–	1,294,264.37	–
	Guangdong Guangzhu Expressway West Section Co., Ltd.	1,688,300.00	–	1,688,300.00	–
	Guangdong Provincial Highway Construction Co., Ltd.	1,418,405.01	–	700,000.00	–

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For the year ended 31 December 2021

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

1) Amounts due from related parties (Continued)

Items	Related parties	31 December 2021		31 December 2020	
		Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
	Guangdong Union Electronic Service Co., Ltd.	1,402,288.74	24,771.70	3,003,657.27	6,223.64
	Guangdong Maozhan Expressway Co., Ltd.	1,000,000.00	–	1,000,000.00	–
	Guangdong Guangfozhao Expressway Co., Ltd.	900,000.00	–	900,000.00	–
	Weisheng Transportation Enterprises Co., Ltd.	781,455.82	33,469.71	6,716,200.31	162,223.34
	Kee Kwan Motor Road Co., Ltd.	697,334.21	4,956.47	–	–
	Poly Changda Engineering Co., Ltd.	524,190.16	–	–	–
	Guangdong Yangmao Expressway Co., Ltd.	500,000.00	–	500,000.00	–
	Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	1,280.00	128.00	1,107,895.35	1,082,557.23
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	509.50	250.95	1,867,229.02	1,810,093.25
	Guangdong Chaoshan Circle Line Expressway Co., Ltd.	–	–	8,003,895.41	–
	Other related parties	4,492,652.94	209,722.07	8,297,049.04	61,270.94
	Total	27,109,523.15	4,625,600.10	43,646,104.20	7,351,409.30
Dividends receivable					
	Southern United Assets and Equity Exchange Co., Ltd.	25,901,744.08	–	15,276,787.31	–
	Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	1,000,000.00	–	–	–
	Total	26,901,744.08	–	15,276,787.31	–
Other non-current assets					
	Guangdong Humen Bridge Co., Ltd.	133,333,333.13	–	–	–
	Guangzhou Tianhe Coach Terminal Co., Ltd.	9,600,000.00	–	9,600,000.00	–
	Total	142,933,333.13	–	9,600,000.00	–

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For the year ended 31 December 2021
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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties

Items	Related parties	As at 31 December 2021	As at 31 December 2020
Accounts payable			
	Guang-Shen-Zhu Expressway Company Limited	9,599,798.85	10,813,307.86
	Guangdong Zihui Expressway Co., Ltd.	8,000,000.00	–
	Guangdong Provincial Freeway Company Limited	6,060,140.52	9,555,330.49
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	5,277,724.62	5,432,648.05
	Guangdong Huiqing Expressway Co., Ltd.	4,783,081.90	833,332.00
	Guangdong Guangzhu Expressway West Section Co., Ltd.	3,613,869.52	2,582,394.10
	Guangdong Humen Bridge Co., Ltd.	3,136,434.94	2,029,153.84
	Jingzhu Expressway Guangzhu Section Co., Ltd.	2,932,345.98	2,656,320.47
	Guangdong Chao-Hui Expressway Co., Ltd.	2,462,900.00	1,114,695.53
	Guangdong Yuehuahui Business Management Co., Ltd.	2,323,080.89	2,871,370.70
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	2,204,429.26	1,743,018.19
	Guangdong Taishan Coastal Expressway Co., Ltd.	2,090,736.33	–
	Foshan Guangsan Expressway Co., Ltd.	1,810,938.69	2,324,851.64
	Poly Changda Engineering Co., Ltd.	2,482,378.29	1,782,720.87
	Guangdong Provincial Highway Construction Co., Ltd.	1,391,433.40	1,556,140.32
	Guangdong Union Electronic Services Co., Ltd.	1,340,887.12	1,869,289.50
	Guangdong Maozhan Expressway Co., Ltd.	1,127,098.74	1,117,173.04
	Kee Kwan Motor Road Company Limited	1,011,323.20	524,395.40
	Guangfo Expressway Co., Ltd.	936,939.88	2,118,420.99
	Guangdong Jiangzhong Expressway Co., Ltd.	614,950.51	794,674.04
	Shaoguan Libao Technology Company Limited	540,084.41	750,515.85
	Others	3,037,875.83	4,228,155.47
	Total	66,778,452.88	56,697,908.35
Advances from customers			
	Guangdong Chao-Hui Expressway Co., Ltd.	465,250.00	–
	Guangdong Xinyue Transportation Investment Co., Ltd.	–	283,376.93
	Guangdong Nanyuetong Passenger Transport Networking Center Co., Ltd.	–	243,045.74
	Others	122,865.29	24,540.00
	Total	588,115.29	550,962.67

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties (Continued)

Items	Related parties	As at 31 December 2021	As at 31 December 2020
Contract liabilities			
	Guangdong Provincial Highway Construction Company Limited	2,295,731.12	2,256,335.19
	Guangdong Huiqing Expressway Co., Ltd.	380,173.55	326,618.87
	Guangdong Chao-Hui Expressway Company Limited	–	884,959.14
	Others	746,624.26	2,457,767.64
	Total	3,422,528.93	5,925,680.84
Other payables			
	Guangdong Province Gongbei Vehicles Transportation Company Limited	10,286,580.11	14,419,022.61
	Guangdong Union Electronic Services Co., Ltd. GCGC	6,052,457.15	2,098,341.74
	Shaoguan Yuehong Bus Station Company Limited	2,944,346.83	2,944,346.83
	Guangdong Litong Properties Investment Co., Ltd.	2,016,200.00	2,005,828.30
	Guangdong Litong Properties Investment Co., Ltd.	1,584,743.20	1,529,539.20
	Shaoguan Libao Technology Co., Ltd.	1,048,309.65	631,329.28
	Kee Kwan Motor Road Co., Ltd.	949,751.33	535,861.81
	Guangdong Litong Property Development Co., Ltd.	806,357.20	–
	Weisheng Transportation Enterprises Co., Ltd.	724,546.64	832,471.40
	Guangdong South Passenger Network Center Co., Ltd.	460,705.00	150,769.64
	Shenzhen Yueyun Investment Development Co., Ltd.	359,840.92	1,021,548.11
	Guangdong Guangle Expressway Co., Ltd.	342,900.00	514,950.00
	Poly Changda Engineering Co., Ltd.	309,473.83	–
	Guangdong Oriental Thought Technology Co., Ltd.	250,554.10	628,607.40
	Others	576,106.27	655,641.93
	Total	28,712,872.23	27,968,258.25
Other payables – cash pool			
	Shaoguan Libao Technology Co., Ltd.	817,958.03	2,036,884.26
	Yangjiang Yueyun Langri Real Estate Development Co., Ltd.	–	240,256.11
	Total	817,958.03	2,277,140.37

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties (Continued)

Items	Related parties	As at 31 December 2021	As at 31 December 2020
Long-term payables			
	Xin Yue (Guangzhou) Financial Leasing Co., Ltd.	1,950,000.00	–
	Total	1,950,000.00	–
Lease liabilities			
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	126,284,424.88	134,815,000.08
	Guangdong Provincial Highway Construction Co., Ltd.	116,973,334.55	121,769,113.43
	Guangdong Provincial Freeway Co., Ltd.	108,418,780.36	121,078,567.74
	Guangdong Guangle Expressway Co., Ltd.	93,969,790.07	97,027,854.13
	Guangdong Chao-Hui Expressway Co., Ltd.	70,248,405.73	72,971,481.48
	Guangdong Ninghua Expressway Co., Ltd.	66,356,779.82	14,628,429.13
	Guangdong Guangzhu Expressway West Section Co., Ltd.	59,191,696.33	62,725,116.63
	Guang-Shen-Zhu Expressway Co., Ltd.	46,965,257.78	74,724,664.62
	Lufeng Shen-Shan Expressway Services Co., Ltd.	45,390,843.55	–
	GuangdongGuangfozhao Expressway Co., Ltd.	41,447,917.87	42,755,620.34
	Guangdong Maozhan Expressway Co., Ltd.	41,160,456.59	43,803,669.02
	Guangdong Bo-Da Expressway Co., Ltd.	38,383,011.15	39,869,013.98
	Guangdong Gaoen Expressway Co., Ltd.	33,363,762.25	34,282,515.28
	Guangdong Kai Yang Expressway Co., Ltd.	30,912,608.60	37,117,872.64
	Guangdong Meihe Expressway Co., Ltd.	28,542,555.11	30,372,059.32
	Guangdong Dachao Expressway Co., Ltd.	28,175,581.80	–
	Guangdong Provincial Expressway Development Co., Ltd.	23,602,140.76	24,368,243.29
	Guangdong Zhaoyang Expressway Co., Ltd.	20,409,208.45	21,253,203.21
	Guangdong Luo-Yang Expressway Co., Ltd.	20,151,916.90	20,850,923.56
	Guangdong Ping-Xing Expressway Co., Ltd.	19,105,189.56	19,759,089.67
	Guangdong Yang-Mao Expressway Co., Ltd.	19,060,900.62	21,193,510.09
	Guangdong Jiangzhong Expressway Management Center	10,758,797.44	12,618,807.10
	Heyuan He-Long Expressway Co., Ltd.	9,758,247.95	10,501,500.26
	Zhaoqing Yuezhaoh Expressway Co., Ltd.	7,872,191.25	8,525,887.73
	Guangdong Shanfen Expressway Co., Ltd.	7,666,133.54	9,906,836.69
	Guangdong Litong Properties Investment Co., Ltd.	6,633,514.84	–

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties (Continued)

Items	Related parties	As at 31 December 2021	As at 31 December 2020
	Guangdong Meiping Expressway Co., Ltd.	6,316,650.53	6,488,311.54
	Yunfu City Guangyun Expressway Co., Ltd.	5,577,792.30	6,542,129.55
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	2,767,212.65	3,079,049.41
	Guangdong Taishan Coastal Expressway Co., Ltd.	2,496,047.16	2,836,518.82
	Jingzhu Expressway Guangzhu Section Co., Ltd.	2,042,505.24	17,710,475.57
	Guangdong Humen Bridge Co., Ltd.	–	510,374.77
	Shenzhen Yueyun Investment Development Co., Ltd.	–	620,351.64
	Total	1,140,003,655.63	1,114,706,190.72
Non-current liabilities due within one year			
	Guangdong Provincial Freeway Co., Ltd.	13,627,195.33	12,529,855.03
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	8,530,575.18	8,116,764.04
	Guang-Shen-Zhu Expressway Co., Ltd.	8,039,944.30	10,279,417.17
	Guangdong Guangzhu Expressway West Section Co., Ltd.	6,505,620.51	5,590,426.64
	Guangdong Litong Properties Investment Co., Ltd.	6,196,368.32	–
	Guangdong Kai Yang Expressway Co., Ltd.	6,008,558.17	5,735,004.05
	Lufeng Shen-Shan Expressway Service Co., Ltd.	5,385,196.78	–
	Guangdong Provincial Highway Construction Co., Ltd.	4,795,778.87	4,561,848.00
	Guangdong Guangle Expressway Co., Ltd.	3,058,064.06	2,870,074.20
	Guangdong Chao-Hui Expressway Co., Ltd.	2,723,075.75	2,590,746.48
	Guangdong Maozhan Expressway Co., Ltd.	2,643,212.43	2,511,784.78

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X. RELATED PARTIES AND RELATED PARTY TRANSCATIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

2) Amounts due to related parties (Continued)

Items	Related parties	As at 31 December 2021	As at 31 December 2020
	Guangdong Shanfen Expressway Co., Ltd.	2,240,703.15	2,136,037.32
	Guangdong Ninghua Expressway Co., Ltd.	2,151,088.07	4,449,576.66
	Guangdong Yang-Mao Expressway Co., Ltd.	2,132,609.47	2,009,620.68
	Guangdong Jiangzhong Expressway Co., Ltd.	1,860,009.66	1,773,126.46
	Guangdong Meihe Expressway Co., Ltd.	1,829,504.21	1,724,274.80
	Guangdong Bo-Da Expressway Co., Ltd.	1,486,002.83	1,404,790.92
	Shenzhen Yueyun Investment Development Co., Ltd.	1,460,351.64	794,243.22
	Guangdong Guangfozhao Expressway Co., Ltd.	1,307,702.47	1,246,618.18
	Yunfu City Guangyun Expressway Co., Ltd.	964,337.25	919,291.94
	Guangdong Gaoen Expressway Co., Ltd.	918,753.03	875,837.01
	Guangdong Zhaoyang Expressway Co., Ltd.	843,994.75	794,280.57
	Guangdong Provincial Expressway Development Co., Ltd.	766,102.53	719,007.53
	Heyuan He-Long Expressway Co., Ltd.	743,252.31	700,388.53
	Guangdong Luoyang Expressway Co., Ltd.	699,006.66	666,355.25
	Guangdong Da-Chao Expressway Co., Ltd.	679,326.05	–
	Guangdong Ping-Xing Expressway Co., Ltd.	653,900.11	623,355.68
	Zhaoqing Yuezhao Highway Co., Ltd.	653,696.48	618,094.25
	Others	1,613,961.14	2,650,007.33
	Total	90,517,891.51	78,890,826.72

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

1) Significant commitments existing at the balance sheet date

(1) Capital commitments

Items	31 December 2021	31 December 2020
Contracted but not provided for		
– Commitment for acquisition and construction of long-term assets	40,810,027.05	95,678,778.04
Approved but not contracted	–	120,798,288.67
Total	40,810,027.05	216,477,066.71

(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:

Aging	2021	2020
Within 1 year (inclusive)	994,162.57	549,106.80

2. Contingency

1) Contingency existing at the balance sheet date

At the balance sheet date, the Group has no significant contingencies that need to be disclosed.

NOTES TO THE FINANCIAL STATEMENTS

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XII. 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 shareholders' 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.

Items	31 December 2021	31 December 2020
Total liabilities	4,891,444,914.81	4,954,683,933.55
Less: cash and cash equivalents	1,249,403,735.59	1,241,551,487.41
Adjusted net debt	3,642,041,179.22	3,713,132,446.14
Shareholders' equity	2,742,709,497.81	3,150,113,089.95
Adjusted capital	2,742,709,497.81	3,150,113,089.95
Adjusted net debt-to-capital ratio	132.79%	117.87%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

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XIII. OTHER SIGNIFICANT MATTERS

1. Correction of prior years' accounting errors

During the reporting period, there was no correction of prior years' accounting errors.

2. Segment information

1) Determination basis and accounting policies of reportable segments

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 expressway service zones operation, road passenger transportation and auxiliary 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.

2) Segment reporting

2021

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Operating income	3,726,724,941.18	2,348,833,202.48	206,086,380.59	(11,114,656.80)	6,270,529,867.45
Including: Operating income from external customers	3,726,306,933.17	2,345,573,651.91	198,649,282.37	-	6,270,529,867.45
Inter-segment operating income	418,008.01	3,259,550.57	7,437,098.22	(11,114,656.80)	-
Operating costs	3,245,771,181.67	2,521,628,882.23	99,491,140.25	(3,340,644.83)	5,863,550,559.42
Income from investments in associates and joint ventures	1,140,920.00	(28,191,004.70)	20,779,699.08	-	(6,270,385.62)
Credit impairment loss	26,778.33	(1,779,650.94)	(2,291,692.43)	-	(4,044,565.04)
Impairment losses on assets	-	(19,516,537.14)	-	-	(19,516,537.14)
Depreciation and amortisation	261,728,482.46	682,332,219.43	17,610,504.47	(1,752,231.50)	959,918,974.86
profit/(Loss) before income tax	256,317,443.54	(657,766,389.64)	156,596,862.49	2,955,508.63	(241,896,574.98)
Income tax expenses	64,858,846.51	17,111,060.79	(507,144.75)	-	81,462,762.55
Net profit/(loss)	191,458,597.03	(674,877,450.43)	157,104,007.24	2,955,508.63	(323,359,337.53)
Total assets	3,857,110,203.81	6,065,882,840.94	3,066,429,612.04	(2,445,789,893.84)	10,543,632,762.95
Total liabilities	3,053,338,924.27	3,993,568,871.43	1,467,925,322.12	(713,909,852.68)	7,800,923,265.14
Other important non-cash items					
Long-term equity investments in associates and joint ventures	42,041,043.30	211,456,850.03	73,636,982.77	-	327,134,876.10
The amounts of (decrease)/increase of non-current assets other than long-term equity investments	170,900,599.53	(570,178,461.10)	2,309,200.71	(12,608,686.69)	(409,577,347.55)

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XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment information (Continued)

2) Segment reporting (Continued)

2020

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Operating income	3,004,351,322.73	2,304,731,155.83	291,262,276.37	(14,803,313.92)	5,585,541,441.01
Including: Operating income from external customers	3,003,512,269.95	2,297,644,049.83	284,385,121.23	–	5,585,541,441.01
Inter-segment operating income	839,052.78	7,087,106.00	6,877,155.14	(14,803,313.92)	–
Operating costs	2,472,546,252.22	2,612,997,932.73	253,046,070.00	(18,595,708.47)	5,319,994,546.48
Income from investments in associates and joint ventures	4,913,256.68	(16,641,630.06)	17,854,028.15	–	6,125,654.77
Credit impairment loss	(2,991,365.09)	(30,964,157.11)	5,977,235.60	–	(27,978,286.60)
Impairment losses on assets	–	(24,602,205.15)	–	–	(24,602,205.15)
Depreciation and amortisation	242,100,977.29	769,469,312.18	24,855,783.58	794,078.54	1,037,220,151.59
Profit/(loss) before income tax	289,839,739.18	(626,076,090.85)	98,129,555.86	(490,147.52)	(238,596,943.33)
Income tax expenses	72,772,485.52	2,068,312.39	1,859,103.97	(122,536.88)	76,577,365.00
Net profit/(loss)	217,067,253.66	(628,144,403.24)	96,270,451.89	(367,610.64)	(315,174,308.33)
Total assets	3,588,930,221.19	7,087,122,952.53	3,042,214,829.16	(2,665,537,742.93)	11,052,730,259.95
Total liabilities	2,816,862,049.64	4,443,488,564.68	1,600,854,328.46	(958,587,772.78)	7,902,617,170.00
Other important non-cash items					
Long-term equity investments in associates and joint ventures	41,368,523.30	239,838,774.54	78,759,027.77	–	359,966,325.61
The amounts of increase/(decrease) of non-current assets other than long-term equity investments	134,302,519.65	(171,897,523.85)	(22,940,300.76)	17,651,932.07	(42,883,372.89)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

1) Disclosure of accounts receivable by aging:

Aging	31 December 2021	31 December 2020
Within 3 months (inclusive)	45,774,947.67	45,832,864.62
Over 3 months but within 6 months (inclusive)	6,632,146.43	18,298,295.56
Over 6 months but within 1 year (inclusive)	4,225,877.47	18,685,302.01
Over 1 year but within 2 years (inclusive)	35,895,437.55	972,188.28
Over 2 years but within 3 years (inclusive)	672,312.64	–
Over 3 years	24,651,185.75	24,651,185.75
Sub-total	117,851,907.51	108,439,836.22
Less: Provision for bad and doubtful debts	27,445,589.45	25,060,744.92
Total	90,406,318.06	83,379,091.30

2) Disclosure of accounts receivable by provision methods for bad debts

Items	31 December 2021					31 December 2020				
	Gross carrying amount		Provision for bad and doubtful debts			Gross carrying amount		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts is made on a individual basis	18,465,300.94	15.67	18,465,300.94	100.00	–	18,465,300.94	17.03	18,465,300.94	100.00	–
Provision for bad debts is made on a collective basis	99,386,606.57	84.33	8,980,288.51	9.04	90,406,318.06	89,974,535.28	82.97	6,595,443.98	7.33	83,379,091.30
Including:										
Aging portfolio	97,915,525.69	83.08	8,980,288.51	9.17	88,935,237.18	88,503,454.40	81.62	6,595,443.98	7.45	81,908,010.42
Portfolio of the Group's scope of consolidation	1,471,080.88	1.25	–	–	1,471,080.88	1,471,080.88	1.36	–	–	1,471,080.88
Total	117,851,907.51	100.00	27,445,589.45		90,406,318.06	108,439,836.22	100.00	25,060,744.92		83,379,091.30

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

2) Disclosure of accounts receivable by provision methods for bad debts (Continued)

Provision for bad debts is made on an individual basis:

Company name	Gross carrying amount	31 December 2021		
		Provision for bad and doubtful debts	Provision ratio (%)	Reason
Shenzhen Hongbao Trading Co., Ltd.	14,264,922.29	14,264,922.29	100.00	Not expected to be recovered
Zhuhai Yuexinyuan Trade Development Co., Ltd.	1,285,603.65	1,285,603.65	100.00	Not expected to be recovered
Guangzhou Junfa Trading Co., Ltd.	2,914,775.00	2,914,775.00	100.00	Not expected to be recovered
Total	18,465,300.94	18,465,300.94		

Provision for bad debts is made on a collective basis:

Name	Accounts receivable	31 December 2021	
		Provision for bad and doubtful debts	Provision ratio (%)
Aging portfolio			
Road passenger transportation and auxiliary			
Within 1 year (inclusive)	3,172,139.48	158,606.97	5.00
Sub-total	3,172,139.48	158,606.97	
Material logistics services			
Within 1 year (inclusive)	53,460,832.09	2,673,041.60	5.00
Over 1 year but within 2 years (inclusive)	35,895,437.55	3,589,543.76	10.00
Over 2 years but within 3 years (inclusive)	672,310.67	201,693.21	30.00
Over 3 years	4,714,805.90	2,357,402.97	50.00
Sub-total	94,743,386.21	8,821,681.54	
Portfolio of the Group's scope of consolidation	1,471,080.88	—	
Total	99,386,606.57	8,980,288.51	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

3) Bad debt provision accrued, reversed or recovered in the year

Types	31 December 2020	Movement		31 December 2021
		Charge into income statement during in the year	Disposal/ Writeen-off	
Provision for bad debts is made on a individual basis	18,465,300.94	–	–	18,465,300.94
Provision for bad debts is made on a collective basis	6,595,443.98	2,384,844.53	–	8,980,288.51
Total	25,060,744.92	2,384,844.53	–	27,445,589.45

2. Other receivables

Items	31 December 2021	31 December 2020
Dividends receivable	26,924,744.08	21,537,487.31
Other receivables	176,185,909.11	135,249,846.27
Total	203,110,653.19	156,787,333.58

1) Dividends receivable

(1) Details of dividends receivable

Investee	31 December 2021	31 December 2020
Southern United Property Rights Exchange Center Co., Ltd.	25,901,744.08	15,276,787.31
Guangdong-Hong Kong Motor Transport Joint Venture Co., Ltd. (Hong Kong)	1,023,000.00	1,023,000.00
Guangdong Yueyun Langri Co., Ltd.	–	5,237,700.00
Sub-total	26,924,744.08	21,537,487.31
Less: provision for bad and doubtful debts	–	–
Total	26,924,744.08	21,537,487.31

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2) Other receivables

(1) Disclosure of other receivables by aging

Aging	31 December 2021	31 December 2020
Within 1 year (inclusive)	113,952,043.45	23,803,539.19
Over 1 year but within 2 years (inclusive)	3,784,255.57	37,795,119.24
Over 1 year but within 2 years (inclusive)	8,044,780.32	11,349,801.45
Over 3 years	84,306,875.58	96,297,215.14
Sub-total	210,087,954.92	169,245,675.02
Less: provision for bad and doubtful debts	33,902,045.81	33,995,828.75
Total	176,185,909.11	135,249,846.27

(2) Disclosure of accounts receivable by provision methods for bad debts

Types	31 December 2021					31 December 2020				
	Gross carrying amount		Provision for bad and doubtful debts			Gross carrying amount		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts is made on a individual basis	33,838,054.14	16.11	33,838,054.14	100.00	-	33,838,054.14	19.99	33,838,054.14	100.00	-
Provision for bad debts is made on a collective basis	176,249,900.78	83.89	63,991.67	4.00	176,185,909.11	135,407,620.88	80.01	157,774.61	12.00	135,249,846.27
Including:										
Aging portfolio	256,201.44	0.12	63,991.67	24.98	192,209.77	4,171,282.11	2.46	157,774.61	3.78	4,013,507.50
Portfolio of the Group's scope of consolidation	166,743,273.18	79.37	-	-	166,743,273.18	114,678,547.92	67.76	-	-	114,678,547.92
Combination of security deposit and government	9,250,426.16	4.40	-	-	9,250,426.16	16,557,790.85	9.78	-	-	16,557,790.85
Total	210,087,954.92	100.00	33,902,045.81		176,185,909.11	169,245,675.02	100.00	33,995,828.75		135,249,846.27

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2) Other receivables (Continued)

(2) Disclosure of accounts receivable by provision methods for bad debts (Continued)

Provision for bad debts is made on a collective basis:

Items	31 December 2021		
	Other receivables	Provision for bad and doubtful debts	Provision ratio (%)
Aging portfolio:			
Within 1 year (inclusive)	98,788.61	4,939.43	5.00
Over 1 year but within 2 years (inclusive)	48,620.27	4,862.03	10.00
Over 2 years but within 3 years (inclusive)	1,030.34	309.10	30.00
Over 3 years	107,762.22	53,881.11	50.00
Sub-total	256,201.44	63,991.67	
Portfolio of the Group's scope of consolidation	166,743,273.18	—	—
Combination of security deposit and government subsidy	9,250,426.16	—	—
Total	176,249,900.78	63,991.67	

(3) Provisions for bad debts accrued, reversed or recovered in the year

Items	31 December 2020	Movement		31 December 2021
		Charge into income statement during in the year	Disposal/ Writeen-off	
Provision for bad debts is made on a individual basis	33,838,054.14	—	—	33,838,054.14
Provision for bad debts is made on a collective basis	157,774.61	(93,782.94)	—	63,991.67
Total	33,995,828.75	(93,782.94)		33,902,045.81

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2) Other receivables (Continued)

(4) Disclosure of other receivables by nature

Nature	31 December 2021	31 December 2020
Deposits	8,993,107.05	8,553,895.44
Staff advances	16,904.69	–
Amount due from related parties	166,872,512.02	122,778,698.75
Others	34,205,431.16	37,913,080.83
Total	210,087,954.92	169,245,675.02

3. Long-term equity investment

Items	31 December 2021			31 December 2020		
	Book balance	Provision for bad and doubtful debts	Book value	Book balance	Provision for bad and doubtful debts	Book value
Investment in subsidiaries	1,763,213,654.81	24,549,967.53	1,738,663,687.28	1,734,800,854.81	8,046,462.29	1,726,754,392.52
Investment in associates and joint ventures	73,636,982.77	–	73,636,982.77	80,511,888.80	–	80,511,888.80
Total	1,836,850,637.58	24,549,967.53	1,812,300,670.05	1,815,312,743.61	8,046,462.29	1,807,266,281.32

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investment (Continued)

1) Investments in subsidiaries

Investee	31 December 2020	Addition during the year	31 December 2021	Provision for impairment during this year	Closing balance of provision for impairment losses
Guangdong Yueyun Development Co., Ltd.	–	7,200,000.00	7,200,000.00	–	–
Chaozhou Yueyun Automobile Transportation Co., Ltd.	49,627,064.35	–	49,627,064.35	–	–
Foshan Sanshui District Yueyun Transportation Co., Ltd.	20,579,475.24	–	20,579,475.24	–	–
Foshan Yueyun Public Transportation Co., Ltd.	128,000,000.00	–	128,000,000.00	–	–
Guangdong Expressway Media Co., Ltd.	19,800,000.00	–	19,800,000.00	–	–
Guangdong Automobile Transportation Group Co., Ltd.	78,241,097.70	58,000,000.00	136,241,097.70	–	–
Guangdong Tongyi Expressway Service Area Co., Ltd.	119,055,570.29	–	119,055,570.29	–	–
Guangdong Yueyun Traffic Rescue Co., Ltd.	60,000,000.00	–	60,000,000.00	–	–
Guangdong Yueyun Langri Co., Ltd.	78,580,658.61	–	78,580,658.61	–	–
Guangzhou Yueyun Transportation Co., Ltd.	58,000,000.00	(58,000,000.00)	–	–	–
Heyuan Yueyun Automobile Transportation Co., Ltd.	164,623,493.41	–	164,623,493.41	15,975,038.55	24,021,500.84
Maoming Dianbai District Yueyun Automobile Transportation Co., Ltd.	9,180,000.00	–	9,180,000.00	–	–
Meizhou Yueyun Automobile Transportation Co., Ltd.	143,779,032.69	–	143,779,032.69	–	–
Qingyuan Yueyun Automobile Transportation Co., Ltd.	267,307,909.96	21,212,800.00	288,520,709.96	–	–
Shanwei Yueyun Automobile Transportation Co., Ltd.	67,334,634.63	–	67,334,634.63	–	–
Shaoguan Yueyun Automobile Transportation Co., Ltd.	175,702,676.32	–	175,702,676.32	–	–
Guangdong-Hong Kong Automobile Transportation Co., Ltd. (Guangzhou)	25,319,234.10	–	25,319,234.10	–	–
Guangdong-Hong Kong Motor Transport Joint Venture Co., Ltd. (Hong Kong)	120,196,428.59	–	120,196,428.59	–	–
Yueyun Transportation (Hong Kong) Co., Ltd.	1,323,750.00	–	1,323,750.00	–	–
Zhaoqing Yueyun Automobile Transportation Co., Ltd.	101,009,712.00	–	101,009,712.00	–	–
Zhongshan Yueyun Tongxing Transportation Co., Ltd.	3,403,136.63	–	3,403,136.63	528,466.69	528,466.69
Zhuhai Gongyun Bus Terminal Co., Ltd.	43,736,980.29	–	43,736,980.29	–	–
Total	1,734,800,854.81	28,412,800.00	1,763,213,654.81	16,503,505.24	24,549,967.53

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investment (Continued)

2) Investment in associates and joint ventures

Investee	31 December 2020	Investment income under the equity method	Movement		31 December 2021	Closing balance of provision for impairment losses
			Declaring cash dividends or profits	Others		
1. Joint ventures						
Guangdong Yuehuahui Business Management Co., Ltd.	6,710,953.40	650,207.27	-	-	7,361,160.67	-
Subtotal	6,710,953.40	650,207.27	-	-	7,361,160.67	-
2. Associates						
Southern United Property Rights Exchange Center Co., Ltd.	68,177,817.55	19,893,233.27	25,901,744.08	-	62,169,306.74	-
Guangdong Nanyuetong Passenger Transport Networking Center Co., Ltd.	3,870,256.82	236,258.54	-	-	4,106,515.36	-
Guangdong Yueyun Development Co., Ltd.	1,752,861.03	-	-	(1,752,861.03)	-	-
Subtotal	73,800,935.40	20,129,491.81	25,901,744.08	(1,752,861.03)	66,275,822.10	-
Total	80,511,888.80	20,779,699.08	25,901,744.08	(1,752,861.03)	73,636,982.77	-

Note 1: All joint ventures and associates of the Company are non-listed companies. As at 31 December 2021, the ability to transfer fund from above joint ventures and associates to the Group is not restricted (31 December 2020: Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2021

(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating income and operating costs

1) Operating income and operating costs

Item	2021		2020	
	Operating income	Operating cost	Operating income	Operating cost
Operating income from principal activities	191,275,152.28	94,294,041.88	277,503,629.60	250,344,060.76
Total	191,275,152.28	94,294,041.88	277,503,629.60	250,344,060.76

Detail of operating income:

Items	2021	2020
1. Operating income from principal activities		
Road passenger transportation and auxiliary services	70,139.62	1,068,001.99
Taiping interchange assets operation services	121,446,132.92	66,017,682.94
Material logistics services	69,758,879.74	210,417,944.67
Total	191,275,152.28	277,503,629.60

5. Investment income

Item	2021	2020
Long-term equity Investment income under the equity method	20,779,699.08	14,145,650.95
Others	168,168,145.54	182,308,794.12
Total	188,947,844.62	196,454,445.07

Guangdong Yueyun Transportation
Company Limited
16 March 2022



廣東粵運交通股份有限公司

GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED