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廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited*

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 03399)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

- Operating income of the Group in 2018 was approximately RMB6,295.211 million, representing a decrease of approximately RMB1,248.801 million (or 17%) over 2017 (restated).
- Net profit attributable to shareholders of the Company for the year 2018 was approximately RMB327.386 million, representing a decrease of approximately RMB101.174 million (or 24%) over 2017 (restated).
- Basic earnings per share attributable to shareholders of the Company for the year 2018 was RMB0.41 per share, representing a decrease of RMB0.13 (or 24%) over 2017 (restated).
- The Board recommended the payment of the final dividend of 2018 in cash of RMB0.17 before tax per share.

The Board (the "**Board**") of Directors (the "**Directors**") of Guangdong Yueyun Transportation Company Limited (the "**Company**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2018. The consolidated annual results of the Group have been reviewed by the audit and corporate governance committee of the Company (the "**Audit and Corporate Governance Committee**"), the majority of which are independent non-executive Directors.

The figures in respect of the preliminary announcement of the Group's results as of 31 December 2018 have been compared by the Company's auditor, KPMG Huazhen LLP, with the amounts set out in the Group's audited financial statements for the year ended 31 December 2018 and the amounts were found to be in agreement. The work performed by KPMG Huazhen LLP in respect of this announcement did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by KPMG Huazhen LLP on this announcement.

Consolidated statement of financial position as at 31 December 2018

(Expressed in Renminbi Yuan)

	Note	**31 December 2018**	31 December 2017 *(Restated)*	1 January 2017 *(Restated)*
Assets				
Current Assets				
Cash at bank and on hand		**1,143,157,699.63**	1,876,354,128.50	1,670,733,199.35
Bills and accounts receivable	4	**426,533,184.08**	874,486,077.25	611,129,995.39
Prepayments		**231,456,090.43**	330,959,378.33	240,583,697.21
Other receivables		**453,775,869.01**	411,818,958.72	367,100,965.14
Inventories		**106,939,985.13**	190,235,150.79	137,958,614.51
Non-current assets due within one year		**3,484,750.69**	31,874,195.35	7,402,505.23
Other current assets		**60,846,815.21**	35,531,593.57	39,517,821.40
Total current assets		**2,426,194,394.18**	3,751,259,482.51	3,074,426,798.23
Non-current assets				
Long-term receivables		**5,946,238.22**	7,030,155.67	40,874,522.56
Long-term equity investments		**381,990,308.58**	332,013,785.00	237,545,373.76
Investments in other equity instruments		**1,217,588.22**	563,228.22	563,228.22
Investment properties	5	**118,809,826.85**	180,291,731.04	164,354,635.96
Fixed assets	6	**2,944,332,851.94**	2,683,689,257.33	2,473,064,867.84
Construction in progress		**709,268,163.04**	316,762,995.42	211,588,508.86
Intangible assets	7	**1,060,822,345.19**	1,128,291,589.11	1,081,117,377.21
Goodwill		**104,166,326.02**	104,166,326.02	104,166,326.02
Long-term deferred expenses		**96,170,748.72**	52,170,691.55	32,664,888.69
Deferred tax assets		**195,669,154.81**	215,501,150.20	222,759,376.51
Other non-current assets		**411,720,977.48**	411,886,142.50	410,447,716.92
Total non-current assets		**6,030,114,529.07**	5,432,367,052.06	4,979,146,822.55
Total assets		**8,456,308,923.25**	9,183,626,534.57	8,053,573,620.78

	Note	**31 December 2018**	31 December 2017	1 January 2017
			(Restated)	*(Restated)*
Assets				
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans	8	**109,800,000.00**	217,806,642.67	60,000,000.00
Bills and accounts payable	9	**837,145,791.31**	1,642,202,552.16	1,175,908,713.53
Advances from customers		**123,093,399.15**	196,501,125.04	240,071,906.56
Contract liabilities		**40,781,584.69**	—	—
Employee benefits payable		**172,099,984.53**	188,163,521.91	177,620,764.40
Taxes payable		**91,056,056.87**	174,924,497.04	139,433,129.65
Other payables		**732,675,635.19**	696,811,970.82	684,568,922.53
Non-current liabilities due within one year	10	**319,724,895.49**	158,346,422.54	125,849,539.54
Total current liabilities		**2,426,377,347.23**	3,274,756,732.18	2,603,452,976.21
Non-current liabilities				
Long-term loans	11	**771,403,711.60**	558,075,133.02	261,325,730.93
Bonds payable	12	**736,339,628.81**	775,310,816.19	774,170,794.08
Long-term payables		**282,816,003.27**	165,168,357.56	138,659,791.85
Long-term employee benefits payable		**163,746,337.18**	181,270,744.39	196,515,754.58
Provisions		**428,464.61**	1,646,679.43	1,100,000.00
Deferred income		**489,864,404.78**	520,711,271.94	559,575,943.65
Deferred tax liabilities		**51,768,940.47**	28,447,231.25	32,736,936.59
Total non-current liabilities		**2,496,367,490.72**	2,230,630,233.78	1,964,084,951.68
Total liabilities		**4,922,744,837.95**	5,505,386,965.96	4,567,537,927.89

	Note	**31 December 2018**	31 December 2017 *(Restated)*	1 January 2017 *(Restated)*
Shareholders' equity				
Share capital		**799,847,800.00**	799,847,800.00	799,847,800.00
Capital reserve		**18,800,491.50**	215,513,875.00	285,966,328.19
Other comprehensive income		**(23,217,197.24)**	(34,414,839.74)	(21,923,638.32)
Special reserve		**27,547,836.20**	34,202,615.37	34,953,712.42
Surplus reserve		**193,639,642.56**	186,668,434.59	160,596,169.46
Retained earnings	13	**1,365,334,887.44**	1,275,233,926.21	994,629,115.47
Total equity attributable to shareholders of the Company		**2,381,953,460.46**	2,477,051,811.43	2,254,069,487.22
Non-controlling interests		**1,151,610,624.84**	1,201,187,757.18	1,231,966,205.67
Total shareholders' equity		**3,533,564,085.30**	3,678,239,568.61	3,486,035,692.89
Total liabilities and shareholders' equity		**8,456,308,923.25**	9,183,626,534.57	8,053,573,620.78

Consolidated income statement for the year ended 31 December 2018
(Expressed in Renminbi Yuan)

	Note	**2018**	2017 *(Restated)*
I. Operating income		**6,295,211,233.17**	7,544,011,863.20
II. Less: Operating costs		**5,219,204,873.06**	6,091,742,089.27
Taxes and surcharges		**47,182,658.24**	56,171,838.42
Selling and distribution expenses		**65,437,830.08**	88,882,811.39
General and administrative expenses		**680,114,687.61**	719,285,891.33
Research and development expenses		**548,365.55**	4,473,315.80
Financial expenses	14	**64,642,631.05**	58,768,904.60
Including: Interest expenses		**63,439,390.73**	56,859,561.53
Interest income		**21,196,873.11**	15,418,051.93
Impairment losses	15	**5,952,236.89**	10,994,099.44
(Reversal) / accrual of credit losses	16	**(20,887,786.34)**	21,339,185.84
Add: Other income	18	**245,598,578.55**	172,760,209.25
Investment income	17	**33,997,206.05**	47,206,139.35
Including: Income from investments in associates and joint ventures		**33,105,794.71**	46,025,242.26
Gains from asset disposals	19	**14,450,461.79**	258,310.87
III. Operating profit		**527,061,983.42**	712,578,386.58
Add: Non-operating income	20	**16,362,624.82**	22,440,831.48
Less: Non-operating expenses	21	**15,037,393.11**	12,513,388.88
IV. Profit before income tax		**528,387,215.13**	722,505,829.18
Less: Income tax expenses	22	**149,254,162.64**	182,923,532.54
Net profit for the year		**379,133,052.49**	539,582,296.64
(1) Net profit classified by continuity of operations			
1. Net profit from continuing operations		**379,133,052.49**	539,582,296.64
2. Net profit from discontinued operations		**—**	—
(2) Net profit classified by ownership			
1. Non-controlling interests		**51,747,180.71**	111,022,479.93
2. Shareholders of the Company		**327,385,871.78**	428,559,816.71

		Note	2018	2017 (Restated)
V.	Other comprehensive income, net of tax			
	Other comprehensive income (net of tax) attributable to shareholders of the Company		**11,197,642.50**	(12,491,201.42)
	(1) Items that will not be reclassified to profit or loss			
	1. Remeasurement of defined benefit plan		**1,549,023.37**	238,499.48
	2. Changes in fair value of investments in other equity instruments		**109,360.02**	—
	(2) Items that may be reclassified subsequently to profit or loss:			
	Translation differences arising from translation of foreign currency financial statements		**9,539,259.11**	(12,729,700.90)
	Other comprehensive income (net of tax) attributable to non-controlling interests		**6,010,032.20**	(7,095,771.98)
VI.	Total comprehensive income for the year		**396,340,727.19**	519,995,323.24
	Attributable to:			
	Shareholders of the Company		**338,583,514.28**	416,068,615.29
	Non-controlling interests		**57,757,212.91**	103,926,707.95
VII.	Earnings per share			
	(I) Basic earnings per share	23(1)	**0.41**	0.54
	(II) Diluted earnings per share	23(2)	**0.41**	0.54

Notes

1 **Basis of preparation**

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statements for the year ended 31 December 2018 but are extracted from those audited consolidated financial statements.

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

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

2 **Changes in significant accounting policies**

(1) ***Description and reasons of the changes***

The MOF issued the following revised accounting standards and interpretations in 2017 and 2018:

- CAS No.14 - Revenue (Revised) (the "new revenue standard")

- CAS No.22 - Financial Instruments: Recognition and Measurement (Revised), CAS No.23 - Transfer of Financial Assets (Revised), CAS No.24 - Hedge Accounting (Revised) and CAS No.37 - Presentation and Disclosures of Financial Instruments (Revised) (collectively the "new financial instruments standards")

- CAS Bulletin No.9 - Accounting of Net Investment Losses under Equity Method, CAS Bulletin No.10 - Applying Revenue-based Depreciation Method on Fixed Assets, CAS Bulletin No.11 - Applying Revenue-based Amortisation Method on Intangible Assets and CAS Bulletin No.12 - Determination of Whether the Provider and Receiver of Key Management Personnel Services are Related Parties (collectively the "CAS Bulletins No.9-12")

- Notice on Revision of the 2018 Illustrative Financial Statements (Caikuai [2018] No.15) and related interpretation

The Group has applied the above revised accounting standards and interpretations since 1 January 2018 and adjusted the related accounting policies.

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

(i) ***New revenue standard***

The new revenue standard replaces CAS No.14 — Revenue and CAS No.15 - Construction Contracts issued by the MOF in 2006 (the "previous revenue standard").

Under previous revenue standard, the Group recognised revenue when the risks and rewards had passed to the customers. The Group's revenue from sales of goods was recognised when the following conditions were met: the significant risks and rewards of ownership of the goods had been transferred to the customer, the amount of revenue and related costs could be reliably measured, the relevant economic benefits would probably flow to the Group and the Group retained neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Revenue from rendering of services and revenue from construction contracts were recognised by reference to the stage of completion of the transaction at the balance sheet date.

Under new revenue standard, revenue is recognised when the customer obtains control of the promised goods or services in the contract:

- 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. The Group satisfies a performance obligation over time if certain criteria is met; or otherwise, a performance obligation is satisfied at a point in time. Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation. The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. 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 have adjusted the relevant accounting policies in accordance with the specific provisions on specific matters or transactions under new revenue standard, such as principal versus agent considerations, sale with a right of return, advance receipts, etc.

- Under new revenue standard, the Group presents a contract liability in the balance sheet based on the relationship between the Group's performance and the customer's payment. At the same time, the Group provides more disclosures on revenue and related information based on the disclosure requirements under new revenue standard, such as relevant accounting policies, significant judgments (measurement of variable consideration, the method used to allocate the transaction price to each performance obligation, the assumption used for estimating stand-alone selling price of each performance obligation, etc.), information of contracts with customers (revenue recognised in current period, contract balance, performance obligation, etc.), information of assets related to contract costs, etc.

The effect of adopting new revenue standard on the Group's accounting policies are as follows:

- For road passenger transportation and auxiliary services, under previous revenue standard, revenue was recognised when the services were rendered. Under new revenue standard, the Group recognises revenue when transportation services are provided to customers.

- For sales of convenience store goods, petroleum and gasoline, under previous revenue standard, revenue was recognised when the customer accepted the goods and the related risks and rewards of ownership transferred. Under new revenue standard, customers obtain control of convenience store goods, petroleum and gasoline when the goods are delivered to and have been accepted by the customers, customers has a present obligation to payment. Revenue is recognised at that point in time.

- For Taiping interchange assets operation revenue, under previous revenue standard, revenue was recognised according to the period and method of charging as stipulated in the relevant contracts or agreements. Under new revenue standard, the Group completes the provision of service when vehicles pay the fee and pass through Taiping interchange and revenue is recognised at the same time.

- For sales of construction materials, under previous revenue standard, revenue was recognised when the customer accepted the goods and the related risks and rewards of ownership were transferred. Under new revenue standard, customers obtain control of construction materials when the goods are delivered to designated locations and accepted. Revenue is recognised at that point in time.

- The effects on each of the line items in the consolidated statement of financial position as at 31 December 2018 are analysed as follows:

	Increase/(decrease) in the line items as a result of applying new accounting policies The Group *RMB*
Liabilities:	
Advances from customers	(40,781,584.69)
Contract liabilities	40,781,584.69

- Changes of the above accounting policies have no significant effect on the line items on the consolidated income statement for the year ended 31 December 2018 and shareholders' equity as at 31 December 2017.

(ii) ***New financial instruments standards***

The new financial instruments standards revise CAS No.22 - Financial instruments: Recognition and measurement, CAS No.23 - Transfer of Financial assets and CAS No.24 - Hedging issued by the MOF in 2006 and CAS No.37 - Presentation and Disclosures of Financial Instruments (collecting the "previous financial instruments standards").

The Group adopted the new financial instruments standards from 1 January 2018 and made an election to restate the comparative information.

The new financial instruments standards contain three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The classification of financial assets under the new financial instruments standards is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The new financial instruments standards cancel the previous categories of held to maturity investments, loans and receivables and available for sale financial assets under the previous financial instruments standards. Under new financial instruments standards, derivatives embedded in contracts where the host is a financial asset are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of new financial instruments standards does not have a significant impact on the Group's accounting policies for financial liabilities.

The Group did not have any financial asset or financial liability measured at FVTPL at 1 January 2018. The Group designated the investments in other equity instruments at FVOCI.

The new financial instruments standards replace the "incurred loss" model in the previous financial instruments standards with the expected credit loss ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in the previous financial instruments standards.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost; and

- lease receivables.

The new ECL model does not apply to investments in equity instruments.

The following table reconciles the closing loss allowance determined in accordance with the previous financial instruments standards as at 1 January 2017 and 1 January 2018 with the opening loss allowance determined in accordance with the new financial instruments standards.

	As at 1 January 2018	As at 1 January 2017
	RMB	*RMB*
Loss allowance under previous financial instruments standards		
- Accounts receivable	**64,138,071.36**	69,916,406.03
- Other receivables	**69,193,989.70**	62,587,098.56
Sub-total	**133,332,061.06**	132,503,504.59
Adjustment on initial application of the new financial instruments standards		
	RMB	*RMB*
- Accounts receivable	**49,430,122.66**	29,209,603.32
- Other receivables	**11,718,564.72**	22,894,695.86
Sub-total	**61,148,687.38**	52,104,299.18
Loss allowance of accounts receivable and other receivables of Meizhou Yueyun Vehicles Transportation Company Limited and its subsidiaries (“Meizhou Yueyun Group”) acquired through business combination under common control that has adopted the Group’s accounting policy applied from 1 January 2018		
- Accounts receivable	**821,754.72**	695,037.72
- Other receivables	**4,693,921.93**	6,561,874.40
Sub-total	**5,515,676.65**	7,256,912.12

	As at 1 January 2018	As at 1 January 2017
	RMB	*RMB*
Loss allowance under new financial instruments standards		
	RMB	*RMB*
- Accounts receivable	**114,389,948.74**	99,821,047.07
- Other receivables	**85,606,476.35**	92,043,668.82
Total	**199,996,425.09**	191,864,715.89

The Group have applied the classification and measurement requirements (including impairment) of the new financial instruments standards retrospectively to the items under certain specific circumstances in accordance with the transition requirements, and comparative information has been restated. The following tables provide the impact on the Group's net profit for the year ended 31 December 2017 and the Group's shareholders' equity at the beginning and the end of the year 2017 (the impact in relation with adjustments arising from business combinations under common control has been accounted for in the net profit and shareholders' equity before adjustment):

	2017 Net profit	2017 Ending balance of shareholders' equity	2017 Opening balance of shareholders' equity
	RMB	*RMB*	*RMB*
The amount of net profit and shareholders' equity before adjustment	545,892,561.14	3,723,905,530.74	3,525,391,390.52
Accounting policy change:			
New financial instruments standards	(6,310,264.50)	(45,665,962.13)	(39,355,697.63)
The amount of net profit and shareholders' equity after adjustment	539,582,296.64	3,678,239,568.61	3,486,035,692.89

(iii) ***CAS Bulletins No.9-12***

The Group has reviewed the relevant accounting policies in accordance with the requirements related to the accounting of net investment losses under equity method, the depreciation and amortisation methods of fixed assets and intangible assets and the related party identification and disclosure of key management personnel services of CAS Bulletins No.9-12.

The adoption of CAS Bulletins No.9-12 does not have material impact on the financial position and financial performance of the Group.

(iv) ***Presentation of financial statements***

The Group has prepared financial statements for the year ended 31 December 2018 in accordance with the presentation format of the financial statements specified in Caikuai [2018] No.15. The Group has applied the new presentation requirements retrospectively.

Affected assets and liabilities items in the consolidated statement of financial position as at 31 December 2017:

The amount recorded in "Bills receivable" and "Accounts receivable" is now recorded in "Bills and accounts receivable";

The amount recorded in "Interest receivable", "Dividends receivable" and "Other receivables" is now recorded in "Other receivables";

The amount recorded in "Bills payable" and "Accounts payable" is now recorded in "Bills and accounts payable"; and

The amount recorded in "Interest payable", "Dividends payable" and "Other payables" is now recorded in "Other payables".

Affected income and expenses items in the consolidated income statement for the year ended 31 December 2017:

The research and development expenses recorded in "General and administrative expenses" is now recorded separately as "Research and development expenses".

3 CHANGES OF CONSOLIDATION SCOPE

(1) Subsidiaries acquired through establishment or investment during the year

No.	Full name of the subsidiary	Type	Incorporation place	Registered place	Business nature	Registered capital	Shareholding percentage %	Voting rights percentage %
1	Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 18,000,000.00	51	51
2	Shaoguan City Guangshao Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 5,000,000.00	51	51

(2) Subsidiaries acquired through business combination under common control during the year

No.	Full name of the subsidiary	Type	Incorporation place	Registered place	Business nature	Registered capital	Shareholding percentage %	Voting rights percentage %
1	Meizhou Yueyun Vehicles Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 38,000,000.00	100	100

3 CHANGES OF CONSOLIDATION SCOPE (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place	Business nature	Registered capital	Shareholding percentage %	Voting rights percentage %
2	Meizhou Vehicles Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 4,500,000.00	100	100
3	Xingning Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 4,000,000.00	100	100
4	Dapu Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 3,200,000.00	100	100
5	Wuhua Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 4,500,000.00	100	100
6	Pingyuan Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 3,200,000.00	100	100
7	Jiaoling Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 2,600,000.00	100	100
8	Meizhou Jiangnan Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic transportation	RMB 2,000,000.00	100	100

3 CHANGES OF CONSOLIDATION SCOPE (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registered place	Business nature	Registered capital	Shareholding percentage %	Voting rights percentage %
9	Meizhou Vehicle Materials Supply Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Sales of vehicle spare parts	RMB 1,000,000.00	100	100
10	Dapu Yueyun Motor Inspection Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Vehicle Testing	RMB 5,000,000.00	51	51

(3) Subsidiaries acquired through business combination not under common control during the year

None.

3 CHANGES OF CONSOLIDATION SCOPE (Continued)

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

According to the asset swap agreement the Group entered into with Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management"), a subsidiary of Guangdong Provincial Communication Group Company Limited ("GCGC"), on 21 December 2017 (the "Asset Swap Agreement"), the Group agreed to swap with Yueyun Investment Management the 100% equity of the Group's subsidiary, Guangdong South China Logistics Enterprise Company Limited and its subsidiaries ("South China Logistics Enterprise Group") by way of transferring to the Group 100% equity of Meizhou Yueyun Group. The price difference will be satisfied by a cash payment from Yueyun Investment Management to the Group. On 30 March 2018, the transaction was completed and the Group lost control over South China Logistics Enterprise Group. The acquisition date is 30 March 2018 when the Group took control over Meizhou Yueyun Group. The above entities involved in the transaction are all ultimately controlled by GCGC, the parent company of the Company, both before and after the business combination, and the control is not transitory.

Meizhou Yueyun Group was established on 27 April 1982 in Meizhou City, Guangdong province, with its head office located in Meizhou City. Meizhou Yueyun Group is mainly engaged in providing road passenger transportation services. Meizhou Yueyun Group has ten companies, as mentioned in Note 3 (2).

The carrying amounts of the assets and liabilities are as follows:

	Business combination date *RMB*	31 December 2017 *RMB*
Current assets	113,823,967.83	100,801,245.58
Non-current assets	318,126,267.41	314,440,023.90
Current liabilities	(144,628,541.90)	(144,737,132.98)
Non-current liabilities	(141,155,942.75)	(129,297,604.91)
Net assets	146,165,750.59	141,206,531.59
Less: Non-controlling interests	(2,386,717.90)	(2,450,270.31)
Net assets acquired	143,779,032.69	138,756,261.28

3 **CHANGES OF CONSOLIDATION SCOPE (Continued)**

According to the Accounting Standards for Business Enterprises, the Group and Meizhou Yueyun Group have been regarded as the same reporting entity since the beginning of control by GCGC, and the Group therefore, retrospectively adjusted the comparative figures of the consolidated financial statements.

(5) **Business combinations involving enterprises not under common control during the year**

None.

(6) **Former subsidiaries that ceased to be consolidated during the year**

The Company completed the assets swap with Yueyun Investment Management on 30 March 2018. Accordingly, the Group has lost control over South China Logistics Enterprise Group. The operating results and cash flow of South China Logistics Enterprise Group before the divestiture are included in the consolidated income statement and consolidated cash flow statement for the year.

Nineteen subsidiaries of the Group were deregistrated in 2018 and excluded from the consolidation scope, which include Guangdong Yunxing Property Management Co., Ltd.,Chaozhou City Yueyun High Speed Passenger Traffic Co., Ltd., Deqing County Yueyun Bus Terminal Co., Ltd., Zhaoqing City Yueyun Logistics Co., Ltd., Yangjiang Yangdong Bus Terminal Co., Ltd., Yangjiang Yangdong Yueyun Langri Passenger Transportation Co., Ltd., Yangjiang Yueyun Langri Taxi Co., Ltd., Yangjiang City Yueyun Langri Vehicles Technology Service Co., Ltd., Yangchun City Chunjiang Vehicles Transportation Co., Ltd., Yangchun Taiyun Property Management Co., Ltd., Yangjiang High-tech Zone Yueyun Langri Enterprise Co., Ltd., Guangzhou City Yueyun Public Bus Co., Ltd., Guangzhou City Yueyun Auto Maintenance Co., Ltd., Renhua County Feima Passenger Transportation Co., Ltd., Shaoguan City Zhixin Trade Co., Ltd., Lechang City Pingshi Yongtong Vehicles Transportation Co., Ltd., Haifeng County Yueyun Coach Terminal Co., Ltd., Qingyuan City Jinyu Vehicles Lease Co., Ltd., Shantou office of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd..The operating results and cash flows of the above companies before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

In 2018, the Group disposed of part or all of its investments in Guangzhou Yueyun Software Technology Co., Ltd. and Shaoguan City Xi'an Tourist Transportation Co., Ltd. respectively, these companies were no longer within the Group's consolidation scope. The operating results and cash flows of the two companies prior to the disposal of the investments are included in the Group's consolidated income statement and consolidated cash flow statement for the current year.

4 BILLS AND ACCOUNTS RECEIVABLE

	Note	**31 December 2018** *RMB*	31 December 2017 *RMB* (Restated)
Bills receivable	(1)	**310,802.08**	36,505,607.26
Accounts receivable	(2)	**426,222,382.00**	837,980,469.99
Total		**426,533,184.08**	874,486,077.25

(1) BILLS RECEIVABLE

(a) **Classification of bills receivable**

	31 December 2018 *RMB*	31 December 2017 *RMB*
Bank acceptance bills	**310,802.08**	36,505,607.26

(b) The Group had no pledged bank acceptance bills, undue discounted bank acceptance bills, undue endorsed bank acceptance bills or acceptance bills transferred to accounts receivable due to drawers' nonperformance on 31 December 2018 and 31 December 2017. The bills receivable above are due within one year.

(2) ACCOUNTS RECEIVABLE

(a) **The ageing analysis of accounts receivable is as follows:**

	31 December 2018 *RMB*	31 December 2017 *RMB* (Restated)
Within 3 months (inclusive)	**364,964,328.60**	699,313,041.91
Over 3 months but within 6 months (inclusive)	**21,554,047.37**	46,185,762.43
Over 6 months but within 1 year (inclusive)	**24,531,868.92**	40,365,403.58
Over 1 year but within 2 years (inclusive)	**18,064,655.08**	25,854,291.48
Over 2 years but within 3 years (inclusive)	**7,071,593.91**	14,090,448.43
Over 3 years	**39,084,836.13**	126,561,470.90
Sub-total	**475,271,330.01**	952,370,418.73
Less: Provision for bad and doubtful debts	**(49,048,948.01)**	(114,389,948.74)
Total	**426,222,382.00**	837,980,469.99

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

4 BILLS AND ACCOUNTS RECEIVABLE (Continued)

(b) Impairment of accounts receivable

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix based on aging of accounts receivable and credit loos rate. As the Group's historical credit loss experience indicates significantly different loss patterns for different segments, the loss allowances based on ageing information is further distinguished between the Group's different customer bases, which include road transportation and other service, service zone operation and constructions materials supply for the purpose of measuring ECLs.

		31 December 2018		31 December 2017	
	Expected loss rate	**Book Value** *RMB*	**Provision for bad and doubtful debts** *RMB*	Book Value *RMB* (Restated)	Provision for bad and doubtful debts *RMB* (Restated)
Road transportation and other service					
Within 1 year (inclusive)	5%	**186,234,578.55**	**(9,439,173.34)**	189,477,251.04	(9,473,862.54)
Over 1 year but within 2 years (inclusive)	35%	**6,437,650.75**	**(2,253,177.76)**	7,643,163.59	(2,675,107.26)
Over 2 years but within 3 years (inclusive)	50%	**2,626,414.34**	**(1,313,207.17)**	4,632,971.43	(2,316,485.72)
Over 3 years	100%	**5,527,868.11**	**(5,527,868.11)**	4,332,108.06	(4,332,108.06)
Sub-total		**200,826,511.75**	**(18,533,426.38)**	206,085,494.12	(18,797,563.58)
Service zone operation					
Within 1 year (inclusive)	5%	**49,618,374.29**	**(2,480,918.71)**	60,866,996.95	(3,043,349.85)
Over 1 year but within 2 years (inclusive)	10%	**3,061,576.56**	**(306,157.66)**	897,130.03	(89,713.00)
Over 2 years but within 3 years (inclusive)	30%	**661,008.44**	**(198,302.53)**	855,324.90	(256,597.47)
Over 3 years	50%	**848,734.90**	**(424,367.45)**	21,998.00	(10,999.00)
Sub-total		**54,189,694.19**	**(3,409,746.35)**	62,641,449.88	(3,400,659.32)
Constructions materials supply					
Within 1 year (inclusive)	5%	**175,197,292.05**	**(8,759,864.60)**	535,519,959.93	(26,775,998.00)
Over 1 year but within 2 years (inclusive)	10%	**8,565,427.77**	**(856,542.78)**	17,313,997.86	(1,731,399.79)
Over 2 years but within 3 years (inclusive)	30%	**3,784,171.13**	**(1,135,251.34)**	8,602,152.10	(2,580,645.63)
Over 3 years	50%	**32,708,233.12**	**(16,354,116.56)**	122,207,364.84	(61,103,682.42)
Sub-total		**220,255,124.07**	**(27,105,775.28)**	683,643,474.73	(92,191,725.84)
Total		**475,271,330.01**	**(49,048,948.01)**	952,370,418.73	(114,389,948.74)

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

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

	31 December 2018	31 December 2017
	RMB	*RMB*
		(Restated)
Balance at the beginning of the year	**(114,389,948.74)**	(99,821,047.07)
Charge into income statement during the year	**36,518,790.86**	(14,586,741.94)
Written-off during the year	**604,626.80**	14,602.80
Deductions resulting from consolidation scope change	**28,217,583.07**	3,237.47
Balance at the end of the year	**(49,048,948.01)**	(114,389,948.74)

5 INVESTMENT PROPERTIES

	Buildings *RMB*	Land use rights *RMB*	Total *RMB*
Cost			
Balance as at 1 January 2017 *(Restated)*	129,201,924.52	56,039,565.22	185,241,489.74
Additions during the year	14,676,215.11	12,311,685.62	26,987,900.73
Decrease during the year			
Disposals	(498,000.00)	—	(498,000.00)
Transfer to fixed assets/ intangible assets	(5,018,207.98)	(611,124.39)	(5,629,332.37)
Foreign currency financial statement translation differences	(213,259.34)	(951,391.36)	(1,164,650.70)
Balance as at 31 December 2017	138,148,672.31	66,788,735.09	204,937,407.40
Decrease during the year			
Disposals	(279,330.00)	—	(279,330.00)
Transfer to fixed assets/ intangible assets	(46,292,743.09)	(27,863,138.55)	(74,155,881.64)
Foreign currency financial statement translation differences	146,624.91	654,122.14	800,747.05
Balance as at 31 December 2018	91,723,224.13	39,579,718.68	131,302,942.81
Accumulated depreciation or amortisation			
Balance as at 1 January 2017 *(Restated)*	(13,677,558.89)	(7,209,294.89)	(20,886,853.78)
Additions during the year			
Charge for the year	(3,346,243.29)	(1,575,595.14)	(4,921,838.43)
Transfer from fixed assets/ intangible assets	(1,113,955.67)	(674,664.33)	(1,788,620.00)
Decrease during the year			
Disposals	498,000.00	—	498,000.00
Transfer to fixed assets/ intangible assets	1,776,165.29	172,463.80	1,948,629.09

5 INVESTMENT PROPERTIES (Continued)

	Buildings *RMB*	Land use rights *RMB*	Total *RMB*
Foreign currency financial statement translation differences	182,634.90	322,371.86	505,006.76
Balance as at 31 December 2017	(15,680,957.66)	(8,964,718.70)	(24,645,676.36)
Additions during the year			
Charge for the year	(2,232,361.64)	(777,173.20)	(3,009,534.84)
Decrease during the year			
Disposals	276,000.52	—	276,000.52
Transfer to fixed assets/ intangible assets	11,558,163.23	3,599,021.10	15,157,184.33
Foreign currency financial statement translation differences	(128,310.97)	(142,778.64)	(271,089.61)
Balance as at 31 December 2018	(6,207,466.52)	(6,285,649.44)	(12,493,115.96)
Carrying amounts			
As at 31 December 2018	85,515,757.61	33,294,069.24	118,809,826.85
As at 31 December 2017	122,467,714.65	57,824,016.39	180,291,731.04

Note 1: The remaining period of amortisation of land use rights is 23 to 64 years.

Note 2: As at 31 December 2018, investment properties that were pledged for long-term bank loans is RMB 21,606,802.16 (31 December 2017: RMB 22,392,714.56).

6 FIXED ASSETS

	Buildings and structures	Building improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Pier	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Cost							
Balance as at 1 January 2017 *(Restated)*	1,041,614,500.56	119,819,964.54	126,349,300.96	257,321,233.93	2,841,127,128.47	90,628,461.88	4,476,860,590.34
Additions during the year	18,751,832.51	—	13,557,217.34	25,906,348.17	147,300,503.00	—	205,515,901.02
Transfer from investment properties	5,018,207.98	—	—	—	—	—	5,018,207.98
Transfer from construction in progress	98,294,354.62	41,275,467.13	6,010,502.34	24,338,862.92	333,872,643.33	—	503,791,830.34
Additions arising from business combinations not under common control	—	—	—	—	5,060,456.33	—	5,060,456.33
Disposals during the year	(17,611,741.35)	—	(5,746,208.94)	(9,527,868.49)	(132,401,091.84)	—	(165,286,910.62)
Transfer to investment properties	(14,676,215.11)	—	—	—	—	—	(14,676,215.11)
Foreign currency financial statement translation difference	(1,961,735.14)	—	(71,535.36)	(384,841.72)	(10,848,705.78)	—	(13,266,818.00)
Balance as at 31 December 2017	1,129,429,204.07	161,095,431.67	140,099,276.34	297,653,734.81	3,184,110,933.51	90,628,461.88	5,003,017,042.28

6 FIXED ASSETS (Continued)

	Buildings and structures *RMB*	Building improvements *RMB*	Machinery and equipment *RMB*	Electronic equipment, office equipment and others *RMB*	Transportation vehicles *RMB*	Pier *RMB*	Total *RMB*
Additions during the year	16,284,133.97	129,928.20	13,863,404.94	30,151,256.93	199,227,611.74	—	259,656,335.78
Transfer from investment properties	46,292,743.09	—	—	—	—	—	46,292,743.09
Transfer from construction in progress	221,503,469.23	31,333,944.74	15,119,096.07	9,960,736.35	372,832,610.64	—	650,749,857.03
Disposals or adjustment upon completion during the year	(1,691,297.24)	(2,879,148.15)	(2,169,677.12)	(7,418,515.58)	(158,853,680.09)	—	(173,012,318.18)
Deductions resulting from consolidation scope change(note)	(15,012,160.91)	—	(78,849,989.91)	(3,137,253.56)	(11,382,086.76)	(90,628,461.88)	(199,009,953.02)
Foreign currency financial statement translation difference	1,620,614.24	—	50,427.15	339,243.84	6,536,870.00	—	8,547,155.23
Balance as at 31 December 2018	1,398,426,706.45	189,680,156.46	88,112,537.47	327,549,202.79	3,592,472,259.04	—	5,596,240,862.21
Less: Accumulated depreciation							
Balance as at 1 January 2017 (Restated)	(256,598,437.67)	(99,505,267.23)	(61,605,371.62)	(172,280,394.84)	(1,402,175,375.44)	(10,336,834.96)	(2,002,501,681.76)
Charge for the year	(44,917,033.66)	(6,663,700.15)	(9,574,732.35)	(32,817,833.55)	(364,107,639.53)	(2,528,043.45)	(460,608,982.69)

6 FIXED ASSETS (Continued)

	Buildings and structures RMB	Building improvements RMB	Machinery and equipment RMB	Electronic equipment, office equipment and others RMB	Transportation vehicles RMB	Pier RMB	Total RMB
Transfer from investment properties	(1,776,165.29)	—	—	—	—	—	(1,776,165.29)
Transfer to investment properties	1,113,955.67	—	—	—	—	—	1,113,955.67
Written off on disposal	5,687,762.63	—	3,954,641.73	8,003,858.95	121,840,981.86	—	139,487,245.17
Foreign currency financial statement translation difference	774,177.30	—	71,588.81	378,666.53	7,154,868.66	—	8,379,301.30
Balance as at 31 December 2017	(295,715,741.02)	(106,168,967.38)	(67,153,873.43)	(196,715,702.91)	(1,637,287,164.45)	(12,864,878.41)	(2,315,906,327.60)
Charge for the year	(47,811,301.40)	(8,339,959.20)	(7,025,850.73)	(38,765,993.94)	(426,210,319.33)	(632,010.87)	(528,785,435.47)
Transfer from investment properties	(11,558,163.23)	—	—	—	—	—	(11,558,163.23)
Written off on disposal	548,700.31	—	428,465.47	6,964,973.76	136,789,638.25	—	144,731,777.79
Deductions resulting from consolidation scope change(note)	4,932,174.29	—	43,506,179.05	2,028,557.20	6,331,237.49	13,496,889.28	70,295,037.31
Foreign currency financial statement translation difference	(597,117.76)	—	(49,234.91)	(247,337.75)	(4,090,526.59)	—	(4,984,217.01)
Balance as at 31 December 2018	(350,201,448.81)	(114,508,926.58)	(30,294,314.55)	(226,735,503.64)	(1,924,467,134.63)	—	(2,646,207,328.21)

6 FIXED ASSETS (Continued)

	Buildings and structures *RMB*	Building improvements *RMB*	Machinery and equipment *RMB*	Electronic equipment, office equipment and others *RMB*	Transportation vehicles *RMB*	Pier *RMB*	Total *RMB*
Less: Provision for impairment							
Balance as at 1 January 2017	(418,188.74)	—	(875,852.00)	—	—	—	(1,294,040.74)
Charge for the year	—	—	—	—	(3,421,457.35)	—	(3,421,457.35)
Written off on disposal	418,188.74	—	875,852.00	—	—	—	1,294,040.74
Balance as at 31 December 2017	—	—	—	—	(3,421,457.35)	—	(3,421,457.35)
Charge for the year	—	—	—	—	(3,489,850.82)	—	(3,489,850.82)
Written off on disposal	—	—	—	—	1,210,626.11	—	1,210,626.11
Balance as at 31 December 2018	—	—	—	—	(5,700,682.06)	—	(5,700,682.06)
Carrying amounts							
As at 31 December 2018	1,048,225,257.64	75,171,229.88	57,818,222.92	100,813,699.15	1,662,304,442.35	—	2,944,332,851.94
As at 31 December 2017	833,713,463.05	54,926,464.29	72,945,402.91	100,938,031.90	1,543,402,311.71	77,763,583.47	2,683,689,257.33

6 FIXED ASSETS (continued)

Note: The deductions of fixed assets due to the completion of Asset Swap Agreement and disposal of subsidiaries are included in the deductions resulting from consolidation scope change.

As at 31 December 2018, fixed assets with carrying amount of RMB 183,372,960.62 (31 December 2017: RMB 252,734,882.03) were pledged for bank loans, among which, RMB 165,645,309.27 (31 December 2017: RMB 248,516,554.51) were pledged for long-term loans and RMB 17,727,651.35 (31 December 2017: RMB 4,218,327.52) were pledged for short-term loans. As at 31 December 2018, transportation vehicles with carrying amount of RMB180,656,935.41 were pledged for obligations under finance leases, and these transportation vehicles were acquired under finance leases (31 December 2017: RMB133,688,369.79). As at 31 December 2018, there are no other restricted fixed assets.

As at 31 December 2018, the buildings and structures in Guangzhou, Qingyuan, Foshan, Shaoguan, Zhaoqing, Shanwei, Shenzhen, Meizhou and Heyuan etc. have not yet obtained the certificates of title. As at 31 December 2018, the carrying amount of such buildings was RMB 251,072,321.25 (31 December 2017: RMB 157,330,840.65).

The fixed assets acquired under finance leases as at 31 December 2018 were as follows:

	Transportation vehicles
	RMB
At the end of the year	
Cost	254,123,377.08
Less: Accumulated depreciation	(73,466,441.67)
Net book value	180,656,935.41
At the beginning of the year	
Cost	161,751,715.23
Less: Accumulated depreciation	(28,063,345.44)
Net book value	133,688,369.79

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

As at 31 December 2018, transportation vehicles with carrying amount of RMB 34,545,926.62 (31 December 2017: RMB 45,140,669.24) were leased out under operating leases.

7 INTANGIBLE ASSETS

	Land use rights	Joint operation earning rights	Computer software	Coastline use rights	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Cost									
Balances as at 1 January 2017 *(Restated)*	849,864,884.90	42,747,190.60	31,286,437.64	7,110,000.00	18,751,040.64	387,478,456.26	175,091,843.15	4,316,379.48	1,516,646,232.67
Additions during the year	78,163,416.69	–	15,117,461.76	–	8,011,844.60	–	14,221,432.69	–	115,514,155.74
Transferred from investment properties	611,124.39	–	–	–	–	–	–	–	611,124.39
Additions arising from business combinations not under common control	–	–	–	–	–	–	18,023,218.94	–	18,023,218.94
Transferred to investment properties	(12,311,685.62)	–	–	–	–	–	–	–	(12,311,685.62)
Disposals during the year	(7,762,807.11)	–	(14,000.00)	–	–	–	–	–	(7,776,807.11)
Foreign currency financial statement translation differences	(2,532,133.96)	–	–	–	(1,499,712.29)	–	–	–	(4,031,846.25)
Balances as at 31 December 2017	906,032,799.29	42,747,190.60	46,389,899.40	7,110,000.00	25,263,172.95	387,478,456.26	207,336,494.78	4,316,379.48	1,626,674,392.76
Additions during the year	22,380,492.73	–	14,240,259.03	–	11,642,960.00	–	3,904,000.00	–	52,167,711.76
Transferred from investment properties	27,863,138.55	–	–	–	–	–	–	–	27,863,138.55
Disposals during the year	(1,807,491.19)	–	–	–	–	–	–	–	(1,807,491.19)
Deductions resulting from consolidation scope change(note)	(97,676,190.69)	–	(2,196,666.66)	(7,110,000.00)	–	–	–	(70,000.00)	(107,052,857.35)

7 INTANGIBLE ASSETS

	Land use rights	Joint operation earning rights	Computer software	Coastline use rights	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Foreign currency financial statement translation differences	1,740,949.13	—	—	—	1,491,018.88	—	—	—	3,231,968.01
Balances as at 31 December 2018	858,533,697.82	42,747,190.60	58,433,491.77	—	38,397,151.83	387,478,456.26	211,240,494.78	4,246,379.48	1,601,076,862.54
Accumulated amortisation									
Balances as at 1 January 2017 *(Restated)*	(114,452,254.97)	(7,803,560.34)	(21,709,712.74)	(1,976,137.40)	—	(212,547,269.32)	(76,162,765.68)	(877,155.01)	(435,528,855.46)
Charge for the year	(19,938,177.09)	(3,901,780.17)	(4,172,435.56)	349,882.07	—	(18,127,980.39)	(18,351,988.09)	(229,716.49)	(64,372,195.72)
Transferred from investment properties	(172,463.80)	—	—	—	—	—	—	—	(172,463.80)
Transferred to investment properties	674,664.33	—	—	—	—	—	—	—	674,664.33
Written off on disposal	94,677.66	—	3,180.75	—	—	—	—	—	97,858.41
Foreign currency financial statement translation differences	918,188.59	—	—	—	—	—	—	—	918,188.59
Balances as at 31 December 2017	(132,875,365.28)	(11,705,340.51)	(25,878,967.55)	(1,626,255.33)	—	(230,675,249.71)	(94,514,753.77)	(1,106,871.50)	(498,382,803.65)
Charge for the year	(18,714,768.05)	(3,901,780.17)	(5,779,012.84)	(38,816.55)	—	(18,129,980.38)	(17,665,543.58)	(255,648.52)	(64,485,550.09)
Transferred from investment properties	(3,599,021.10)	—	—	—	—	—	—	—	(3,599,021.10)
Written off on disposal	880,373.18	—	—	—	—	—	—	—	880,373.18
Deductions resulting from consolidation scope change(note)	22,753,003.28	—	1,246,025.64	1,665,071.88	—	—	—	70,000.00	25,734,100.80

7 INTANGIBLE ASSETS

	Land use rights	Joint operation earning rights	Computer software	Coastline use rights	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Foreign currency financial statement translation differences	(401,616.49)	–	–	–	–	–	–	–	(401,616.49)
Balances as at 31 December 2018	(131,957,394.46)	(15,607,120.68)	(30,411,954.75)	–	–	(248,805,230.09)	(112,180,297.35)	(1,292,520.02)	(540,254,517.35)
Carrying amount									
As at 31 December 2018	726,576,303.36	27,140,069.92	28,021,537.02	–	38,397,151.83	138,673,226.17	99,060,197.43	2,953,859.46	1,060,822,345.19
As at 31 December 2017	773,157,434.01	31,041,850.09	20,510,931.85	5,483,744.67	25,263,172.95	156,803,206.55	112,821,741.01	3,209,507.98	1,128,291,589.11

7 INTANGIBLE ASSETS

Note: The deductions of intangible assets due to the completion of Asset Swap Agreement and disposal of subsidiaries are included in the deductions resulting from consolidation scope change.

As at 31 December 2018, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB 91,440,914.14 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Company (31 December 2017: RMB108,352,067.98). In addition, land use rights with carrying amount of RMB171,389,758.04 (31 December 2017: RMB127,310,802.05) were pledged for bank loans, among which, RMB155,809,179.83 (31 December 2017: RMB 126,855,252.47) were pledged for long-term loans and RMB15,580,578.21 (31 December 2017: RMB455,549.58) were pledged for short-term loans and no intangible assets was pledged for short-term loans. As at 31 December 2018, intangible assets with carrying amount of RMB 931,902.00 (31 December 2017: RMB 1,025,674.00) were pledged for long-term payables. As at 31 December 2018, there was no other restricted intangible assets of the Group.

In addition to the land that are in the process of applying for the certificates of title, certain pieces of land of the Group located in the cities of Heyuan, Shanwei, Shaoguan and Yangjiang have not yet obtained the certificates of ownership. As at 31 December 2018, the carrying amount of land use rights without certificate of title of the Group was RMB14,685,234.20 (31 December 2017: RMB15,166,886.59).

As at 31 December 2018, land use rights with original costs of RMB 79,643,883.74 (31 December 2017: RMB 89,022,927.42) were obtained through allocation.

8 SHORT-TERM LOANS

	Note	**31 December 2018** *RMB*	31 December 2017 *RMB* *(Restated)*
Unsecured loans		**80,000,000.00**	161,000,000.00
Including: Loans from banks		**40,000,000.00**	98,000,000.00
Loans from GCG Finance		**40,000,000.00**	63,000,000.00
Loans secured by mortgages	(1)	**29,800,000.00**	5,000,000.00
Loans secured by letter of credit	(2)	**—**	51,806,642.67
Total		**109,800,000.00**	217,806,642.67

(1) For the details of assets pledged for secured loans as at 31 December 2018, please refer to Note 6 and 7.

(2) As at 31 December 2017, the loans from HSBC Bank were secured by the letter of credit issued by the Company to its subsidiary, Yueyun Transportation (HK) Company Limited. The principal of the loans was RMB 51,806,642.67 and the loan period was 60 days.

As at 31 December 2018, the Group's short-term loans were bank borrowings within 1 year, which bear interest rates ranging from 4.26% - 4.35% per annum (31 December 2017: 4.00% - 4.35%). The Group had no overdue short-term loans as at 31 December 2018 (31 December 2017: Nil).

9 BILLS AND ACCOUNTS PAYABLE

	Note	**31 December 2018** *RMB*	31 December 2017 *RMB* *(Restated)*
Bills payable	(1)	**12,944,770.00**	787,530,251.25
Accounts payable	(2)	**824,201,021.31**	854,672,300.91
Total		**837,145,791.31**	1,642,202,552.16

(1) **Bills payable**

	31 December 2018	31 December 2017
	RMB	*RMB*
		(Restated)
Bank acceptance bills	**12,944,770.00**	787,530,251.25

The above bills are all due within one year.

(2) **Accounts payable**

(a) The nature analysis of accounts payable is as follows:

Items	**31 December 2018**	31 December 2017
	RMB	*RMB*
		(Restated)
Materials payable	**116,842,610.55**	244,100,282.11
Transportation fee payable	**123,813,486.50**	138,554,180.52
Contract payments for cars	**357,766,982.87**	250,884,606.58
Payments for expressway service zones contracts fee payable	**45,860,186.17**	49,261,897.33
Progress payments for constructions	**120,150,478.82**	111,808,545.17
Fuel expenses payable	**12,140,234.77**	10,211,115.00
Service fees payable	**15,015,428.80**	11,194,804.44
Others	**32,611,612.83**	38,656,869.76
Total	**824,201,021.31**	854,672,300.91

(b) The ageing analysis of accounts payable according to the date of transaction is as follows:

	31 December 2018	31 December 2017
	RMB	*RMB*
		(Restated)
Within 3 months (inclusive)	**624,074,081.91**	500,071,668.52
Over 3 months but within 6 months (inclusive)	**39,495,554.32**	99,620,146.95
Over 6 months but within 1 year (inclusive)	**81,254,774.62**	164,014,436.38
Over 1 year but within 2 years (inclusive)	**43,061,775.35**	27,584,359.43
Over 2 years but within 3 years (inclusive)	**8,814,955.24**	13,357,963.84
Over 3 years	**27,499,879.87**	50,023,725.79
Total	**824,201,021.31**	854,672,300.91

10 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

	31 December 2018 RMB	31 December 2017 RMB (Restated)
Long-term loans due within one year (Note 11)	**174,492,358.73**	71,688,121.58
Long-term payables due within one year	**96,603,409.50**	46,030,588.71
Deferred income due within one year	**48,629,127.26**	40,627,712.25
Total	**319,724,895.49**	158,346,422.54

11 LONG-TERM LOANS

	Note	31 December 2018 RMB	31 December 2017 RMB (Restated)
Unsecured loans		**630,073,915.15**	461,462,236.71
Including: Loans from banks		**42,873,915.15**	12,962,236.71
Loans from GCG Finance		**587,200,000.00**	448,500,000.00
Loans secured by mortgages	(1)	**94,772,765.15**	114,932,034.94
Guaranteed loans	(3)	**63,163,451.67**	—
Guaranteed and mortaged loans	(4)	**83,348,674.29**	53,368,982.95
Secured and guaranteed loans	(5)	**74,537,264.07**	—
Total		**945,896,070.33**	629,763,254.60
Less: long-term loans due within one year			
Including: Unsecured loans		**93,668,637.36**	18,088,760.55
Loans secured by mortgages		**48,687,943.77**	53,599,361.03
Guaranteed loans		**7,308,464.28**	—
Secured and guaranteed loans		**24,827,313.32**	—
Sub-total (Note 10)		**174,492,358.73**	71,688,121.58
Long-term loans due after 1 year		**771,403,711.60**	558,075,133.02
Including: Due after 1 year but within 2 years		**403,627,330.81**	211,716,083.87
Due after 2 years but within 5 years		**367,776,380.79**	346,359,049.15

(1): For the details of assets pledged for secured loans as at 31 December 2018, please refer to Note 5, 6 and 7.

(2): As at 31 December 2018, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 4.28% - 5.23% per annum (31 December 2017: 4.28% - 4.90% per annum).

(3): As at 31 December 2018, the Group's guaranteed loans were from the subsidiary Foshan City Yueyun Public Transportation Co., Ltd., which were guaranteed by Zhengzhou Anchi Bonding Co., Ltd.

(4): As 31 December 2018, Mortgage and guarantee loans held by the Group include the loans borrowed by the subsidiaries: Heyuan Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; and the loans borrowed by Zhaoqing City Yueyun Motor Transportation Co., Ltd., Shaoguan Yueyun Vehicles Transportation Co., Ltd. and Meizhou Yueyun Motor Transportation Co., Ltd., with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd. as joint liability guarantee (As 31 December 2017, Mortgage and guarantee borrowings held by the Group are loans borrowed by the subsidiary, Heyuan Yueyun Motor Transportation Co., Ltd., with land as collateral and joint liability guaranteed by shareholders for the remaining exposure in proportion to their shareholdings).

(5): As 31 December 2018, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, received loans on credit with additional guarantee by its land use rights and buildings.

(6): As at 31 December 2018, there was no overdue borrowing by the Group (As at 31 December 2017: none) .

12 BONDS PAYABLE

Item	Period	Issue date	Issuing amount	Carrying amount as at 1 January 2018	Amortisation for the year	Bonds redeemed during the year	**Carrying amount as at 31 December 2018**
			RMB	*RMB*	*RMB*	*RMB*	***RMB***
2014 corporate bond (first phase)	7 years	28/09/2015	400,000,000.00	397,425,573.18	498,759.96	—	**397,924,333.14**
2014 corporate bond (second phase)	5 years	17/12/2015	380,000,000.00	377,885,243.01	530,052.66	(40,000,000.00)	**338,415,295.67**
Total			780,000,000.00	775,310,816.19	1,028,812.62	(40,000,000.00)	**736,339,628.81**

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 RMB 400.00 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal

will be returned upon maturity. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after five years of the issue date. On 17 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB 380.00 million with a term of 5 years. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after three years of the issue date. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum for the first three years (from 17 December 2015 to 16 December 2018), after three years of the issue date the Company exercised the option to raise the coupon rate to 4.50% per annum. On 17 December 2018, the Company redeemed the bonds with the amount of RMB 40 million.

In connection with the issuance of these bonds, GCGC provided an unconditional and irrecoverable joint liability guarantee in full on the principal and interest of the bonds. In the meantime, the Group provided counter guarantee to GCGC with a pledge of the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right.

13 RETAINED EARNINGS

	Note	**31 December 2018** *RMB*	31 December 2017 *RMB* *(Restated)*
Retained earnings at the beginning of the year		**1,275,233,926.21**	994,629,115.47
Add: Net profit for the year attributable to the shareholders of the Company		**327,385,871.78**	428,559,816.71
Less: Appropriation for statutory surplus reserve		**(16,800,814.37)**	(26,072,265.13)
Final dividends in respect of the previous financial year, approved and declared during the year	(1)	**(127,975,648.00)**	(121,882,740.84)
Purchase of non-controlling interests		**(4,041,990.56)**	—
Business combinations under common control		**(88,466,457.62)**	—
Retained earnings at the end of the year	(2)	**1,365,334,887.44**	1,275,233,926.21

(1) A final dividend of RMB0.16 per share (tax included) for year 2017 were approved for distribution by shareholders at the Annual General Meeting held on 19 June 2018. The total amount of 2017 final dividend was RMB127,975,648.00 , calculated based on the total number of shares of 799,847,800 (2017: RMB0.13 per share (tax included), amounting to RMB103,980,214.00 in total).

(2) As at 31 December 2018, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB 366,362,993.95 (31 December 2017: RMB 384,074,771.46).

(3) As of 31 December 2018, the Company's distributable profits is RMB 253,908,132.74 (As of 31 December 2017, the Company's distributable profits amounted to RMB 230,676,451.45).

(4) On 13 March 2019, the Board of Directors approved to recommend distribution of final dividend of 2018 of the Company of RMB0.17 before tax per share, totalling RMB135,974,126.00, calculated based on the total number of shares of 799,847,800 of the Company as of 31 December 2018. The above proposal is subject to approval at the annual general meeting.

14 FINANCIAL EXPENSES

	Note	**2018**	2017
		RMB	*RMB*
			(Restated)
Interest expenses from loans, bonds and payables		**71,442,175.33**	62,452,652.27
Less: Borrowing costs capitalised	(1)	**8,002,784.60**	5,593,090.74
Net interest expenses		**63,439,390.73**	56,859,561.53
Less: Interest income		**21,196,873.11**	15,418,051.93
Exchange losses / (gains)		**774,364.69**	(3,003,336.75)
Amortisation of unrecognised financing charges		**14,172,666.10**	11,700,529.26
Others		**7,453,082.64**	8,630,202.49
Total		**64,642,631.05**	58,768,904.60

(1) Capitalised borrowing costs of the Group in 2018 was RMB8,002,784.60 (2017: RMB5,593,090.74), with a capitalisation rate of 5% (2017: 5%).

15 IMPAIRMENT LOSSES

	2018	2017
	RMB	*RMB*
		(Restated)
Prepayments	**78,863.32**	363.90
Inventories	**—**	3,637,770.17
Fixed assets	**3,489,850.82**	3,421,457.35
Other Non-current asset/ Construction in progress	**2,383,522.75**	3,934,508.02
Total	**5,952,236.89**	10,994,099.44

16 (REVERSAL) / ACCRUAL OF CREDIT LOSSES

	2018	2017
	RMB	*RMB*
		(Restated)
Accounts receivable	**(36,518,790.86)**	14,586,741.94
Other receivables	**15,631,004.52**	3,541,275.76
Long-term receivables	**—**	3,211,168.14
Total	**(20,887,786.34)**	21,339,185.84

17 INVESTMENT INCOME

	2018	2017
	RMB	*RMB*
		(Restated)
Income from investments in associates accounting for using equity method	**20,566,831.26**	32,788,082.44
Income from investments in joint ventures accounting for using equity method	**12,538,963.45**	13,237,159.82
Gains on disposal of long-term equity investments	**1,350,792.73**	1,640,278.48
Others	**(459,381.39)**	(459,381.39)
Total	**33,997,206.05**	47,206,139.35
Including:		
Income from investments in associates accounting for using equity method attributable to shareholders of the Company	**20,388,617.70**	32,281,223.18
Income from investments in joint ventures accounting for using equity method attributable to shareholders of the Company	**13,019,556.01**	12,974,500.00

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

18 GOVERNMENT GRANTS

Other income

	2018	2017
	RMB	*RMB*
		(Restated)
Government grants related to assets	**46,780,069.59**	57,764,290.85
Government grants related to income	**198,818,508.96**	114,995,918.40
Total	**245,598,578.55**	172,760,209.25

(1) ***Government grants related to assets***

The government grants of the Group related to assets for 2018 are summarised as follows:

Items	**Balance at the beginning of the year**	**Additions during the year**	**Recognition as other income**	**Deduction resulting from the change of consolidation scope**	**Balance at the end of the year**
	RMB (Restated)	***RMB***	***RMB***	***RMB***	***RMB***
Subsidies for vehicles replacement	9,114,304.74	1,797,364.95	2,605,004.17	—	8,306,665.52
Subsidies for asset renovation	85,799,099.98	10,530,000.00	6,960,261.06	1,883,333.45	87,485,505.47
Tax subsidies for vehicles purchase	13,714,643.27	—	425,531.88	—	13,289,111.39
Subsidies for procurement of new energy vehicles	142,418,510.41	27,126,799.54	36,349,445.78	—	133,195,864.17
Software development subsidies	300,000.00	—	—	—	300,000.00
Other subsidies related to assets	4,734,073.48	376,656.88	439,826.70	705,555.75	3,965,347.91
Total	256,080,631.88	39,830,821.37	46,780,069.59	2,588,889.20	246,542,494.46

(2) ***Government grants related to income***

Government grants of the Group that are related to income for 2018 are summarised as follows:

Impact on income statement items

(a) Offsetting against operation costs:

Items	**2018**	2017
	RMB	*RMB*
		(Restated)
Fuel subsidies	**154,075,820.07**	109,130,387.85

(b) Recognising as other income:

Items	**2018**	2017
	RMB	*RMB*
		(Restated)
Subsidies for operation of bus lines	**134,509,369.72**	67,559,939.74
Subsidies for operation of new energy vehicles	**53,100,000.00**	36,093,338.47
Subsidies of elderly concessionary travel card	**7,699,139.24**	10,122,640.18
Other subsidies	**3,510,000.00**	1,220,000.01
Total	**198,818,508.96**	114,995,918.40

(c) Recognising as non-operating income:

Items	**2018**	2017
	RMB	*RMB*
		(Restated)
Subsidies for vehicles disposals	**1,175,000.00**	4,126,000.00
Other subsidies	**1,651,292.33**	4,173,719.29
Total	**2,826,292.33**	8,299,719.29

19 GAINS FROM ASSET DISPOSALS

	2018	2017
	RMB	*RMB*
		(Restated)
Gains from disposal of fixed assets	**11,987,867.69**	255,021.30
Gains from disposal of other non-current assets	**2,462,594.10**	3,289.57
Total	**14,450,461.79**	258,310.87

20 NON-OPERATING INCOME

	Note	**2018**	2017
		RMB	*RMB*
			(Restated)
Gains on disposal of non-current assets		**492,981.09**	1,015,150.16
Government grants	18	**2,826,292.33**	8,299,719.29
Compensations		**1,984,861.66**	909,738.85
Others		**11,058,489.74**	12,216,223.18
Total		**16,362,624.82**	22,440,831.48

21 NON-OPERATING EXPENSES

	2018	2017
	RMB	*RMB*
		(Restated)
Losses on disposal of non-current assets	**5,549,538.37**	5,223,259.96
Road accidents losses	**4,664,563.10**	3,985,210.75
Donations	**989,623.99**	1,017,227.50
Penalty expenses	**1,439,941.80**	806,070.40
Others	**2,393,725.85**	1,481,620.27
Total	**15,037,393.11**	12,513,388.88

22 INCOME TAX EXPENSES

(1) Income tax expenses

	2018	2017
	RMB	*RMB*
		(Restated)
Current tax expense for the year based on tax law and regulations	**113,676,722.83**	180,665,917.70
Including: Mainland China	**113,591,739.50**	179,449,406.91
Hong Kong	**84,983.33**	1,216,510.79
Adjustments of tax filing differences	**(235,509.89)**	(601,151.02)
Changes in deferred tax	**35,812,949.70**	2,858,765.86
Total	**149,254,162.64**	182,923,532.54

(2) Reconciliation between income tax expenses and accounting profit is as follows:

	2018	2017
	RMB	*RMB*
		(Restated)
Profits before taxation	**528,387,215.13**	722,505,829.18
Expected income tax expense at tax rate of 25% (2017: 25%)	**132,096,803.78**	180,626,457.30
Effect of non-deductible expenses	**11,075,249.91**	8,442,716.04
Effect of non-taxable income	**(17,901,069.43)**	(20,729,428.74)
Effect of unrecognised deductible tax losses and temporary differences	**29,342,294.75**	26,483,338.08
Effect of utilisation of temporary differences and deductible tax losses in previous years	**(4,288,093.71)**	(9,991,326.57)
Effect of different tax rates applied by certain subsidiaries	**(835,512.77)**	(1,307,072.55)
Adjustments of tax filing differences	**(235,509.89)**	(601,151.02)
Total	**149,254,162.64**	182,923,532.54

23 EARNINGS PER SHARE

(1) Basic earnings per share

Basic earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding. The calculation is as follows:

	2018	2017
	RMB	*RMB*
		(Restated)
Consolidated net profit attributable to ordinary shareholders of the Company (Note)	**327,385,871.78**	428,559,816.71
Weighted average number of ordinary shares outstanding	**799,847,800.00**	799,847,800.00
Basic earnings per share (RMB / share)	**0.41**	0.54

Weighted average number of ordinary shares is calculated as follows:

	2018	2017
	Shares	*Shares*
Issued ordinary shares at the beginning and the end of the year	**799,847,800.00**	799,847,800.00
Weighted average number of ordinary shares at the end of the year	**799,847,800.00**	799,847,800.00

Note: On 21 December 2017, the Group entered into the Asset Swap Agreement with Yueyun Investment Management, a subsidiary of GCGC. The Group completed the Asset Swap Agreement transaction with Yueyun Investment Management on 30 March 2018 by way of transferring to the Group 100% equity of Meizhou Yueyun Group. The restated consolidated net profit attributable to ordinary shareholders of the Company in 2017 has included the net profit of Meizhou Yueyun Group attributable to ordinary shareholders of the Company.

(2) Diluted earnings per share

Diluted earnings per share is calculated as dividing consolidated net profit attributable to ordinary shareholders of the Company (diluted) by the weighted average number of ordinary shares outstanding (diluted). The calculation result is the same as basic earnings per share.

24 SEGMENT REPORTING

Based on the Group's internal organisation structure, management requirements and internal reporting system, the operations of the Group were classified into three segments, including travel services, material logistics and other business. Each reportable segment is a separate business unit which offers different products and services, and is managed separately because they require different technology and marketing strategies.

(1) Segment reporting

	2018				
	Travel services *RMB*	**Material logistics** *RMB*	**Other business** *RMB*	**Inter-segment eliminations** *RMB*	**Total** *RMB*
Operating income					
Operating income from external customers	**5,351,387,823.15**	**936,921,286.04**	**6,902,123.98**	**—**	**6,295,211,233.17**
Inter-segment operating income	**—**	**—**	**7,420,529.56**	**(7,420,529.56)**	**—**
Total segment operating income	**5,351,387,823.15**	**936,921,286.04**	**14,322,653.54**	**(7,420,529.56)**	**6,295,211,233.17**
Operating costs	**4,327,198,603.81**	**885,556,363.59**	**7,304,172.67**	**(854,267.01)**	**5,219,204,873.06**
Interest in the profit or loss of associates and joint ventures	**33,105,794.71**	**—**	**—**	**—**	**33,105,794.71**
Impairment losses	**5,952,236.89**	**—**	**—**	**—**	**5,952,236.89**
Depreciation and amortisation	**618,398,224.82**	**6,830,152.98**	**1,104,791.81**	**(340,993.83)**	**625,992,175.78**
Profit before income tax	**449,075,384.74**	**78,838,573.79**	**1,035,114.77**	**(561,858.17)**	**528,387,215.13**
Income tax expenses	**125,946,156.37**	**20,573,908.48**	**410,329.16**	**2,323,768.63**	**149,254,162.64**
Net profit	**323,129,228.37**	**58,264,665.31**	**624,785.61**	**(2,885,626.80)**	**379,133,052.49**
Total assets	**10,941,931,970.33**	**30,868,726.02**	**40,553,542.25**	**(2,557,045,315.35)**	**8,456,308,923.25**
Total liabilities	**5,768,227,930.07**	**18,583,961.48**	**54,011,017.78**	**(918,078,071.38)**	**4,922,744,837.95**
Other important non-cash items:					
- Long-term equity investments in associates and joint ventures	**381,990,308.58**	**—**	**—**	**—**	**381,990,308.58**
- The amounts of increase / (decrease) of non-current assets other than long-term equity investments	**780,672,054.65**	**(215,831,051.91)**	**(1,048,879.73)**	**3,156,465.82**	**566,948,588.83**

	2017				
	Travel services	Material logistics	Other business	Inter-segment eliminations	Total
	RMB *Restated*	*RMB* *Restated*	*RMB* *Restated*	*RMB* *Restated*	*RMB* *Restated*
Operating income					
Operating income from external customers	4,981,282,316.84	2,558,454,821.30	4,274,725.06	—	7,544,011,863.20
Inter-segment operating income	123,252.28	—	14,725,801.60	(14,849,053.88)	—
Total segment operating income	4,981,405,569.12	2,558,454,821.30	19,000,526.66	(14,849,053.88)	7,544,011,863.20
Operating costs	3,759,637,267.84	2,326,853,317.26	10,498,454.41	(5,246,950.24)	6,091,742,089.27
Interest in the profit or loss of associates and joint ventures	46,025,242.26	—	—	—	46,025,242.26
Impairment losses	10,994,099.44	—	—	—	10,994,099.44
Depreciation and amortisation	530,464,902.55	15,582,304.21	1,132,455.05	(768,533.41)	546,411,128.40
Profit before income tax	567,107,148.86	152,766,713.71	1,836,873.23	795,093.38	722,505,829.18
Income tax expenses	144,285,319.45	36,959,354.60	861,340.92	817,517.57	182,923,532.54
Net profit	422,821,829.41	115,807,359.11	975,532.31	(22,424.19)	539,582,296.64
Total assets	9,938,794,750.34	2,308,397,745.71	39,435,337.21	(3,103,001,298.69)	9,183,626,534.57
Total liabilities	5,166,254,743.40	2,172,758,025.26	53,517,598.35	(1,887,143,401.05)	5,505,386,965.96
Other important non-cash items:					
- Long-term equity investments in associates and joint ventures	332,013,785.00	—	—	—	332,013,785.00
- The amounts of increase / (decrease) of non-current assets other than long-term equity investments	365,827,450.00	(5,092,249.78)	(1,075,577.26)	6,350,421.62	366,010,044.58

(2) Geographic information

The following table sets out information about the geographical location of the Group's operating income from external customers and the Group's non-current assets (excluding financial instruments, deferred tax assets, same as below). The geographical information is based on the location of customers receiving services or goods. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and joint ventures.

	Operating income from external customers		Non-current assets	
	2018	**2017**	**2018**	**2017**
	RMB	*RMB*	***RMB***	*RMB*
China				
Including: Mainland China	**6,021,846,791.35**	7,302,535,360.32	**5,624,994,196.38**	5,029,474,906.92
Hong Kong	**273,364,441.82**	241,476,502.88	**208,233,589.66**	186,827,766.71
Total	**6,295,211,233.17**	7,544,011,863.20	**5,833,227,786.04**	5,216,302,673.63

(3) Major customers

Operating income from each individual customer of the Group is below 10% of the Group's total operating income in 2018 and 2017.

25 NET CURRENT (LIABILITIES) / ASSETS

	2018	2017
	RMB	*RMB*
		Restated
Current assets	**2,426,194,394.18**	3,751,259,482.51
Less: Current liabilities	**2,426,377,347.23**	3,274,756,732.18
Net current (liabilities) / assets	**(182,953.05)**	476,502,750.33

26 TOTAL ASSETS LESS CURRENT LIABILITIES

	2018	2017
	RMB	*RMB*
		Restated
Total assets	**8,456,308,923.25**	9,183,626,534.57
Less: Current liabilities	**2,426,377,347.23**	3,274,756,732.18
Total assets less current liabilities	**6,029,931,576.02**	5,908,869,802.39

MANAGEMENT DISCUSSION AND ANALYSIS (All amounts are presented in RMB, unless otherwise stated)

BUSINESS REVIEW

The Group always focused on the core business of travel services, actively encouraged upgrading in consumption, highly emphasized on enhancing the development quality of the travel service industry, provided new driving forces continuously for the operational development of the Company by expanding the networks of "Yueyun Energy" gas stations and "Yueyun Loyee" convenience stores, and promoted the transformation and upgrading of the travel service industry by adopting intelligent transportation means. The Group highly emphasized on capital operations, actively promoted the Company's return to the A-share market and in hope of better use of the capital markets of Hong Kong and Shenzhen to help the Company's layout for travel service ecosystem business, and strived to achieve leapfrog development.

The Group reinforced research on industry policies, proactively sought for support from governments at all levels to transform and upgrade the travel service industry, actively promoted orderly competition and healthy development of the transport industry with a strong sense of social responsibility, and strived to provide more comfortable, convenient and fast travel services for travelers. Meanwhile, control on the costs of operation and management was strengthened, hard budget management controls were imposed and cost structure was optimized to actively build a financial shared service system, improve financial management efficiency, and improve internal control systems to prevent and eliminate risks. The Group made continuous efforts to achieve higher quality, more efficient, more equitable and more sustainable development.

Travel Services Segment

1. ***Road passenger transportation and auxiliary***

   The Group deeply studied the changes in travel demand and methods. As a leader in the road passenger transportation industry in Guangdong province, the Group actively contributed to the wisdom of Yueyun for adjustment and reform of the passenger transportation industry policies, and proposed the Yueyun proposal. The policy of "One County One Target" for consolidation of transportation resources was actively promoted, and the new mode of operation through organic combination of franchised routes and areas was explored. We deeply promoted the supply side structural reform of the passenger transportation business, accelerated to optimize the structure of transportation capacities of "big, medium and small-sized" models of vehicles, focused on promote small-sized and multi-grades of operating vehicles, advanced the combination of big-sized vehicles with small-sized vehicles, replaced big-sized vehicles with small-sized vehicles, matched grades of vehicles with routes and practically reduce the operating costs. We planned to optimize the inter-city routes business, and put efforts on promoting the development of the integrated travel services business (including rural passenger transportation, urban public transportation, automobile leasing, charter coach, taxis and tourist travel business), striving for providing abundant travel services products. We strongly promoted the urban bus TC (transportation community) model, and cooperated with Zengcheng District of Guangzhou to develop the bus TC model at the end of this year. There has been an acceleration of reclaim of construct vehicles for self-operation was accelerated, and the operating model of passenger transportation integrated network was enhanced to practically improve service quality and reduce the risk of accidents.

The Group implemented the "Internet + Transportation" creative thinking actively. Guangdong Yueyun Development Co., Ltd., a subsidiary of the Company, has obtained the "Assessment Result on the Online Service Capability in relation to the Application for E-hailing Operations" (《申請從事網約車具備線上服務能力的認定結果》) for provision of nation-wide services, and successively obtained the licenses for online taxi booking business operation in 4 cities, including Guangzhou, Zhongshan, Heyuan and Shaoguan. The system functions of Yuexing (悅行) platform were further optimized to achieve the core of "travel with only one button", whereby we designed and established online travel products in combination of ticketing with single network in the Guangdong province, urban e-hailing and urban customized travel, for the sake of improving user experience of online platform, and actively responded to the challenges from e-hailing with competitive strategy of product differentiation. The matrix marketing platform on the WeChat Public Platform was further collated, and the ticketing of Yueyun Transport and the WeChat Public Platforms of certain municipal passenger transportation companies was gradually connected for achieving user gathering. The growth of WeChat ticketing business was outstanding, value of tickets sold on WeChat amounted to RMB141 million, representing a year-on-year increase of 17.32%.

Through active participation in the construction of the integrated traffic and transportation network system in the Guangdong-Hong Kong-Macao Greater Bay Area, and successfully launched the operation of the Hong Kong-Zhuhai-Macao Bridge shuttle bus franchise project and achieved the expected economic benefits, enabling early arrangement for building the cross-border platform to accelerate the development of cross-border travel service business and accelerated the replication of the "cross-border + domestic transportation" travel mode.

The structure of the terminal business was adjusted, full efforts were dedicated to build the "4-in-1" integrated service station at passenger terminals. Further upgrading of passenger terminals into tourist gathering and distribution centers was promoted, cooperation with travel agencies of local region and other provinces was enhanced and specific tourist routes were developed, overall planning was made to accelerate entry into the tourism market, the O2O business model of "transportation + tourism" was actively explored. We strengthen the co-operation with Alipay and Fliggy, as well as placement of additional 79 automated ticket machines in 8 municipal passenger transportation companies and 27 terminals. As at the end of 2018, we had totally placed 332 automated ticket machines in Guangdong province. The transaction volume amounted to 1.75 million and the transaction amount reached RMB86.3676 million, representing a year-on-year increase of 3.37 times and 2.73 times, respectively. We set up a smart terminal project in Meizhou Yueyun Vehicles Transportation Co., Ltd. as a trial so as to lay down the foundation for further study on promotion of smart terminal.

Guangdong Yueyun Traffic Rescue Co., Ltd., a subsidiary of the Company, is a leading vehicle rescue service unit in China. Through optimizing the establishment of the stations, improving online and offline expressway vehicle rescue service systems, creating high-standard, real-case simulated and multi-functional training sessions and training bases for rescue skills, reinforcing service and technological output, its branding effect was further enhanced, and thus it was designated as a technical consulting partner unit by the Hong Kong-Zhuhai-Macao Bridge Authority. Endeavors were made to nurture the business of automobile after-sales service. By focusing on the demand for travel vehicles and leveraging on the brand advantages of Yueyun, and on the basis of the road rescue business, upstream and downstream extension was gradually achieved along the industrial chain to, among other things, driver training, automobile rental, vehicle repair and maintenance service and insurance, and thus the travel service integrated platform was more comprehensive.

2. ***Expressway Service Zones Operation***

(1) *Energy Business*

Self-operated gas stations of "Yueyun Energy" were greatly developed as an important strategic measure of the Group to accelerate the change in the mode of development. In this year, the Group insisted on expanding the layout of gas station network on the basis of development of the new self-built gas stations in expressway service zones, and continued to implement the reclaim and self-operation strategy for contract-expired stations in expressway service zones. The business collaboration was strengthened through successful supply of petroleum to some passenger transportation companies of the Group through equipment and facilities in the skid-mounted stations and thus effectively reduced fuel costs of passenger transportation companies. As at the end of 2018, the Group built 6 gas stations in service zones, reclaimed 1 gas station for self-operate and there were 27 self-operated gas stations in aggregate. The sales of fuel for the whole year 2018 amounted to 81,297 tons, representing a year-on-year increase of 96%, of which, the fuel skid-mounted and distributed to passenger transportation companies of the Group amounted to 15,259 tons in total, representing a year-on-year increase of 122%.

The Group will steadily promote the establishment of the network of charging business in accordance with the business plans of charging piles, prioritize construction of inter-city power charging facilities on national expressways within Guangdong Province according to the requirements of "One Vertical, One Horizontal and Two Radial" and as an auxiliary service in the service zones of expressways in the Pearl River Delta Region, and actively promote the interconnection between urban charging stations and social charging platforms for increasing the utilization rate of urban charging piles. As at the end of 2018, the Group built 39 charging stations for passenger transportation terminals, 491 charging piles, as well as built 65 charging stations in service zones and 226 charging piles.

(2) *Convenience Stores Business*

"Yueyun Loyee" convenience stores fully utilized the advantages of closed commercial district of expressway service zones, which steadily expanded scale of convenience stores as planned and consolidated and raised the market share of convenience stores in expressway service zones. We actively adjusted the expansion layout and paths of stores, fully leveraged on the platform and resources of GCGC for significantly expanding stores in living zones of expressway management centers, as well as attemped to launch "large distribution” service of customized quality merchandises and materials for customers of group buying in need. We further explored the development strategy of stores in urban commercial areas, which successively opened stores in Dongshankou commercial area in Guangzhou city, Jichanglu commercial area and T.I.T Creative Industry Zone, and ran the pilot “Community Life Supermarket” commercial model in Shidaiyuntu Community in Nansha. “4 in 1” terminal convenience stores operating model was optimized, including adjustment of types and display of merchandises dynamically, improvement of appraisal system for operating results, increasing incentives for staff, boosting service level of staff and implementing a flexible exit self-operation strategy for some of loss-making stores. In 2018, the Group operated 522 convenience stores, which constituted a retail chain operation network across the province.

We enhanced the supply chain management capability and expanded the storage area of the master warehouse in Huadu. We leveraged on the import supply chain resources of Yuehuahui, a joint venture, to expand merchandise procurement channels and enrich types of merchandise. We cooperated to develop souvenirs with our own brand “Yiyoupin (驛優品)” and “Yuelexian (粵樂鮮) for customized mid-to-high end Cantonese premium specialties, which were promoted and marketed through stores in service zones. We highly valued the brand promotion of Loyee convenience stores and strived to expand its brand value.

(3) *Merchant Solicitation Business*

Benefitting from the favorable impact of state-owned enterprise reforms in the Guangdong Province, the scale of service network of the Group has been expanding. As at the end of 2018, the Group owned 290 service zones with operating right, and 283 operated service zones, representing a year-on-year increase of 73 service zones. The innovative service zone adopted the operation model of self-planning, self-investment and construction, and commercial development to actively promote the “Qiaoxiang Township” (僑鄉小鎮) thematic expansion project in Dahuai carpark zone, which introduced featured projects such as Qiaoxiang Township, Flying Square and Rescue in the Sky and flagship stores such as Starbucks. Qiaoxiang Township is positioned and established as a brand-new culture, commercial and travel experiences in expressways, which was put into trial operation on 1 February 2019, and the Group is committed to establish it as a demonstration benchmark service zone nationwide. Meanwhile, we completed the upgrading and transformation projects in 4 service zones in Baisha, Dianbai, Lixi and Houmen, which established featured service zones accommdated to the local conditions. We established the first Chinese car-owner service center in Shunde service zone, which provides butler-style VIP service for various car owners to travel through expressways. We also introduced featured car-owner service center projects such as Guangdong Junyu Vehicles Service Co., Ltd. (廣東駿譽汽車服務有限公司), which further optimizes the value of commercial platform in service zones. Consumption upgrading was actively encouraged, consumption scenarios in service zones were continuously optimized with the aims of "green" and "clean" in operating service zones, the public service functions were greatly improved, "Toilet Revolution" was firmly enforced, plantation of greenery was increased to enhance environmental landscaping. The environment and hygiene of service zones were rectified comprehensively, insufficient water supply in certain service zones were effectively improved, and free WI-FI were gradually established in service zones. We enforced the pilot establishment of "Driver's Home (司機之家) ", and "Driver's Home" in 8 expressway service zones in Guangdong province were firstly put into trial operation, which actively fulfills our social responsibility as a state-owned enterprise. The property management level in service zones were improved, the labor model was innovated, the incentive system and the operating model were managed differentially. We strived to turn service zones into basic public service platforms, gathering and distribution platforms for passenger traffic and logistic flows, platforms for consumption, leisure, entertainment and merchandise display, as well as internet information data collection platforms.

(4) *Expressway Media Business*

The Group actively converted Guangdong Highway Media Co., Ltd. (廣東省高速傳媒有限公司), a subsidiary of the Company, from a traditional outdoor self-owned advertising media agency to an operator of integrated platform of media resources in transportation system. Breakthrough in the bottleneck in policy of advertisement resources and development and establishment of non-expressway sign advertisement facilities under the sections of GCGC were achieved, and the integrated media of toll stations was utilized comprehensively. As at the end of 2018, there were 516 resources in aggregate. We have gradually achieved direct marketing and channel businesses side by side, continued to expand direct marketing customers, strived to raise value of channel, innovatively integrated sales models, improved design and planning capabilities and external sales of advertisement resources, and thus formulated a mechanism with benign competition. We effectively solved the accounts receivable risks and established a value-added business oriented incentive commission plan, which provides protection for our business development.

3. ***Operation of Taiping Interchange Assets***

At the end of 2018, the total traffic volume at the Taiping Interchange reached 44,437,600 vehicles, the daily average traffic volume was 121,700 vehicles, representing a year-on-year increase of 2.77%, reaching a record high of traffic volume.

Material Logistics Segment

The Group completed the asset swap of South China Logistics Enterprise Group in this year. We steadily performed the completion of material supply inventory business subject to controllable risks.

FINANCIAL REVIEW (DATA OF 2017 RESTATED)

The Group's annual results for the year ended 31 December 2018

For the year ended 31 December 2018, operating income of the Group amounted to RMB6,295,211,000 (2017: RMB7,544,012,000), representing a year-on-year decrease of RMB1,248,801,000 or 17%; gross profit amounted to RMB1,076,006,000 (2017: RMB1,452,270,000), representing a year-on-year decrease of RMB376,264,000 or 26%.

For the year ended 31 December 2018, the Group realized net profit of RMB379,133,000 (2017: RMB539,582,000), representing a year-on-year decrease of RMB160,449,000 or 30%; net profit attributable to shareholders of the Company was RMB327,386,000 (2017: RMB428,560,000), representing a year-on-year decrease of RMB101,174,000 or 24%; basic earnings per share was RMB0.41 (2017: RMB0.54 per share), representing a year-on-year decrease of RMB0.13 or 24%.

The year-on-year decrease in the said operation result data for 2018 was mainly due to 1. increase in the restated 2017 operation result compare to the operation result disclosed in 2017 annual report due to the implementation of new Accounting

Standards for Business Enterprises and acquisition of Meizhou Yueyun Group, among which, net profit attributable to the shareholders of the Company increase by RMB11,280,000 than before; 2. year-on-year decrease in the operation result in material logistics business due to the disposal of South China Logistics Enterprise Group during the period. If excluding the effect of the disposal of South China Logistics Enterprise Group, the revenue would have increased by RMB 356,942,000 or 6% on the same basis, net profit attributable to the shareholders of the Company would have decreased by RMB50,664,000 or 14% on year-on-year basis; 3. increase in depreciation and amortization changes as a result of purchase of new energy pure electric vehicles for transformation and upgrade of service driven by road passenger transportation and auxiliary services, and the corresponding government grants were accounted as "Other Income", which in turn results in the year-on-year decrease of gross profit in road passenger transportation and auxiliary services; and 4. increase in the year-on-year cost of construction projects and wages due to general renovation and upgrade of the washrooms at service zones and passenger terminals of the Group in response to the country's call for "Toilet Revolution".

In accordance with the requirements under the CAS No.22 - Financial instruments: Recognition and measurement (revised), the CAS No.23 - Transfer of Financial assets (revised), the CAS No.24 Hedging (revised) and the CAS No.37 - Presentation and Disclosures of Financial Instruments (revised) (collectively ("**New Financial Instruments Standards**"), the Group have applied the **New Financial Instruments Standards** since 1 January 2018 and replaced the "incurred loss" model in the previous financial instruments standards with the ECL model. The Group has applied the classification and measurement requirements (including impairment) of the new financial instruments standards retrospectively to the items under certain specific circumstances in accordance with the transition requirements, and comparative information has been restated. In light of the adjustment made according to the new financial instruments standards, the Group's net profit for 2017 was reduced by RMB6,310,000, the year-end shareholders' equity of the Group for 2017 was reduced by RMB45,666,000 and the year-end total assets of the Group for 2017 was reduced by RMB45,666,000. Despite the effects of restatements on the net profit, the shareholder's equity and the total asset of the Group, its overall impact on the financial position during the reporting period is immaterial. Particulars of changes on relevant standards are disclosed in page 7-13 of this announcement.

SEGMENT INFORMATION

Operating Income

Operating income of the Group for 2018 was mainly derived from the business segment of travel service. Operating income of the Group for 2018 amounted to RMB6,295,211,000 (2017: RMB7,544,012,000), representing a year-on-year decrease of RMB1,248,801,000 or 17%.

Operating income by business segments (for the year ended 31 December):

	2018		2017	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Travel Service	**5,351,387**	**85.01%**	4,981,282	66.03%
Materials Logistics	**936,922**	**14.88%**	2,558,455	33.91%
Other Business	**6,902**	**0.11%**	4,275	0.06%
Total	**6,295,211**	**100.00%**	7,544,012	100.00%

1. ***Travel Service***

   Travel service segment is a key source of the Group's operating income, the operating income, which amounted to RMB5,351,387,000 in 2018 (2017: RMB4,981,282,000), representing a year-on-year increase of RMB370,105,000, or 7%, and accounting for approximately 85.01% (2017: 66.03%) of the Group's total operating income, of which:

   (1) The road passenger transportation and auxiliary services recorded operating income of RMB3,415,460,000 in 2018 (2017: RMB3,456,703,000), representing a year-on-year decrease of RMB41,243,000 or 1%.

   (2) The operating business of service zones recorded operating income of RMB1,715,908,000 in 2018 (2017: RMB1,311,452,000), representing a year-on-year increase of RMB404,456,000 or 31%, which was mainly attributable to the year-on-year increase in the number of self-operated gas stations and service zones.

   a) The energy business generated operating income of RMB917,278,000 in 2018 (2017: RMB616,149,000), representing a year-on-year increase of RMB301,129,000 or 49%, which was mainly due to a year-on-year increase in income from self-operated gas stations in new expressway service zones.

b) The convenience store retail business generated an operating income of RMB453,453,000 in 2018 (2017: RMB385,575,000), representing a year-on-year increase of RMB67,878,000 or 18%, which was mainly due to a year-on-year increase in the number of Loyee convenience stores.

c) The merchant solicitation business generated an operating income of RMB245,732,000 in 2018 (2017: RMB228,488,000), representing a year-on-year increase of RMB17,244,000 or 8%, which was mainly due to revenue from business in new service zones.

d) The advertising media business generated an operating income of approximately RMB99,445,000 in 2018 (2017: RMB81,240,000), representing a year-on-year increase of RMB18,205,000 or 22%, which was mainly due to the year-on-year increase in income derived from column resources.

(3) The operation of Taiping Interchange assets generated an operating income of approximately RMB220,019,000 in 2018 (2017: RMB213,127,000), representing a year-on-year increase of RMB6,892,000 or 3%.

2. ***Materials Logistics***

Material logistics segment generated an operating income of RMB936,922,000 (2017: RMB2,558,455,000) in 2018, representing a year-on-year decrease of RMB1,621,533,000 or 63% as compared to 2017, accounting for approximately 14.88% of the Group's total operating income (2017: 33.91%). The decrease in operating income was mainly due to the disposal of South China Logistics Enterprise Group.

Gross Profit

The gross profit of the Group recorded in 2018 was RMB1,076,006,000 (2017: RMB1,452,270,000), representing a decrease of RMB376,264,000, or 26%, as compared to 2017, the gross profit margin was 17% (2017: 19%).

Gross profit by business segments (for the year ended 31 December):

	2018		2017	
	RMB'000	*Percentage*	*RMB'000*	*Percentage*
Travel Services	**1,025,012**	**95.26%**	1,227,369	84.51%
Materials Logistics	**51,368**	**4.77%**	231,125	15.91%
Other Business	**(374)**	**(0.03)%**	(6,224)	(0.42)%
Total	**1,076,006**	**100.00%**	1,452,270	100.00%

1. ***Travel Service***

The travel services segment recorded gross profit of RMB1,025,012,000 in 2018 (2017: RMB1,227,369,000), representing a decrease of RMB202,357,000 or 16% as compared to the corresponding period in 2017, the gross profit margin was 19% (2017: 25%), of which:

(1) Road passenger transportation and auxiliary services generated gross profit of RMB549,209,000 in 2018 (2017: RMB769,507,000), representing a year-on-year decrease of RMB220,298,000, or 29%. Gross profit margin was 16% (2017: 22%) for the year. The decrease in gross profit and gross profit margin was mainly due to the increase in cost of depreciation and amortization as a result of purchase of new energy pure electric vehicles for transformation and upgrade of service. The government grants received corresponding to operating income of RMB198,819,000 (2017: RMB114,996,000) and the asset related subsidies amortized and charged to profit or loss corresponding to the useful life of assets such as vehicle of RMB46,780,000 (2017: RMB57,764,000) were both accounted as "Other Income". After the restoration of subsidies, the gross profit for the year was RMB794,808,000 (2017: RMB942,267,000) and the corresponding gross profit margin was 22% (2017: 27%).

(2) The business of service zones recorded a gross profit of RMB291,509,000 in 2018 (2017: RMB285,685,000), representing a year-on-year increase of RMB5,824,000 or 2%, and the gross profit margin was 17% (2017: 22%). The change in gross profit and gross profit margin was due to, on one hand, the increase in income and gross profit as a result of increased scale of

service zones and the change in the operation model of the energy business, and on the other hand, a year-on-year increase in construction and labor costs as a result of the overall upgrading of toilets in service zones.

a) The energy business generated a gross profit of RMB150,986,000 (2017: RMB86,923,000) from the purchase and sale of self-operated energy in 2018, representing a year-on-year increase of RMB64,063,000 or 74%. The gross profit margin of 20% from purchase and sale remained at the forefront of the industry. However, given the impact of amortizing, a year-on-year decrease in the one-time compensation of gross profit for six outsourced stations and an increase in public management cost, the overall gross profit of the business amounted to RMB103,960,000 (2017: RMB143,002,000), representing a year-on-year decrease of RMB39,042,000 or 27%. The gross profit margin was 11% (2017: 23%).

b) The retail business of convenience stores generated a gross profit of RMB78,544,000 in 2018 (2017: RMB60,243,000), representing an increase of RMB18,301,000 or 30%. The increase in gross profit was mainly due to the increase in operating income as a result of a year-on-year increase in the number of convenience stores. The gross profit margin was 17% (2017: 16%).

c) The merchant solicitation business generated a gross profit of RMB62,403,000 in 2018 (2017: RMB45,883,000), representing an increase of RMB16,520,000 or 36%，which was mainly due to a year-on-year increase in income from merchant solicitation. Gross profit margin was 25% (2017：20%). The year-on-year increase in gross profit margin was mainly due to a year-on-year increase in income from merchant solicitation and the extent of increase in cost of merchant solicitation business was under control as a result of scale of economy.

d) The advertising media business generated a gross profit of RMB46,602,000 in 2018 (2017: RMB36,557,000), representing a year-on-year increase of RMB10,045,000 or 27%, which was mainly due to a year-on-year increase in income. The gross profit margin was 47% (2017: 45%).

(3) The operation of assets at the Taiping Interchange generated a gross profit of RMB184,294,000 in 2018 (2017: RMB172,177,000), representing an increase of RMB12,117,000 or 7%, which was mainly due to a year-on-year increase in operating income. The gross profit margin was 84% (2017: 81%). The increase in gross profit margin was mainly due to a year-on-year increase in operating income.

2. ***Materials Logistics***

The materials logistics segment generated a gross profit of RMB51,368,000 in 2018 (2017: RMB231,125,000), representing a decrease of RMB179,757,000 or 78% as compared to the corresponding period in 2017, the gross profit margin was 5% (2017: 9%). The decrease in gross profit was mainly due to the disposal of South China Logistics Enterprise Group during the period and a year-on-year decrease in gross profit as a result of decrease in supply.

Tax and surcharges

The amount of tax and surcharges in 2018 was RMB47,183,000 (2017: RMB56,172,000), representing a year-on-year decrease of RMB8,989,000 or 16%.

Selling expenses

In 2018, the Group incurred a total selling expenses of RMB65,438,000 (2017: RMB88,883,000), representing a year-on-year decrease of RMB23,445,000 or 26%, which was mainly due to the disposal of South China Logistics Enterprise Group during the year.

Administrative and R&D expenses

In 2018, the Group incurred a total administrative and R&D expenses of RMB680,663,000 (2017: RMB723,759,000), representing a year-on-year decrease of RMB43,096,000 or 6%.

Finance expenses

Finance expenses incurred in 2018 amounted to RMB64,643,000 (2017: RMB58,769,000), representing a year-on-year increase of RMB5,874,000 or 10%, which was mainly due to the increase of RMB218 million in interest-bearing liabilities as of 31 December 2018 as compared to last year.

Impairment losses of assets

Impairment losses of assets in 2018 was RMB5,952,000 (2017: RMB10,994,000), representing a year-on-year decrease of RMB5,042,000 or 46% in impairment losses of assets, which was mainly due to the increase in the Group's provisions for impairment in the previous year in view of the condition of individual asset.

(Reversal)/accrual of credit losses

Reversal of credit losses in 2018 was RMB20,888,000 (2017: credit impairment losses of RMB21,339,000), representing a year-on-year net decrease of RMB42,227,000 or 198% in credit impairment losses, which was mainly due to the amount in respect of credit impairment losses provided previously being recovered by the Group.

Other income

Other income derived in 2018 amounted to RMB245,599,000 (2017: RMB172,760,000), representing a year-on-year increase of RMB72,839,000 or 42%, which was mainly due to the increase in government subsidies as compared with the same period of last year.

Investment income

Investment income derived in 2018 amounted to RMB33,997,000 (2017: RMB47,206,000), representing a year-on-year decrease of RMB13,209,000 or 28%, which was mainly due to the impact of a year-on-year decrease in the net profit for 2018 of RMB38,689,000 from the Southern United Assets & Equity Exchange Co., Ltd. (南方聯合交易中心有限責任公司), an associate of the Group.

Gains on disposal of assets

Gains on disposal of assets in 2018 amounted to RMB14,450,000 (2017: RMB258,000), representing an increase of RMB14,192,000 or 5,501%, which was mainly the impact of a year-on-year increase in disposal of fixed assets for the year.

Non-operating income and expenditure

The net amount of non-operating income and expenditure in 2018 incurred a net income of RMB1,326,000 (2017: net income of RMB9,927,000), representing a year-on-year decrease in net income of RMB8,601,000 or 87%, which was mainly due to a year-on-year decrease of non-recurring government subsidies.

Liquidity and capital structure

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards the use of funds. The Group satisfied its requirements for cash in respect of its payment obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and bank borrowings. The Group fully leveraged on the favorable interest rate environment of the bond market to optimize its financial structure and lower overall financial costs through comparatively low cost financial channels. The Group enhanced capital allocation through the operation of cash pooling, in order to effectively reduce the need for external borrowings and increase the efficiency of capital utilization. Benefitting from the strict budget controls towards the funds of the Group and the improvements on the financial structure of the Group, at the end of 2018, the balance of available bank facilities of the Group amounted to RMB4,824,660,000 and net cash inflow from operations at the end of the period amounted to RMB434,908,000, which provided sufficient protection for the Group's operating loans and ensured repayment of principal and interest without risk.

Items	**As of 31 December 2018 RMB'000**	As of 31 December 2017 RMB'000
Borrowings	**2,006,365**	1,783,593
Less: Cash and cash equivalents	**1,114,272**	1,857,779
Net debt	**892,093**	(74,186)
Total liabilities	**4,922,745**	5,505,387
Total equity attributable to shareholders	**3,533,564**	3,678,240
Total equity	**4,425,657**	3,604,054
Total assets	**8,456,309**	9,183,627
Gearing ratio	**20.16%**	(2.06%)
Asset to liability ratio	**58.21%**	59.95%

Gearing ratio = Net debt / Total equity

Total equity = Net debt + Total equity attributable to shareholders

Asset to liability ratio = Total liabilities / Total assets

Cash Flows

During 2018, the Group satisfied its requirements for payment of its obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and long-term liabilities with low interest rates. Cash and cash equivalents during 2018 (after excluding the effect of exchange rate movement) were as follows:

	For the year ended 31 December		
	2018	2017	Change
	RMB'000	*RMB'000*	*RMB'000*
Cash generated from/(used in)			
Operating activities	**434,908**	741,779	(306,871)
Investing activities	**(1,247,051)**	(719,256)	(527,795)
Financing activities	**63,756**	184,959	(121,203)

Operating activities

The Group's net cash inflow from operating activities amounted to RMB434,908,000 during 2018 (2017: net cash inflow of RMB741,779,000), representing a year-on-year decrease of net cash inflow by RMB306,871,000, which was mainly attributable to a decrease in income from the material logistics business and the road passenger transportation and auxiliary service business.

Investing activities

The net cash outflow from investing activities during 2018 was RMB1,247,051,000 (2017: net cash outflow of RMB719,256,000), representing a year-on-year increase in net cash outflow by RMB527,795,000, which was mainly attributable to 1. an increase in acquisition and construction expenditures of RMB160,890,000 for service zones and self-operating gas stations; and 2. a year-on-year increase in acquisition and construction expenses of RMB267,447,000 due to the need for replacement of new energy pure electric vehicles for TC Business.

Financing activities

The net cash inflow from financing activities during 2018 was RMB63,756,000 (2017: net cash inflow of RMB184,959,000), representing a year-on-year decrease of RMB121,203,000, which was mainly due to a year-on-year increase in the repayments of borrowings.

Borrowings

As of 31 December 2018, outstanding borrowings of the Group amounted to RMB2,006,365,000 (31 December 2017: RMB1,783,593,000), comprising (i) unsecured short-term loans of RMB80,000,000 (31 December 2017: RMB161,000,000); (ii) secured short-term loans of 29,800,000 (31 December 2017: RMB5,000,000); (iii) short-term loans secured by letter of credit of nil (31 December 2017: RMB51,807,000); (iv) secured long-term loans of RMB252,659,000 (31 December 2017: RMB168,301,000); (v) unsecured long-term loans of RMB693,237,000 (31 December 2017: RMB461,462,000); (vi) finance lease payable of RMB214,330,000 (31 December 2017: RMB160,712,000); and (vii) bonds payable of RMB736,340,000 (31 December 2017: RMB775,311,000). As of 31 December 2018, the majority of the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates, of which borrowings with fixed interest rate accounted for approximately 62%.

Major acquisitions and establishment of new companies

For the year ended 31 December 2018, through implementation of asset swap with Yueyun Investment Management, the Group completed the disposal of the South China Logistics Enterprise Group and acquisition of Meizhou Yueyun Group. The Group also invested in the establishment of two new companies, Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd. (茂名市電白區粵運汽車運輸有限公司) and Shaoguan City Guangshao Passenger Transport Co., Ltd. (韶關市廣韶客運有限公司). The Group had total investments of RMB11.73 million in the new companies.

Major properties held for investment

Name of property	Address	Usage	Types of lease
Hong Kong Plaza	Unit 13-14, 24/F and Unit 8-12, 31/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong	Operating lease	Short-term (within 10 years)
Zijin Old Station — Main Building, Clock Tower, Office of Canteen	No. 99, Jinshan Boulevard Central, Zijin County	Operating lease	Short-term (within 10 years)

Name of property	Address	Usage	Types of lease
King's Court, Wai Ching Street, Jordan Road, Kowloon	No. 1-2 office, 1/F, King's Court, No. 65, 67, 69, 71, 73, 75, Wai Ching Street, Jordan Road, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
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	Operating lease	Short-term (within 10 years)
Apartment of Drivers	Interchange between Fuqianxi Road and Huancheng Road, Qujiang District, Shaoguan City	Operating lease	Short-term (within 10 years)
Passenger Traffic Center Building in Lianzhou	No. 136, Beihu Road, Lianzhou	Operating lease	Short-term (within 10 years)
Complex Building of Vehicle Passenger Terminal in Danxia Mountain	Complex Building of Vehicle Passenger Terminal in Danxia Mountain	Operating lease	Short-term (within 10 years)

Pledge of assets

As at 31 December 2018, fixed assets at the net value of approximately RMB183,373,000 (31 December 2017: RMB252,735,000) and land use rights at the net value of RMB172,322,000 (31 December 2017: RMB128,336,000) of the Group were pledged as security for bank borrowings. Investment properties at the net value of approximately RMB21,607,000 of the Group were used as collaterals for bank borrowings (31 December 2017: RMB22,393,000).

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 2018, the impact of exchange rate fluctuations on the working capital and liquidity of the Group was relatively small. The Directors believe that the Group has sufficient foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

Contingent liabilities

As of 31 December 2018, the Group had no contingent liabilities.

MATERIAL INVESTMENTS AND BUSINESS DEVELOPMENT OBJECTIVES OF THE GROUP IN 2019

Travel Service Segment

I. ***Road Passenger Transportation and Auxiliary Services***

(1) The Group will actively strengthen the supply side structural reform in road transportation business pursuant to the change in demand side, adjust the structure of transportation capacities actively, optimize inter-city routes business as planned, greatly promote the development of the integrated urban and rural passenger transportation business (including rural passenger transportation, urban public transportation, automobile leasing, charter coach, taxis, transportation + tourism, inter-county and county).

(2) The Group will accelerate to promote online and offline vehicle resources integration of the Company, complete the launch of online travel omni products such as ticketing with single network in the Guangdong province, urban e-hailing and urban customized travel. Interaction with external strategic potential partners will be strengthened for explore and initiate diversified mode of traffic attraction, as well as expand the professional operating influence in e-hailing online platform within the region.

(3) The Group will actively promote its regional companies to develop passenger transportation business, initiate the public transportation TC model reform in Zengcheng, vigorously participate in the upgrade and transformation of passenger transportation service in Guangdong-Hong Kong-Macao Greater Bay Area such as Nansha, and use new energy pure electric vehicles to carry out public transportation transformation for eligible rural passenger transport lines.

(4) The Group will reinforce cost awareness, strictly control scale of staff, and strengthen management and control over labor cost. The Group will also focus on reduce production and operation costs, perform routes audit of core routes comprehensively, with focus on put efforts on cost management of vehicles, fuels, maintenance, depreciation, insurance and back office.

(5) The Group took the lead to establish the "Guangdong Province Zhongdao Tourism Distribution Centers Alliance (廣東省中道旅遊集散中心聯盟)", which strives to promote the development of travel and transportation in the industry. Overall plan will be made to accelerate entry into the tourism market. In response to adapt to the new types of operation, the Group will promote upgrade and transformation of existing passenger stations into tourism distribution centers comprehensively, strengthen development of local tourism lines, and cooperate with local travel agencies to develop intra-provincial and extra-provincial travel.

(6) By active participation in constructing the comprehensive transportation network system of the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will endeavor to provide operation for the shuttle bus franchise project of the Hong Kong-Zhuhai-Macao Bridge, in order to establish a new profit growth point for the Company.

II. ***Expressway Service Zones Operation***

1. *Energy Business*

(1) The construction and put into operation of self-operated gas stations will be accelerated to promote and the network scale of "Yueyun Energy" will be improved. The Group will strive to complete construction of 12 new gas stations in 6 service zones in Longsheng, Yingde, Qingyuan, Jiangao, Chengbei and Ketang and 5 existing gas stations to be remoulded in Shayong, Huanggang, Shunjing, Nanxiong and Wengyuan, and strive for achieving 45 self-operated gas stations in aggregate at the end of 2019.

(2) The Group will fully leverage on the platform and resources of GCGC, enhance communication and co-ordination with local governments for advancing the implementation of gas stations in the entrances and exits of expressways, gas stations in the expressways and gas stations in urban areas actively, as well as expand the network layout of gas stations in a diverse manner through increasing the equity of joint ventures to achieve holding a controlling stakes in the jointly-held gas stations so as to incorporate into "Yueyun Energy" for operation and management centrally.

(3) The Group explore and expand oil tank business actively, and seek opportunities to enter into refined oil storage business through acquisition of gas depots or self-built gas depots for improving the end-user sales industry chain and enhancing the petroleum products procurement cost active management capability.

(4) We will continue to dedicate efforts on improvement of "Neigong". On the one hand, the Group will adopt effective marketing strategy to enhance the promotion of "Yueyun Energy" brand greatly through the successful implementation experiences of "one station, one strategy", on the other hand, the Group will also further enhance operational and management capability through strengthening internal control and continuing to implement standardized management of operation and opening and establishment of demonstration stations as per the geographic locations.

(5) We will reduce fuel cost effectively and enhance synergy effect to achieve maximisation of our Group's value by continuing to expand the scope of central purchasing and supply of "Yueyun Energy" to petroleum products of the passenger transportation companies of the Group.

(6) We will strive to knit a net covering charging business in expressways and urban community by continuing to improve the layout and planning of urban charging network, promote the interconnection between urban charging stations and social charging platforms actively and promote construction layout of charging network in service zones steadily.

2. *Convenience Stores Retail Business*

(1) Except for focus on network expansion with convenience stores in expressway service zones, Loyee convenience stores will put greater efforts on the layout of urban commercial areas stores and urban community supermarkets, so as to achieve expansion from "online" expressways to "offline" urban commercial areas.

(2) The Group will build up a group buying wholesale and sales team for major customers, put greater efforts on integration of the internal materials supply channel within GCGC, and deeply launch "large distribution" service of customized quality merchandises and materials for customers of group buying in need.

(3) The Group will adjust the operating model timely, improve the proper differentiation mechanism for portfolio of types and functions of merchandises, introduce external resources for enriching services and

functions for the convenience of people pursuant to different consumption scenarios and commercial locations and environments. The Group will also attempt to explore and use new ways of retailing such as "unmanned convenience stores" or auto vending machines to make up for the weakness that a convenience store is unable to operate twenty-four hours a day, which strive for achieve revenue increase and cost reduction.

(4) The Group will further optimize the supply chain management model, increase the percentage of numbers of manufacturers of suppliers, in order to reduce purchasing costs gradually. The smart retail system will be optimized, which set a reasonable inventory for various merchandises in different stores and implement the systematic auto-order third-party active distribution model. Thus, the logistics distribution efficiency will be improved and the logistics costs will be reduced at the same time.

(5) By reinforcing business synergy and active cross-sectors collaboration, the Group can leverage on the third-party platform to develop online business and enhance brand awareness.

3. *Merchant Solicitation Business*

(1) The Group will strive to put Dahuai service zone into operation for establishing a demonstration service zone in China, and will complete the commercial transformation projects such as service zones in Yayao, Luhe, Xincheng and Fucheng.

(2) The Group will put greater efforts on acquisition of advertisement resources and expand the advantages in media resources for achieving resources increment target. We will improve self-operation and planning business expansion capability, improve channel business efficiency, as well as improve business value of advertisements in service zones and terminals. The Group will facilitate the merger and acquisition for transform into an omni media, continue to strengthen innovation of incentive mechanism and strengthen the management and control over the account receivables.

Material Logistics Segment

We will continue to carry on the material supply inventory business in steady progress.

The Group will use its own funds and bank borrowings for the funding required for the material investments and business development in 2019.

OTHER INFORMATION

Interests of Directors and Supervisors in Contracts

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 2018.

Closure of Register of Members

The annual general meeting ("**AGM**") will be held on Monday, 17 June 2019 and the register of members of the Company will be closed in order to determine the qualification of the Shareholders to attend and vote at the AGM and their entitlement to the proposed final dividend payment. The details are as follows (all dates and time set out in this announcement are Hong Kong time):

(i) To determine the qualification of Shareholders to attend and vote at the 2018 AGM:

Deadline for lodging transfer documents for registration	4:30 p.m. on Thursday, 16 May 2019
Closure of register of members	Friday, 17 May 2019 to Monday, 17 June 2019
Record date	Monday, 17 June 2019

(ii) To determine the Shareholders' entitlement to the proposed final dividend payment:

Deadline for lodging transfer documents for registration	4:30 p.m. on Thursday, 20 June 2019
Closure of register of members	Friday, 21 June 2019 to Wednesday, 26 June 2019 (both days inclusive)
Record date	Wednesday, 26 June 2019

The register of members of the Company will be closed during the above periods. In order to determine the qualification of Shareholders to attend and vote at the AGM and their entitlement to the proposed final dividend payment, 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 above mentioned deadlines.

Proposed Payment of Final Dividend

On 13 March 2019, the Board recommended the payment of the final dividend of 2018 in cash of RMB0.17 before tax per share. The relevant dividend payment proposal will be submitted to the 2018 AGM for consideration. If the approval of dividend payment is obtained from the Shareholders, the Company expects that the final dividend will be paid on or around Wednesday, 21 August 2019.

According to the Law on Enterprise Income Tax Law of the People's Republic of China and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China adopted in 2008, the Company shall be obliged to withhold 10% enterprise income tax when it distributes the 2018 final dividend to non-resident enterprise shareholders of overseas H shares (including Hong Kong Securities Clearing Company Nominees Limited, other corporate nominees or trustees, and other entities or organisations) whose names appear on the Company's H share register of members at 4:30 p.m. on Wednesday, 26 June 2019.

According to Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (CaiShuiZi [1994] No.020) (《財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)), individual shareholders of overseas H shares whose names appear on the Company's H share register of members at 4:30 p.m. on Wednesday, 26 June 2019 and whose registered addresses are located in the Hong Kong or outside China are exempted from individual income tax of the PRC when distribution of 2018 final dividend of the Company is made.

Pursuant to the Individual Income Tax Law of the People's Republic of China and its implementation rules and regulations, the Company shall be obliged to withhold 20% individual income tax when it distributes the 2018 final dividend to individual shareholders of H shares whose names appear on the H share register of members at 4:30 p.m. on Wednesday, 26 June 2019 and whose registered addresses are located in China.

Above relevant taxation laws and regulations shall be interpreted by the relevant local taxation authority and may be amended from time to time. Shareholders are suggested to seek advice from their taxation consultants in relation to taxation impacts in the PRC and Hong Kong and other matters in respect of the ownership and disposal of the H shares.

Corporate Governance

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.

On 1 November 2017, Mr. Peng Xiaolei resigned as an independent non-executive Director and the chairman and a member of the Audit and Corporate Governance Committee of the Company. During the period from 1 November 2017 to 21 March 2018, the number of the Audit and Corporate Governance Committee was reduced to two and the members of Audit and Corporate Governance Committee did not have a chairman. Therefore, during the period from 1 November 2017 to 21 March 2018, the Audit and Corporate Governance Committee had a total of two members, including Ms. Lu Zhenghua, an independent non-executive Director and Mr. Li Bin, a non-executive Director, which was not in compliance with the requirements under Rule 3.21 of the Listing Rules.

On 21 March 2018, the Company has appointed Mr. Jin Wenzhou as a member of the Audit and Corporate Governance Committee, and Ms. Lu Zhenghua was elected as the chairman of the Audit and Corporate Governance Committee. Currently, the Audit and Corporate Governance Committee of the Company comprises three members, including two independent non-executive Directors, namely Ms. Lu Zhenghua and Mr. Jin Wenzhou, and one non-executive Director, namely Mr. Li Bin. Among which, Ms. Lu Zhenghua possesses the relevant professional qualifications and accounting and financial management expertise to understand financial statements. The Company has complied with the requirements under the Listing Rules in relation to the audit committee and all the code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules since then.

Except for the above non-compliance with the requirements under Rule 3.21 of the Listing Rules in respect of the number of members and vacancy of the chairman during the period from 1 November 2017 to 21 March 2018, the Company had complied with other code provisions of the CG Code for the year ended 31 December 2018.

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 of the Company (the "**Supervisors**") for the year ended 31 December 2018. The Company has made specific enquiries to all Directors and Supervisors and each of the Directors and Supervisors has confirmed that they had complied with the required standard as set out in the Model Code for the year ended 31 December 2018.

Committees of the Board

The Company has established the Audit and Corporate Governance Committee, the Remuneration Committee and the Nomination Committee.

The Company's Audit and Corporate Governance Committee, Remuneration Committee and Nomination Committee have 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 internal audit function of the Company; to review the financial and accounting policies and practices of the Company; 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 30 March 2016.

In the year of 2018, 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 2018 and recommended their adoption by the Board.

In the year of 2018, the members of the Audit and Corporate Governance Committee reviewed the effectiveness of the internal control and risk management systems (including measures on financial, operational, compliance control and risk management) and the internal audit functions 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, reviewing the internal control system of the Group (including measures on finances, operation, compliance control and risk management), ensuring that the efficiency of the business operation of the Company and achieving the goal and strategy of the Company.

The Audit and Corporate Governance Committee held two meetings during the year ended 31 December 2018 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 2018 are set out below:

	Meetings attended/held	**Attendance rate**
Ms. Lu Zhenghua (Chairman)	2/2	100%
Mr. Li Bin	2/2	100%
Mr. Jin Wenzhou	2/2	100%

Functions of Corporate Governance

The corporate governance policies of the Company were included in other internal regulations and systems of the Company, such as the Articles of Associations, the rules of procedure for the general meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee. The Audit and Corporate Governance Committee has reviewed the disclosures in the Corporate Governance Report of the Company for the year ended 31 December 2018 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 of the Company and of the establishment of a formal and transparent procedures for formulating the remuneration policy; 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 of the Company; 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. 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 2018, the Remuneration Committee comprised two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua, and one non-executive Director, Mr. Li Bin. Mr. Zhan Xiaotong is the chairman of the Remuneration Committee. The Remuneration Committee held one meeting during the year ended 31 December 2018 with an attendance rate of 100%. The Remuneration Committee proposed recommendations on the Company's remuneration policy for 2018.

The Remuneration Committee members' attendance records of the Remuneration Committee's meetings for the year ended 31 December 2018 are set out below:

	Meetings attended/held	**Attendance rate**
Mr. Gui Shouping (Resigned on 15 August 2018)	1/1	100%
Mr. Zhan Xiaotong (Chairman)	N/A	N/A
Mr. Li Bin	1/1	100%
Ms. Lu Zhenghua	1/1	100%

3. ***Nomination Committee***

The primary duties of the Nomination Committee are (among others): to review the structure and composition of the Board and making recommendations on the appointment of Directors 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 2018, the Nomination Committee had one executive Director, Mr. Xuan Zongmin, and two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua. Mr. Xuan Zongmin is the chairman of the Nomination Committee. The Nomination Committee held one meeting during the year ended 31 December 2018 with an attendance rate of 100%.

The Nomination Committee members' attendance records of the Nomination Committee's meetings for the year ended 31 December 2018 are set out below:

	Meetings attended/held	**Attendance rate**
Mr. Xuan Zongmin (Chairman)	1/1	100%
Mr. Gui Shouping (Resigned on 15 August 2018)	1/1	100%
Mr. Zhan Xiaotong	N/A	N/A
Ms. Lu Zhenghua	1/1	100%

Supervisory Committee

As at 31 December 2018, 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 2018, the Supervisory Committee reviewed and examined the financial position and the legal compliance of the operations of the Company and performed its duties under the principles of due care through conducting special inspections and convening the Supervisory Committee's meetings and attending the Board meetings of the Company.

During the year ended 31 December 2018, the Supervisory Committee held one meeting with an attendance rate of 93%.

Repurchase, Sale or Redemption of the Company's Shares

During the year ended 31 December 2018, the Company did not redeem any of its shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company for the year ended 31 December 2018.

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.

Employees and Remuneration Policies

As at 31 December 2018, the Group had 22,798 employees (as at 31 December 2017: 22,951 (restated)) and the staff costs (including remuneration of Directors) of the Group for the year ended 31 December 2018 was RMB1,841 million (2017: RMB1,796 million (restated)).

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.

Auditor

The Company has appointed KPMG Huazhen LLP as the auditor of the Company for the year ended 31 December 2018. KPMG Huazhen LLP has conducted the audit of the Group's 2018 annual financial statements which are prepared in accordance with the requirements of Accounting Standard for Business Enterprises and has issued an unqualified audit opinion thereon.

Disclosure of Information on the Stock Exchange and the Company's Website

The electronic version of this announcement has been published on the website of the Stock Exchange (http://www.hkexnews.hk). An annual report for the year ended 31 December 2018 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to Shareholders and published on the website of the Stock Exchange in due course.

The Company maintains its website at http://www.gdyueyun.com, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

By order of the Board of
Guangdong Yueyun Transportation Company Limited
Xuan Zongmin
Chairman of the Board

Guangzhou, the PRC
13 March 2019

As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Wen Wu and Mr. Guo Junfa as executive directors of the Company, Mr. Li Bin and Mr. Chen Min as non-executive directors of the Company, and Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying and Mr. Zhan Xiaotong as independent non-executive directors of the Company.

* *For identification purposes only*