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 2019

- Operating income of the Group in 2019 was approximately RMB6,657,213,000, representing an increase of approximately RMB125,365,000 (or 2%) over 2018 (restated).
- Net profit attributable to shareholders of the Company for the year 2019 was approximately RMB304,970,000, representing an increase of approximately RMB4,949,000 (or 2%) over 2018 (restated).
- Basic earnings per share attributable to shareholders of the Company for the year 2019 was RMB0.38 per share, which was the same as 2018 (restated).

The Board (the "**Board**") of Directors (the "**Directors**") of Guangdong Yueyun Transportation Company Limited (the "**Company**" or "**Yueyun Transportation**") is pleased to announce the consolidated annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2019. 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 following figures in respect of the preliminary announcement of the Group's results as of 31 December 2019 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 2019 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 balance sheet as at 31 December 2019

(Expressed in Renminbi Yuan)

	Note	**31 December 2019**	31 December 2018 *(Restated)*	1 January 2018 *(Restated)*
Assets				
Current Assets				
Cash at bank and on hand		**1,180,551,897.43**	1,166,510,088.33	1,921,872,160.11
Bills receivable		**678,800.00**	310,802.08	36,505,607.26
Accounts receivable	*4*	**382,747,473.53**	435,279,983.11	849,777,655.46
Prepayments		**268,916,914.67**	230,971,111.12	330,961,322.21
Other receivables		**519,210,319.87**	545,105,071.34	500,597,706.25
Inventories		**95,699,288.59**	108,049,261.90	190,728,645.72
Non-current assets due within one year		**1,269,554.64**	2,140,743.97	31,874,195.35
Other current assets		**63,472,662.40**	61,392,873.66	36,537,201.87
Total current assets		**2,512,546,911.13**	2,549,759,935.51	3,898,854,494.23
Non-current assets				
Long-term receivables		**571,376.73**	5,946,238.22	7,030,155.67
Long-term equity investments		**428,963,608.71**	405,629,011.27	334,720,913.35
Investments in other equity instruments		**4,224,048.22**	1,297,588.22	663,228.22
Investment properties	*5*	**111,939,500.41**	118,809,826.85	180,291,731.04
Fixed assets	*6*	**3,888,448,732.01**	3,013,691,207.31	2,796,370,773.89
Construction in progress		**407,199,387.20**	721,236,681.42	317,654,018.44
Right-of-use assets	*27*	**1,917,778,638.89**	1,922,203,775.87	1,699,508,742.71
Intangible assets	*7*	**1,091,154,911.08**	1,076,164,246.87	1,136,372,288.95
Goodwill		**110,976,227.51**	104,166,326.02	104,166,326.02
Long-term deferred expenses		**150,002,433.13**	103,803,964.35	59,227,822.29
Deferred tax assets		**242,568,659.60**	242,602,345.03	256,914,325.25
Other non-current assets		**228,631,046.84**	247,635,534.97	244,157,763.89
Total non-current assets		**8,582,458,570.33**	7,963,186,746.40	7,137,078,089.72
Total assets		**11,095,005,481.46**	10,512,946,681.91	11,035,932,583.95

	Note	**31 December 2019**	31 December 2018 *(Restated)*	1 January 2018 *(Restated)*
Liabilities and shareholders' equity				
Current liabilities				
Short-term loans	*8*	**221,074,050.00**	109,800,000.00	217,806,642.67
Bills payable		**55,300,000.00**	12,944,770.00	787,530,251.25
Accounts payable	*9*	**812,491,280.36**	828,691,259.00	881,715,594.41
Advances from customers		**119,032,210.06**	123,841,025.15	145,700,593.86
Contract liabilities		**34,690,337.75**	61,628,912.78	69,947,700.80
Employee benefits payable		**193,727,085.96**	180,248,246.14	198,162,728.88
Taxes payable		**108,239,478.93**	105,771,209.86	186,179,810.04
Other payables		**817,774,971.08**	874,894,857.24	826,603,897.47
Non-current liabilities due within one year	*10*	**995,756,539.66**	447,385,917.39	262,158,914.47
Total current liabilities		**3,358,085,953.80**	2,745,206,197.56	3,575,806,133.85
Non-current liabilities				
Long-term loans	*11*	**976,588,520.21**	782,413,109.46	577,109,470.23
Bonds payable	*12*	**398,161,553.41**	736,339,628.81	775,310,816.19
Lease liabilities	*27*	**1,848,330,046.38**	1,851,129,174.62	1,614,108,317.48
Long-term payables		**210,148,675.76**	122,002,047.38	49,460,356.10
Long-term employee benefits payable		**188,698,759.30**	199,550,539.18	217,027,310.50
Provisions		**125,594.00**	428,464.61	5,756,679.43
Deferred income		**558,188,105.99**	517,620,349.12	546,854,972.88
Deferred tax liabilities		**69,756,482.71**	51,768,940.47	28,447,231.25
Total non-current liabilities		**4,249,997,737.76**	4,261,252,253.65	3,814,075,154.06
Total liabilities		**7,608,083,691.56**	7,006,458,451.21	7,389,881,287.91
Shareholders' equity				
Share capital		**799,847,800.00**	799,847,800.00	799,847,800.00
Capital reserve		**18,800,491.50**	167,551,531.72	333,165,878.87
Other comprehensive income		**(17,326,859.28)**	(23,237,976.16)	(34,424,759.18)
Specific reserve		**23,523,945.80**	50,934,741.35	55,186,799.07
Surplus reserve		**203,389,142.12**	193,639,642.56	186,668,434.59
Retained earnings	*13*	**1,291,081,241.71**	1,174,583,143.55	1,111,847,057.62
Total equity attributable to shareholders of the Company		**2,319,315,761.85**	2,363,318,883.02	2,452,291,210.97
Non-controlling interests		**1,167,606,028.05**	1,143,169,347.68	1,193,760,085.07
Total shareholders' equity		**3,486,921,789.90**	3,506,488,230.70	3,646,051,296.04
Total liabilities and shareholders' equity		**11,095,005,481.46**	10,512,946,681.91	11,035,932,583.95

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

		Note	2019	2018 (Restated)
I.	Operating income		**6,657,212,873.97**	6,531,847,666.69
	Less: Operating costs		**5,603,995,718.05**	5,373,768,732.96
	Taxes and surcharges		**42,498,678.75**	48,984,213.14
	Selling and distribution expenses		**71,771,373.26**	65,408,089.49
	General and administrative expenses		**685,918,453.64**	720,918,861.25
	Research and development expenses		**–**	548,365.55
	Financial expenses	*14*	**186,943,005.38**	155,682,129.18
	Including: Interest expenses		**90,634,964.61**	69,980,795.29
	Interest income		**19,440,663.32**	24,449,826.48
	Add: Other income	*15*	**340,580,679.07**	265,361,942.79
	Investment income	*16*	**58,773,905.84**	34,774,027.17
	Including: Income from investments in associates and joint ventures		**42,131,154.78**	32,883,988.00
	(Accrual)/reversal of credit losses	*17*	**(12,930,983.96)**	17,599,762.10
	Impairment losses	*18*	**(4,598,350.36)**	(5,952,236.89)
	Gains from asset disposals	*19*	**40,509,776.19**	15,214,700.45
II.	Operating profit		**488,420,671.67**	493,535,470.74
	Add: Non-operating income	*20*	**29,090,919.67**	18,905,242.89
	Less: Non-operating expenses	*20*	**20,203,169.31**	15,828,474.74
III.	Profit before income tax		**497,308,422.03**	496,612,238.89
	Less: Income tax expenses	*21*	**132,224,719.23**	146,819,615.66
IV.	Net profit for the year		**365,083,702.80**	349,792,623.23
	(1) Net profit classified by continuity of operations			
	1. Net profit from continuing operations		**365,083,702.80**	349,792,623.23
	2. Net profit from discontinued operations		**–**	–
	(2) Net profit classified by ownership			
	1. Shareholders of the Company		**304,969,979.22**	300,020,996.48
	2. Non-controlling interests		**60,113,723.58**	49,771,626.75

		Note	2019	2018 (Restated)
V.	Other comprehensive income, net of tax		**5,911,116.88**	11,186,783.02
	Other comprehensive income (net of tax) attributable to shareholders of the Company			
	(1) Items that will not be reclassified to profit or loss			
	1. Remeasurement of defined benefit plan		**881,445.61**	1,549,023.37
	2. Changes in fair value of investments in other equity instruments		**–**	109,360.02
	(2) Item that may be reclassified subsequently to profit or loss:			
	Translation differences arising from translation of foreign currency financial statements		**5,029,671.27**	9,528,399.63
	Other comprehensive income (net of tax) attributable to non-controlling interests		**3,530,771.10**	6,010,032.20
VI.	Total comprehensive income for the year		**374,525,590.78**	366,989,438.45
	Attributable to:			
	Shareholders of the Company		**310,881,096.10**	311,207,779.50
	Non-controlling interests		**63,644,494.68**	55,781,658.95
VII.	Earnings per share			
	(I) Basic earnings per share	*22(1)*	**0.38**	0.38
	(II) Diluted earnings per share	*22(2)*	**0.38**	0.38

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

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

Notes

1 BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statement for the year ended 31 December 2019 but are extracted from those audited consolidated financial statements.

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

As at 31 December 2019, the Group's current liabilities exceeded its current assets by RMB845,539,042.67. As of 31 December 2019, the Group has obtained the unutilised general facility of RMB1,962,718,846.53 granted by financial institutions, and the Group is expected to have sufficient financial support to pay off debts in the next 12 months, so the financial statements are still prepared on the basis of going concern.

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

2 Changes in significant accounting policies

(1) Description and reasons of the changes

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

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

(2) Major impact of changes in accounting policies

(a) New leases standard

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

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

- As a lessee

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

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

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

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

- As a lessor

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

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

- Effect of the application of new leases standard since 1 January 2019 on financial statements

  The impact of adoption new leases standard on the consolidated balance sheet, the consolidated income statement and the consolidated cash flow statement after retrospective adjustments in accordance with Caikuai [2019] No.6 and Caikuai [2019] No.16 (Note2(2)(b)) are summarised as follows:

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

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

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

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

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

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

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

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

Note: The impact of retroactive adjustment of new leases standard (Note 2(2)(a)) and the impact of retroactive adjustment of business combination involving enterprises under common control (Note 3(4)) have been considered.

(c) CAS 7 (2019)

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

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

(d) CAS 12 (2019)

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

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

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; kind of legal entity	Business nature	Registered capital	Shareholding percentage %	Voting rights percentage %
1	Heyuan City Yuan Cheng District Yunshun Passenger Transport Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB100,000.00	100.00	100.00
2	Shenzhen City Man Kam To Bus station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Property management	RMB500,000.00	100.00	100.000

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

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Shareholding percentage %	Voting rights percentage %
1	Chaozhou City Yueyun Vehicle Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB40,000,000.00	100.00	100.00
2	Raoping Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB100,000.00	100.00	100.00
3	Chaozhou City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB18,983,000.00	100.00	100.00
4	Chaozhou City Yueyun Junma Tourism Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB1,000,000.00	55.00	55.00
5	Chaozhou Hongyun Travel Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Tourism service	RMB500,000.00	51.28	51.28
6	Chaozhou Changyun Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Hotel service	RMB887,000.00	100.00	100.00
7	Zhuhai Gongyun Coach Terminal Co., Ltd	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB4,800,000.00	100.00	100.00
8	Zhuhai Gongqi Taxi Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB4,500,000.00	100.00	100.00
9	Zhuhai Qiguan Sightseeing Bus Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB800,000.00	100.00	100.00

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

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Actual capital contribution at the end of the year	Shareholding percentage	Voting rights percentage
1	Shaoguan Jitongtu Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Domestic transportation	RMB16,180,000.00	RMB16,180,000.00	100.00	100.00
2	Guangdong FLY-E Logistics Technology Co.,Ltd.	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Business service	RMB16,830,000.00	RMB8,434,400.00	50.12	50.12

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

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

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

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

Chaozhou Yueyun Group includes six companies, as mentioned in Note 3 (2).

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

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

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

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

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

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

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

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

Zhuhai Gongyun Group includes three companies, as mentioned in Note 3(2).

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

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

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

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

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

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

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

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

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

Identifiable assets and liabilities:

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

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

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

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

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

Identifiable assets and liabilities:

	26 December 2019		31 December 2018
	Book Value	**Fair Value**	Book Value
	RMB	***RMB***	*RMB*
Current assets	**4,755,922.62**	**4,755,922.62**	3,909,762.34
Fixed assets	**136,390.19**	**136,390.19**	211,348.14
Intangible assets	**1,151,328.94**	**2,011,000.00**	1,313,869.50
Other non-current assets	**–**	**–**	18,563.48
Current liabilities	**(3,661,788.83)**	**(3,661,788.83)**	(3,538,386.03)
Net identifiable assets	**2,381,852.92**	**3,241,523.98**	1,915,157.43

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

In 2019, the Group disposed all of its investments in its subsidiaries, including Yangjiang City Yueyun Langri Property Development Company Limited, Heyuan City Yuancheng District Yueyun Transportation Co., Ltd., Heyuan City Yuan Cheng District Yunshun Passenger Transport Co., Ltd and Lianping County Yueyun Passenger Transportation Co., Ltd., and these subsidiaries were no longer included in the scope of consolidation. The operating results and cash flow of the above companies prior to the disposal of the investments have been included in the consolidated income statement and consolidated cash flow statement of the Group.

Seven subsidiaries of the Group ceased operation, and were deregistered in 2019 and excluded from the consolidation scope, which include Yueyun Transportation Technology Service (Guangzhou) Co., Ltd., Zhaoqing City Yueyun Logistics Co., Ltd., Zhaoqing City Yueyun Car Leasing Co., Ltd., Yangjiang City Yueyun Langri Logistics Company Limited, Guangzhou City Yueyun Langri Transportation Co., Ltd., Yangshan County Shuntong Transportation Services Co., Ltd. and Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. The operating results and cash flows of the above companies before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

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

4 ACCOUNTS RECEIVABLE

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

Aging	**31 December 2019** *RMB*	31 December 2018 *RMB* *(Restated)*
Within 3 months (inclusive)	**318,208,984.86**	413,032,874.65
Over 3 months but within 6 months (inclusive)	**29,945,983.46**	1,453,403.43
Over 6 months but within 1 year (inclusive)	**36,325,149.01**	5,269,851.07
Over 1 year but within 2 years (inclusive)	**11,208,215.40**	18,875,569.69
Over 2 years but within 3 years (inclusive)	**5,881,650.41**	7,394,599.40
Over 3 years	**37,912,950.75**	39,469,402.98
Sub-total	**439,482,933.89**	485,495,701.22
Less:Provision for bad and doubtful debts	**(56,735,460.36)**	(50,215,718.11)
Total	**382,747,473.53**	435,279,983.11

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

(2) 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 ageing of accounts receivable and credit loss rate. As the Group's historical credit loss experience indicates significantly different loss patterns for different segments, the loss allowances based on ageing information is further distinguished between the Group's different customer bases, which include road transportation and other service, service zone operation and constructions materials supply for the purpose of measuring ECLs.

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

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

Note: Reasons for accruing bad debt provision by item in 2019:

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

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

	31 December 2019 ***RMB***	31 December 2018 *RMB* *(Restated)*
Balance at the beginning of the year	**(50,215,718.11)**	(115,397,387.38)
Charge into income statement during the year	**(7,694,568.46)**	36,364,063.60
Written-off during the year	**573,180.99**	604,626.80
Deductions resulting from consolidation scope change	**606,524.45**	28,212,978.87
Foreign currency financial statement translation differences	**(4,879.23)**	–
Balance at the end of the year	**(56,735,460.36)**	(50,215,718.11)

5 INVESTMENT PROPERTIES

	Buildings *RMB*	Land use rights *RMB*	Total *RMB*
Cost			
Balance as at 1 January 2018	138,148,672.31	66,788,735.09	204,937,407.40
Decrease during the year			
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
Additions during the year			
Transfer from fixed assets	3,678,028.67	–	3,678,028.67
Decrease during the year			
Disposals	(38,968.05)	–	(38,968.05)
Transfer to fixed assets/intangible assets	(9,898,191.90)	–	(9,898,191.90)
Foreign currency financial statement translation differences	71,256.27	317,888.10	389,144.37
Balance as at 31 December 2019	85,535,349.12	39,897,606.78	125,432,955.90
Accumulated depreciation or amortisation			
Balance as at 1 January 2018	(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)
Additions during the year			
Charge for the year	(2,528,700.89)	(843,970.47)	(3,372,671.36)
Transfer from fixed assets	(369,329.60)	–	(369,329.60)
Decrease during the year			
Disposals	25,572.97	–	25,572.97
Transfer to fixed assets/intangible assets	2,853,682.66	–	2,853,682.66
Foreign currency financial statement translation differences	(63,691.51)	(73,902.69)	(137,594.20)
Balance as at 31 December 2019	(6,289,932.89)	(7,203,522.60)	(13,493,455.49)
Carrying amounts			
As at 31 December 2019	79,245,416.23	32,694,084.18	111,939,500.41
As at 31 December 2018	85,515,757.61	33,294,069.24	118,809,826.85

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

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

6 FIXED ASSETS

	Buildings and structures *RMB*	Building improvements *RMB*	Machinery and equipment *RMB*	Electronic equipment, office equipment and others *RMB*	Transportation vehicles *RMB*	Pier *RMB*	Total *RMB*
Cost							
Balance as at 1 January 2018 *(Restated)*	1,259,125,872.01	161,095,431.67	147,419,979.93	307,338,513.08	3,259,889,212.21	90,628,461.88	5,225,497,470.78
Additions during the year	17,037,442.68	129,928.20	14,659,359.94	30,708,226.83	240,861,749.67	–	303,396,707.32
Transfer from investment properties	46,292,743.09	–	–	–	–	–	46,292,743.09
Transfer from construction in progress	225,922,609.30	31,333,944.74	15,684,814.87	9,960,736.35	372,943,550.82	–	655,845,656.08
Disposals or adjustment upon completion during the year	(2,387,275.59)	(2,879,148.15)	(2,169,677.12)	(7,775,719.32)	(169,647,798.97)	–	(184,859,619.15)
Transfer to right-of-use assets	–	–	–	–	(93,570,642.82)	–	(93,570,642.82)
Deductions resulting from consolidation scope change	(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 differences	1,620,614.24	–	50,427.15	339,243.84	6,536,870.00	–	8,547,155.23
Balance as at 31 December 2018 *(Restated)*	1,532,599,844.82	189,680,156.46	96,794,914.86	337,433,747.22	3,605,630,854.15	–	5,762,139,517.51

	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	38,575,533.00	25,076,532.95	6,528,388.76	29,952,532.66	234,804,003.41	–	334,936,990.78
Transfer from investment properties	9,898,191.90	–	–	–	–	–	9,898,191.90
Transfer from construction in progress	352,028,703.31	61,370,489.46	23,532,537.12	14,753,426.78	923,343,169.39	–	1,375,028,326.06
Additions resulting from consolidation scope change (Note1)	–	–	–	416,912.48	11,743,792.41	–	12,160,704.89
Disposals or adjustment upon completion during the year	(6,989,455.56)	(3,813,918.32)	(5,336,661.56)	(17,667,799.65)	(383,468,307.12)	–	(417,276,142.21)
Transfer to investment properties	(3,678,028.67)	–	–	–	–	–	(3,678,028.67)
Deductions resulting from consolidation scope change (Note2)	–	–	–	(346,083.00)	(21,019,390.74)	–	(21,365,473.74)
Transfer to right-of-use assets	–	–	–	–	(149,605,200.00)	–	(149,605,200.00)
Foreign currency financial statement translation differences	859,660.66	–	25,113.45	160,063.21	5,665,166.86	–	6,710,004.18
Balance as at 31 December 2019	1,923,294,449.46	272,313,260.55	121,544,292.63	364,702,799.70	4,227,094,088.36	–	6,908,948,890.70

	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: Accumulated depreciation							
Balance as at 1 January 2018 *(Restated)*	(313,559,338.00)	(106,168,967.38)	(69,807,708.43)	(202,730,862.03)	(1,720,573,485.29)	(12,864,878.41)	(2,425,705,239.54)
Charge for the year	(50,482,712.23)	(8,339,959.20)	(7,691,299.78)	(39,811,928.40)	(418,212,549.34)	(632,010.87)	(525,170,459.82)
Transfer from investment properties	(11,558,163.23)	–	–	–	–	–	(11,558,163.23)
Written off on disposal	548,700.31	–	428,465.47	7,937,702.79	144,216,103.19	–	153,130,971.76
Transfer to right-of-use assets	–	–	–	–	1,244,442.38	–	1,244,442.38
Deductions resulting from consolidation scope change	4,932,174.29	–	43,506,179.05	2,028,557.20	6,331,237.49	13,496,889.28	70,295,037.31
Foreign currency financial statement translation differences	(597,117.76)	–	(49,234.91)	(247,337.75)	(4,090,526.58)	–	(4,984,217.00)
Balance as at 31 December 2018 *(Restated)*	(370,716,456.62)	(114,508,926.58)	(33,613,598.60)	(232,823,868.19)	(1,991,084,778.15)	–	(2,742,747,628.14)
Charge for the year	(68,696,800.25)	(5,275,300.82)	(10,123,525.22)	(48,557,138.54)	(501,607,057.43)	–	(634,259,822.26)
Transfer from investment properties	(2,853,682.66)	–	–	–	–	–	(2,853,682.66)
Written off on disposal	2,326,704.52	98,852.88	850,874.56	16,651,405.45	317,921,244.72	–	337,849,082.13
Transfer to investment properties	369,329.60	–	–	–	–	–	369,329.60
Deductions resulting from consolidation scope change (Note2)	–	–	–	287,932.50	11,245,046.30	–	11,532,978.80
Transfer to right-of-use assets	–	–	–	–	15,428,040.60	–	15,428,040.60
Foreign currency financial statement translation differences	(326,402.02)	–	(23,970.21)	(113,865.15)	(4,275,710.52)	–	(4,739,947.90)
Balance as at 31 December 2019	(439,897,307.43)	(119,685,374.52)	(42,910,219.47)	(264,555,533.93)	(2,152,373,214.48)	–	(3,019,421,649.83)

	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 2018	–	–	–	–	(3,421,457.35)	–	(3,421,457.35)
Charge for the year	–	–	–	–	(3,489,850.82)	–	(3,489,850.82)
Written off on disposal	–	–	–	–	1,210,626.11	–	1,210,626.11
Balance as at 31 December 2018	–	–	–	–	(5,700,682.06)	–	(5,700,682.06)
Charge for the year	–	–	–	–	(993,002.59)	–	(993,002.59)
Written off on disposal	–	–	–	–	5,615,175.79	–	5,615,175.79
Balance as at 31 December 2019	–	–	–	–	(1,078,508.86)	–	(1,078,508.86)
Carrying amounts							
As at 31 December 2019	1,483,397,142.03	152,627,886.03	78,634,073.16	100,147,265.77	2,073,642,365.02	–	3,888,448,732.01
As at 31 December 2018 *(Restated)*	1,161,883,388.20	75,171,229.88	63,181,316.26	104,609,879.03	1,608,845,393.94	–	3,013,691,207.31

Note1: As mentioned in Note 3(5), the additions of fixed assets due to acquisition of subsidiaries are included in the additions resulting from consolidation scope change.

Note2: As mentioned in Note 3(6), the deductions of fixed assets due to disposal of subsidiaries are included in the deductions resulting from consolidation scope change.

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

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

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

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

7 INTANGIBLE ASSETS

	Land use rights *RMB*	Joint operation earning rights *RMB*	Computer software *RMB*	Coastline use rights *RMB*	Passenger service licenses *RMB*	Station and toll bridge franchise operating rights *RMB*	Line license use rights and route operation rights *RMB*	Trademark rights and others *RMB*	Total *RMB*
Cost									
Balances as at 1 January 2018 *(Restated)*	914,144,256.33	42,747,190.60	46,389,899.40	7,110,000.00	25,263,172.95	387,478,456.26	207,336,494.78	4,316,379.48	1,634,785,849.80
Additions during the year	22,380,492.73	–	14,282,259.03	–	11,642,960.00	–	11,404,000.00	–	59,709,711.76
Transferred from investment properties	27,863,138.55	–	–	–	–	–	–	–	27,863,138.55
Disposals during the year	(1,807,491.19)	–	–	–	–	–	–	–	(1,807,491.19)
Deductions resulting from consolidation scope change	(97,676,190.69)	–	(2,196,666.66)	(7,110,000.00)	–	–	–	(70,000.00)	(107,052,857.35)
Foreign currency financial statement translation differences	1,740,949.13	–	–	–	1,491,018.88	–	–	–	3,231,968.01
Balances as at 31 December 2018 *(Restated)*	866,645,154.86	42,747,190.60	58,475,491.77	–	38,397,151.83	387,478,456.26	218,740,494.78	4,246,379.48	1,616,730,319.58
Additions during the year	18,384,934.79	–	12,575,913.36	–	–	–	47,872,864.72	188,679.24	79,022,392.11
Additions resulting from consolidation scope change (Note)	–	–	2,011,000.00	–	–	–	3,518,485.98	–	5,529,485.98
Disposals during the year	(2,288,045.18)	–	–	–	–	–	(98,500.00)	–	(2,386,545.18)
Foreign currency financial statement translation differences	846,061.14	–	–	–	858,041.81	–	–	–	1,704,102.95
Balances as at 31 December 2019	883,588,105.61	42,747,190.60	73,062,405.13	–	39,255,193.64	387,478,456.26	270,033,345.48	4,435,058.72	1,700,599,755.44

	Land use rights RMB	Joint operation earning rights RMB	Computer software RMB	Coastline use rights RMB	Passenger service licenses RMB	Station and toll bridge franchise operating rights RMB	Line license use rights and route operation rights RMB	Trademark rights and others RMB	Total RMB
Accumulated amortisation									
Balances as at 1 January 2018 *(Restated)*	(132,906,122.48)	(11,705,340.51)	(25,878,967.55)	(1,626,255.33)	–	(230,675,249.71)	(94,514,753.77)	(1,106,871.50)	(498,413,560.85)
Charge for the year	(18,730,146.65)	(3,901,780.17)	(5,783,562.84)	(38,816.55)	–	(18,129,980.38)	(17,926,413.14)	(255,648.52)	(64,766,348.25)
Transferred from investment properties	(3,599,021.10)	–	–	–	–	–	–	–	(3,599,021.10)
Written off on disposal	880,373.18	–	–	–	–	–	–	–	880,373.18
Deductions resulting from consolidation scope change	22,753,003.28	–	1,246,025.64	1,665,071.88	–	–	–	70,000.00	25,734,100.80
Foreign currency financial statement translation differences	(401,616.49)	–	–	–	–	–	–	–	(401,616.49)
Balances as at 31 December 2018 *(Restated)*	(132,003,530.26)	(15,607,120.68)	(30,416,504.75)	–	–	(248,805,230.09)	(112,441,166.91)	(1,292,520.02)	(540,566,072.71)
Charge for the year	(17,935,911.31)	(1,950,890.09)	(8,436,373.49)	–	–	(18,127,980.38)	(21,961,503.49)	(250,920.43)	(68,663,579.19)
Written off on disposal	–	–	–	–	–	–	98,500.00	–	98,500.00
Foreign currency financial statement translation differences	(313,692.46)	–	–	–	–	–	–	–	(313,692.46)
Balances as at 31 December 2019	(150,253,134.03)	(17,558,010.77)	(38,852,878.24)	–	–	(266,933,210.47)	(134,304,170.40)	(1,543,440.45)	(609,444,844.36)
Carrying amount									
As at 31 December 2019	733,334,971.58	25,189,179.83	34,209,526.89	–	39,255,193.64	120,545,245.79	135,729,175.08	2,891,618.27	1,091,154,911.08
As at 31 December 2018 *(Restated)*	734,641,624.60	27,140,069.92	28,058,987.02	–	38,397,151.83	138,673,226.17	106,299,327.87	2,953,859.46	1,076,164,246.87

Note: As mentioned in Note 3(5), the additions of intangible assets due to acquisition of subsidiaries are included in the additions resulting from consolidation scope change.

As at 31 December 2019, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB74,529,760.30 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Company as mentioned in Note 12 (31 December 2018: RMB91,440,914.14). In addition, land use rights with carrying amount of RMB242,768,866.37 (31 December 2018: RMB171,389,758.04) were pledged for bank loans, among which, RMB152,570,542.04(31 December 2018: RMB155,809,179.83) were pledged for long-term loans and RMB90,198,324.33 (31 December 2018: RMB15,580,578.21) were pledged for short-term loans. As at 31 December 2019, intangible assets with carrying amount of RMB931,902.00 (31 December 2018: RMB931,902.00) were pledged for long-term payables. As at 31 December 2019, there were no other restricted intangible assets of the Group.

In addition to the land that are in the process of applying for the certificates of title, certain pieces of land of the Group located in the cities of Heyuan, Shanwei, Shaoguan and Yangjiang have not yet obtained the certificates of ownership. As at 31 December 2019, the carrying amount of land use rights without certificate of title for the Group was RMB10,994,860.20 (31 December 2018: RMB14,685,234.20).

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

8 SHORT-TERM LOANS

	Note	**31 December 2019** ***RMB***	31 December 2018 *RMB*
Unsecured loans		**109,900,000.00**	80,000,000.00
Including: Loans from banks		**109,900,000.00**	40,000,000.00
Loans from Guangdong Provincial Communication Group Finance Company Limited ("GCG Finance")		**–**	40,000,000.00
Loans secured by mortgages	*(1)*	**74,000,000.00**	29,800,000.00
Guaranteed and mortgaged loans	*(2)*	**19,174,050.00**	–
Pledged loan	*(3)*	**18,000,000.00**	–
Total		**221,074,050.00**	109,800,000.00

(1) For the details of assets pledged for secured loans as at 31 December 2019, please refer to Note 6 and 7.

(2) As at 31 December 2019, the loans borrowed by Qingyuan City Qingxin District Yueyun Public Transport Co., Ltd. with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.

(3) As at 31 December 2019, the pledged loan was pledged by Shanwei Yueyun Public Transport Co., Ltd., Haifeng Yueyun Public Transport Co., Ltd., Lufeng Yueyun Public Transport Co., Ltd. and Luhe Yueyun Public Transport Co., Ltd.,which are the Group's subsidiaries, with its 2017 and 2018 central financial energy saving and new energy bus operation subsidy funds as the pledged assets.The short-term loan was borrowed from Shanwei Rural Commercial Bank Co., Ltd by Shanwei Yueyun Transport Co., Ltd.

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

9 ACCOUNTS PAYABLE

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

Items	**31 December 2019** *RMB*	31 December 2018 *RMB* *(Restated)*
Materials payable	**124,936,917.01**	118,231,659.90
Transportation fee payable	**138,390,269.64**	152,124,651.88
Contract payments for cars	**232,314,668.13**	365,996,957.02
Expressway service zones contracts fee payable	**28,360,195.34**	7,469,545.93
Progress payments for constructions	**226,731,189.62**	120,348,187.48
Fuel expenses payable	**16,180,306.84**	12,451,462.80
Service fees payable	**10,459,400.98**	15,555,198.28
Others	**35,118,332.80**	36,513,595.71
Total	**812,491,280.36**	828,691,259.00

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

	31 December 2019 *RMB*	31 December 2018 *RMB* *(Restated)*
Within 3 months (inclusive)	**605,456,947.56**	609,472,141.96
Over 3 months but within 6 months (inclusive)	**60,316,091.60**	44,137,190.16
Over 6 months but within 1 year (inclusive)	**33,621,111.41**	88,613,317.13
Over 1 year but within 2 years (inclusive)	**84,670,027.84**	47,453,531.92
Over 2 years but within 3 years (inclusive)	**5,143,292.29**	9,734,539.78
Over 3 years	**23,283,809.66**	29,280,538.05
Total	**812,491,280.36**	828,691,259.00

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

As at 31 December 2019, the Group's accounts payable with ageing over one year is contract payments for cars, among which, individual amount over RMB10 million are as follows:

Item	**Balance** *RMB*	**Nature and reasons for unsettlement**
Guangzhou BYD Automobile Sales Co., Ltd.	15,412,457.16	Contract payments for cars undue.
Maoming Dianbai Eryun Transportation Co., Ltd.	23,100,294.00	Contract payments for cars undue.
Total	38,512,751.16	

10 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

	Note	**31 December 2019** ***RMB***	31 December 2018 *RMB* *(Restated)*
Long-term loans due within one year	*11*	**445,062,584.81**	188,145,791.97
Long-term payables due within one year		**22,046,427.60**	53,287,967.54
Deferred income due within one year		**–**	51,687,503.76
Lease liabilities due within one year	*27*	**189,313,299.21**	154,264,654.12
Bonds payable due within one year	*12*	**339,334,228.04**	–
Total		**995,756,539.66**	447,385,917.39

11 LONG-TERM LOANS

	Note	**31 December 2019 RMB**	31 December 2018 RMB (Restated)
Unsecured loans		**834,946,877.79**	630,073,915.15
Including: Loans from banks		**154,046,877.79**	42,873,915.15
Loans from GCG Finance		**680,900,000.00**	587,200,000.00
Loans secured by mortgages	*(1)*	**208,720,094.59**	105,812,739.21
Guaranteed loans	*(3)*	**38,336,138.31**	63,163,451.67
Guaranteed and mortgaged loans	*(4)*	**223,058,840.85**	96,971,531.33
Credit and mortgaged loans	*(5)*	**116,589,153.48**	74,537,264.07
Total		**1,421,651,105.02**	970,558,901.43
Less: long-term loans due within one year			
Including: Unsecured loans		**(338,904,733.32)**	(93,668,637.36)
Loans secured by mortgages		**(43,767,244.84)**	(51,443,091.25)
Guaranteed loans		**(22,121,038.36)**	(24,827,313.32)
Secured and guaranteed loans		**(36,269,568.29)**	(18,206,750.04)
Credit and mortgaged loans		**(4,000,000.00)**	–
Sub-total (Note 10)		**(445,062,584.81)**	(188,145,791.97)
Long-term loans due after 1 year		**976,588,520.21**	782,413,109.46
Including: Due after 1 year but within 2 years		**129,746,401.64**	410,927,192.61
Due after 2 years but within 5 years		**846,842,118.57**	371,485,916.85

(1): For the details of assets pledged for secured loans as at 31 December 2019, please refer to Note 5, 6 and 7.

(2): As at 31 December 2019, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 4.27% ~ 4.90% per annum (31 December 2018: 4.28% ~ 5.23% per annum).

(3): As at 31 December 2019 and 31 December 2018, the Group's guaranteed loans were from the subsidiary Foshan City Yueyun Public Transportation Co., Ltd., which were guaranteed by Zhengzhou Anchi Bonding Co., Ltd..

(4): As at 31 December 2019 and 31 December 2018, 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., Meizhou Yueyun Motor Transportation Co., Ltd.,Chaozhou Public Transport Co., Ltd., Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., Qingyuan Yueyun Public Transport Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.

(5): As at 31 December 2019 and 31 December 2018, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, received loans on credit with additional guarantee by its land use rights and buildings.

(6): As at 31 December 2019, there was no overdue borrowing by the Group (As at 31 December 2018: Nil).

12 BONDS PAYABLE

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

On 28 September 2015, the Company entrusted Morgan Stanley Huaxin Securities Company Limited as the lead underwriter and issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB400.00 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal will be returned upon maturity. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after five years of the issue date. On 17 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB380.00 million with a term of 5 years. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after three years of the issue date. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum for the first three years (from 17 December 2015 to 16 December 2018), after three years of the issue date the Company exercised the option to raise the coupon rate to 4.50% per annum. On 17 December 2018, the Company redeemed the bonds with the amount of RMB40 million.

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

13 RETAINED EARNINGS

	Note	2019 RMB	2018 RMB (Restated)
Retained earnings at the beginning of the year		**1,174,583,143.55**	1,111,847,057.62
Add: Net profit for the year attributable to the shareholders of the Company		**304,969,979.22**	300,020,996.48
Less: Appropriation for statutory surplus reserve		**(11,997,685.95)**	(16,800,814.37)
Final dividends in respect of the previous financial year, approved and declared during the year	*(1)*	**(135,974,126.00)**	(127,975,648.00)
Purchase of non-controlling interests		**–**	(4,041,990.56)
Business combinations under common control – consideration for business combination		**(9,886,223.02)**	(88,466,457.62)
Business combinations under common control - other changes (Note 3(4)(b))		**(30,613,846.09)**	–
Retained earnings at the end of the year	*(2)*	**1,291,081,241.71**	1,174,583,143.55

(1) A final dividend of RMB0.17 per share (tax included) for year 2018 were approved for distribution by shareholders at the Annual General Meeting held on 17 June 2019. The total amount of 2018 final dividend was RMB135,974,126.00, calculated based on the total number of shares of 799,847,800 after taking into account of the conversion of PSCS (2018: RMB0.16 per share (tax included), amounting to RMB127,975,648.00 in total).

(2) As at 31 December 2019, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB389,514,799.05 (31 December 2018: RMB366,369,947.55 (Restated)).

14 FINANCIAL EXPENSES

	Note	2019 RMB	2018 RMB (Restated)
Interest expenses from loans, bonds and payables		**96,174,016.20**	77,983,579.89
Less: Borrowing costs capitalised	*(1)*	**(5,539,051.59)**	(8,002,784.60)
Net interest expenses		**90,634,964.61**	69,980,795.29
Less: Interest income		**(19,440,663.32)**	(24,449,826.48)
Exchange (gains)/losses		**(1,266,172.32)**	774,364.69
Amortisation of unrecognized financing charges		**6,120,770.17**	4,468,730.94
Interest expenses from lease liabilities		**100,477,686.30**	97,365,748.62
Others		**10,416,419.94**	7,542,316.12
Total		**186,943,005.38**	155,682,129.18

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

15 OTHER INCOME

	2019	2018
	RMB	*RMB*
		(Restated)
Government grants related to assets (Note 23(1))	**82,521,716.91**	50,451,606.83
Government grants related to income (Note 23(2))	**254,196,053.33**	214,910,335.96
VAT super-deduction	**3,862,908.83**	–
Total	**340,580,679.07**	265,361,942.79

16 INVESTMENT INCOME

	2019	2018
	RMB	*RMB*
		(Restated)
Income from investments in associates accounting for using equity method	**15,123,798.95**	19,873,858.83
Income from investments in joint ventures accounting for using equity method	**27,007,355.83**	13,010,129.17
Gains on disposal of long-term equity investments	**10,167,021.84**	2,349,420.56
Gains from remeasurement of original equity at fair value after acquisition of control right	**6,935,110.60**	–
Others	**(459,381.38)**	(459,381.39)
Total	**58,773,905.84**	34,774,027.17
Including:		
Income from investments in associates accounting for using equity method attributable to shareholders of the company	**17,030,181.04**	19,695,623.11
Income from investments in joint ventures accounting for using equity method attributable to shareholders of the company	**26,697,006.34**	13,490,721.73

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

17 (ACCRUAL)/REVERSAL OF CREDIT LOSSES

	2019	2018
	RMB	*RMB*
		(Restated)
Accounts receivable	**(7,694,568.46)**	36,364,063.60
Other receivables	**(5,236,415.50)**	(18,764,301.50)
Total	**(12,930,983.96)**	17,599,762.10

18 IMPAIRMENT (LOSSES)/REVERSAL

	2019	2018
	RMB	*RMB*
		(Restated)
Long-term equity investments	**(930,000.00)**	–
Prepayments	**5,301,120.45**	(78,863.32)
Inventories	**(6,200.00)**	–
Fixed assets	**(993,002.59)**	(3,489,850.82)
Other Non-current asset/Construction in progress	**(7,970,268.22)**	(2,383,522.75)
Total	**(4,598,350.36)**	(5,952,236.89)

19 GAINS FROM ASSET DISPOSALS

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

20 NON-OPERATING INCOME AND NON-OPERATING EXPENSE

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

	Note	**2019** ***RMB***	2018 *RMB* *(Restated)*
Gains on disposal of non-current assets		**2,609,879.73**	363,411.78
Government grants	*(2)*	**11,405,318.80**	2,896,766.93
Compensations		**1,428,219.53**	2,030,347.66
Others		**13,647,501.61**	13,614,716.52
Total		**29,090,919.67**	18,905,242.89

(2) The government grants of the Group recognised as non-operating income in 2019 and 2018 is disclosed in Note 23(2)(c).

(3) Non-operating expense

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

21 INCOME TAX EXPENSES

(1) Income tax expenses

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

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

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

22 EARNINGS PER SHARE

(1) Basic earnings per share

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

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

Weighted average number of ordinary shares is calculated as follows:

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

(2) Diluted earnings per share

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

23 GOVERNMENT GRANTS

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

(1) Government grants related to assets

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

Items	**Balance at the beginning of the year** *(Restated)*	**Additions during the year**	**Recognition as other income**	**Balance at the end of the year**
Subsidies for vehicles replacement	8,306,665.57	638,873.32	(2,760,937.77)	6,184,601.12
Subsidies for fixed assets renovation	103,200,764.44	9,900,000.00	(10,794,203.97)	102,306,560.47
Tax subsidies for vehicles purchase	13,289,111.39	–	(425,531.88)	12,863,579.51
Subsidies for procurement of new energy vehicles	141,650,660.56	77,250,590.15	(64,310,144.70)	154,591,106.01
Software development subsidies	300,000.00	–	–	300,000.00
Other subsidies related to assets	5,281,580.38	13,447,380.24	(4,230,898.59)	14,498,062.03
Total	272,028,782.34	101,236,843.71	(82,521,716.91)	290,743,909.14

(2) Government grants related to income

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

Impact on income statement items

(a) Offsetting against operation costs:

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

(b) Recognising as other income:

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

(c) Recognising as non-operating income:

Items	**2019** ***RMB***	2018 *RMB* *(Restated)*
Subsidies for vehicles disposals	**3,253,338.73**	1,211,000.00
Other subsidies	**8,151,980.07**	1,685,766.93
Total	**11,405,318.80**	2,896,766.93

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

	Travel services *RMB*	Material logistics *RMB*	Other business *RMB*	Inter-segment eliminations *RMB*	Total *RMB*
2019					
Operating income					
Operating income from external customers	**6,177,879,791.01**	**472,365,063.56**	**6,968,019.40**	**–**	**6,657,212,873.97**
Inter-segment operating income	**–**	**–**	**7,478,190.28**	**(7,478,190.28)**	**–**
Total segment operating income	**6,177,879,791.01**	**472,365,063.56**	**14,446,209.68**	**(7,478,190.28)**	**6,657,212,873.97**
Operating costs	**5,139,762,631.15**	**458,024,828.31**	**7,048,452.89**	**(840,194.30)**	**5,603,995,718.05**
Interest in the profit or loss of associates and joint ventures	**42,131,154.78**	**–**	**–**	**–**	**42,131,154.78**
Impairment losses	**4,598,350.36**	**–**	**–**	**–**	**4,598,350.36**
Depreciation and amortisation	**929,583,156.60**	**7,095,767.12**	**1,078,697.44**	**794,078.54**	**938,551,699.70**
Profit before income tax	**476,248,419.07**	**20,016,497.47**	**1,043,505.49**	**–**	**497,308,422.03**
Income tax expenses	**127,277,534.02**	**4,211,800.78**	**121,720.32**	**613,664.11**	**132,224,719.23**
Net profit	**348,970,885.05**	**15,804,696.69**	**921,785.17**	**(613,664.11)**	**365,083,702.80**
Total assets	**13,772,842,800.45**	**31,714,925.62**	**41,043,830.23**	**(2,750,596,074.84)**	**11,095,005,481.46**
Total liabilities	**8,606,187,725.59**	**15,710,479.95**	**53,579,520.59**	**(1,067,394,034.57)**	**7,608,083,691.56**
Other important non-cash items:					
– Long-term equity investments in associates and joint ventures	**428,963,608.71**	**–**	**–**	**–**	**428,963,608.71**
– The amounts of increase/(decrease) of non-current assets other than long-term equity investments	**549,917,015.10**	**–**	**(827,393.96)**	**43,954,830.78**	**593,044,451.92**

	Travel services *RMB*	Material logistics *RMB*	Other business *RMB*	Inter-segment eliminations *RMB*	Total *RMB*
2018 (Restated)					
Operating income					
Operating income from external customers	5,588,024,256.67	936,921,286.04	6,902,123.98	–	6,531,847,666.69
Inter-segment operating income	–	–	7,420,529.56	(7,420,529.56)	–
Total segment operating income	5,588,024,256.67	936,921,286.04	14,322,653.54	(7,420,529.56)	6,531,847,666.69
Operating costs	4,481,762,463.71	885,556,363.59	7,304,172.67	(854,267.01)	5,373,768,732.96
Interest in the profit or loss of associates and joint ventures	32,883,988.00	–	–	–	32,883,988.00
Impairment losses	5,952,236.89	–	–	–	5,952,236.89
Depreciation and amortisation	795,456,048.89	8,273,485.20	1,104,791.81	(68,360.38)	804,765,965.52
Profit before income tax	417,237,359.76	78,901,622.53	1,035,114.77	(561,858.17)	496,612,238.89
Income tax expenses	123,511,609.39	20,573,908.48	410,329.16	2,323,768.63	146,819,615.66
Net profit	293,725,750.37	58,327,714.05	624,785.61	(2,885,626.80)	349,792,623.23
Total assets	12,998,569,728.99	30,868,726.02	40,553,542.25	(2,557,045,315.35)	10,512,946,681.91
Total liabilities	7,851,941,543.33	18,583,961.48	54,011,017.78	(918,078,071.38)	7,006,458,451.21
Other important non-cash items:					
– Long-term equity investments in associates and joint ventures	405,629,011.27	–	–	–	405,629,011.27
– The amounts of increase/(decrease) of non-current assets other than long-term equity investments	984,199,722.87	(217,429,129.98)	(1,048,879.73)	3,156,465.82	768,878,178.98

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

(3) Major customers

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

25 NET CURRENT LIABILITIES

	2019	2018
	RMB	*RMB*
		(Restated)
Current assets	**2,512,546,911.13**	2,549,759,935.51
Less: Current liabilities	**(3,358,085,953.80)**	(2,745,206,197.56)
Net current liabilities	**(845,539,042.67)**	(195,446,262.05)

26 TOTAL ASSETS LESS CURRENT LIABILITIES

	2019	2018
	RMB	*RMB*
		(Restated)
Total assets	**11,095,005,481.46**	10,512,946,681.91
Less: Current liabilities	**(3,358,085,953.80)**	(2,745,206,197.56)
Total assets less current liabilities	**7,736,919,527.66**	7,767,740,484.35

27 LEASE

(1) As a lessee

(a) Right-of-use assets

	Buildings and structures *RMB*	Transportation vehicles *RMB*	Land lease *RMB*	Others *RMB*	Total *RMB*
Cost					
Balance as at 1 January 2018	1,988,897,224.33	163,847,049.93	77,808,900.42	11,725,777.12	2,242,278,951.80
Additions during the year	332,080,365.53	93,965,878.20	32,795,577.48	12,796,059.22	471,637,880.43
Reduction during the year	(85,675,081.93)	(1,279,951.26)	(127,614.49)	(1,773,343.02)	(88,855,990.70)
Balance as at 31 December 2018	2,235,302,507.93	256,532,976.87	110,476,863.41	22,748,493.32	2,625,060,841.53
Additions during the year	79,381,492.46	150,009,267.34	252,274.95	1,260,922.65	230,903,957.40
Reduction during the year	(53,961,478.51)	(369,011.41)	(2,249,025.79)	(12,861,345.14)	(69,440,860.85)
Balance as at 31 December 2019	2,260,722,521.88	406,173,232.80	108,480,112.57	11,148,070.83	2,786,523,938.08
Less: Accumulated depreciation					
Balance as at 1 January 2018	(482,360,191.87)	(28,326,926.85)	(23,619,224.06)	(8,463,866.31)	(542,770,209.09)
Balance as at 31 December 2018	(585,286,252.17)	(74,124,987.57)	(30,738,137.85)	(12,707,688.07)	(702,857,065.66)
Balance as at 31 December 2019	(692,281,955.51)	(132,463,396.66)	(35,734,157.60)	(8,265,789.42)	(868,745,299.19)
Carrying amounts					
Balance as at 1 January 2018	1,506,537,032.46	135,520,123.08	54,189,676.36	3,261,910.81	1,699,508,742.71
Balance as at 31 December 2018	1,650,016,255.76	182,407,989.30	79,738,725.56	10,040,805.25	1,922,203,775.87
Balance as at 31 December 2019	1,568,440,566.37	273,709,836.14	72,745,954.97	2,882,281.41	1,917,778,638.89

As at 31 December 2019, transportation vehicles with carrying amount of RMB272,390,927.86 were ledged for lease (31 December 2018:RMB180,656,935.41).

(b) Lease liabilities

	31 December 2019 *RMB*	31 December 2018 *RMB*
Long-term lease liabilities	**2,037,643,345.59**	2,005,393,828.74
Less: lease liabilities due within one year	**(189,313,299.21)**	(154,264,654.12)
Total	**1,848,330,046.38**	1,851,129,174.62

	2019 *RMB*	2018 *RMB*
Short-term lease expenses applied the practical expedient	**44,538,371.47**	40,504,269.54
Variable lease payments not included in the measurement of lease liabilities	**22,797,562.54**	16,907,392.42
Income from sub-leasing right-of-use assets	**511,448,200.70**	467,105,599.73
Total cash outflow for leases	**320,412,592.71**	315,260,434.12

(2) As a lessor

(a) Operating lease

	2019 *RMB*	2018 *RMB*
Lease income	**665,227,531.82**	629,087,341.92
Including: income related to variable lease payments not included in lease receipts	**38,833,613.08**	40,336,876.78
Within 1 year (inclusive)	**551,491,587.59**	532,872,857.75
Over 1 year but within 2 years (inclusive)	**497,479,674.73**	490,190,022.42
Over 2 years but within 3 years (inclusive)	**418,073,459.07**	462,671,014.81
Over 3 years but within 4 years (inclusive)	**347,793,692.49**	394,369,895.88
Over 4 years but within 5 years (inclusive)	**290,919,317.40**	332,670,852.94
Over 5 years	**2,095,299,439.17**	2,116,371,885.90
Total	**4,201,057,170.45**	4,329,146,529.70

(b) Finance lease

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS (ALL AMOUNTS ARE PRESENTED IN RMB, UNLESS OTHERWISE STATED)

BUSINESS REVIEW

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

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

TRAVEL SERVICES SEGMENT

1. Road passenger transportation and auxiliary

As a leader in the road passenger transportation industry in the Guangdong province, the Group committed to improving user experience by proposing the Yueyun proposal of integrated travel services. The policy of "One County One Target (一縣一主體)" for consolidation of transportation resources was actively promoted. In 2019, Lufeng of Shanwei was included in the network, bringing the number of counties and towns under the policy of "One County One Target" to 12, including 2 in Yangjiang, 3 in Meizhou, 3 in Qingyuan, 3 in Shaoguan and 1 in Shanwei. The Group strengthened the foundation of its routes and enhanced the quality of the premium routes to secure loyal customers. The Group continued to push forward its strategic transfer by which integrated transportation services across urban and rural areas have been expanded, product mix had been enriched and transportation across regions has been strengthened. "Big changed to small", "high, medium and low" and other measures have been adopted to optimize the structure of models of vehicles, and piloting adjustments to the structure of vehicle models or the diversity of the portfolio of vehicle models to enhance customers' experience. We were determined to eliminate excessive capacity and reduce inefficient supply and demand in a timely manner, suspend bus routes with significant decline in number of customers and no profit contribution. We enriched our product portfolio, strengthened operational advantages in regional passenger transportation network integration scale, vigorously promoted the development of online car-hailing, TC (Transportation Community) public transportation, charter coach, customized bus route, shuttle bus, inter-county routes, rural passenger integrated transport business. The Group developed attractive transportation and tourism products, actively built the integrated Yueyun travel service platform, promoted customized passenger transportation and online car-hailing. Nine regional companies completed Nanyuetong (南粵通) standardization, switching of integrated station service system, implementation of station service cloud. Speeding up the construction of Yuexing platform and optimizing the travel modes, nine branches of Guangdong Yueyun Development Co., Ltd. obtained official approval for online car-hailing operation from the local Ministry of Transport in Zhongshan, Heyuan, Shaoguan, Chaozhou, Zhaoqing, Yangjiang, Meizhou, Qingyuan and Foshan, respectively. As of the end of December 2019, the Yuexing (悦行) platform inter-city car-pooling business commenced online operation in six cities; namely Yangjiang, Chaozhou, Zhongshan, Zhaoqing (Zhaoqing City, Sihui, Huaiji). Total of 19 routes were added, service order reached 103,400, serving 140,800 passengers. Among which online order reached 40,500, serving 59,500 passengers; offline order reached 62,900, serving 81,300 passengers. The Yuexing platform provided customized travel services, currently, 6 regional companies were online, namely Chaozhou, Meizhou, Heyuan, Shaoguan, Guangzhou and Qingyuan. Total of 39 routes were added, serving 27,000 passengers. The cumulative transaction amount of the Yuexing platform reached RMB557 million, representing a year-on-year increase of 9.20%. Number of online users accumulated to 5.581 million, representing a year-on-year increase of 22%. Leveraged on the existing user base, we materialized the sales of Passenger Personal Accident Insurance (乘客人身意外傷害保險) and soft sell advertising (軟文推送) to generate income.

The Group continued to promote the development of travel and transportation business. We entered into the Hxtrip (好行網) cooperation agreement with National Alliance of Tourist Distribution Centers (全國旅遊集散中心聯盟) at the beginning of the year, Hxtrip had been connected with the WeChat account of Yueyun Transportation, online travel and transportation products of Yueyun Transportation were linked with Hxtrip. This year, Chaozhou ancient town was selected as the highlight tourism spot of the Company. We planned to turn travel and tourism business into a replicable business model, and boost the shuttle bus business, public transportation business and online car-hailing business with the travel and tourism business, by way of gathering scattered travelers by combining tourist gathering and distribution centers in different areas as well as the high-speed rail.

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

2. *EXPRESSWAY SERVICE ZONES OPERATION*

(1) Energy Business

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

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

(2) Retail Business

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

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

(3) Merchant Solicitation Business

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

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

(4) *Advertising Business*

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

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

3 *OPERATION OF TAIPING INTERCHANGE*

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

MATERIAL LOGISTICS SEGMENT

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

FINANCIAL REVIEW (DATA OF 2018 RESTATED)

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

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

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

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

In accordance with the requirements under the CAS No.21 – Lease (Revised) (the "**new lease standard**") issued by the Ministry of Finance in 2018, the Group has applied the new lease standard since 1 January 2019, the related accounting policies were adjusted and comparative financial statement data has been restated. In light of the adjustment made according to the new lease standard, the net profit of the Group for 2018 was reduced by RMB18,630,000, the year-end shareholders' equity of the Group for 2018 was reduced by RMB148,475,000 and the year-end total assets of the Group for 2018 increased by RMB1,590,338,000. Particulars of changes on relevant standards are set out in page 7-9 of this announcement.

SEGMENT INFORMATION

OPERATING INCOME

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

Operating income by business segments:

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

1. Travel Service

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

(1) The road passenger transportation and auxiliary recorded an operating income of RMB3,787,138,000 in 2019 (2018: RMB3,657,880,000), representing a year-on-year increase of RMB129,258,000 or 4%.

(2) The operating business of expressway service zones recorded an operating income of RMB2,252,909,000 in 2019 (2018: RMB1,710,126,000), representing a year-on-year increase of RMB542,783,000 or 32%, which was mainly attributable to the year-on-year increase in the scale of self-operated gas stations and service zones.

a) The energy business generated operating income of RMB1,282,503,000 in 2019 (2018: 911,496,000), representing a year-on-year increase of RMB371,007,000 or 41%, which was mainly due to the increase in size and sales volume of self-operated gas stations.

b) The retail business generated an operating income of RMB529,385,000 in 2019 (2018: RMB453,453,000), representing a year-on-year increase of RMB75,932,000 or 17%, which was mainly due to the optimization of products and operation mode in Loyee convenience stores.

c) The merchant solicitation business generated an operating income of RMB312,396,000 in 2019 (2018: RMB245,732,000), representing a year-on-year increase of RMB66,664,000 or 27%, which was mainly due to the increase in the size of service zones and the improvement in the value of merchant solicitation on the platform through differentiation strategies.

d) The advertising business generated an operating income of RMB128,625,000 in 2019 (2018: RMB99,445,000), representing a year-on-year increase of RMB29,180,000 or 29%, which was mainly due to the year-on-year increase in income derived from advertising post resources.

(3) The operation of Taiping Interchange generated an operating income of approximately RMB137,833,000 in 2019 (2018: RMB220,019,000), representing a year-on-year decrease of RMB82,186,000 or 37%, which was mainly due to the traffic diversion to Nansha Bridge and Dongguan-Panyu Expressway Phase I and restriction of large trucks.

2. Material Logistics

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

GROSS PROFIT

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

Gross profit by business segments:

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

1. TRAVEL SERVICE

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

(1) Road passenger transportation and auxiliary generated gross profit of RMB495,666,000 in 2019 (2018: RMB574,166,000), representing a year-on-year decrease of RMB78,501,000, or 14%, with a gross profit margin of 13% (2018: 16%). The decrease in gross profit and gross profit margin was mainly due to the increase in cost of depreciation and amortization as a result of purchasing new energy fully-electric vehicles for the transformation and upgrade of service. The government grants received corresponding to operating income was RMB220,478,000 (2018: RMB199,789,000) and the asset related subsidies amortized and charged to profit or loss for the year corresponding to the useful life of assets such as vehicle was RMB64,310,000 (2018: RMB46,780,000) were both accounted as "other Income". After the restoration of subsidies, the gross profit for the year was RMB780,454,000 (2018: RMB820,735,000) and the corresponding gross profit margin was 21% (2018: 22%).

(2) The business of expressway service zones recorded a gross profit of RMB436,929,000 in 2019 (2018: RMB348,626,000), representing a year-on-year increase of RMB88,303,000 or 25%, and the gross profit margin was 19% (2018: 20%). The change in gross profit was mainly due to the increase in income and gross profit as a result of service zones expansion and the change in the operation model of the energy business.

a) The gross profit for the energy business in 2019 was RMB172,858,000 (2018: RMB133,877,000), representing a year-on-year increase of RMB38,981,000 or 29%, with a gross profit margin of 13% (2018: 15%), which was mainly due to the increase in size and sales volume of self-operating energy business.

b) The retail business generated a gross profit of RMB83,819,000 in 2019 (2018: RMB83,357,000), representing a year-on-year increase of RMB462,000 or 1%. The year-on-year decrease in gross profit margin was due to the fact that integrated benefits were not fully released given significant investment in the induction period of new convenience stores. The gross profit margin was 16% (2018: 18%).

c) The merchant solicitation business generated a gross profit of RMB112,033,000 in 2019 (2018: RMB80,593,000), representing a year-on-year increase of RMB31,440,000 or 39%, which was mainly due to a year-on-year increase in income from merchant solicitation. Gross profit margin was 36% (2018: 33%). The year-on-year increase in gross profit margin was mainly due to a year-on-year increase in income from merchant solicitation and the increase in cost of merchant solicitation business was under control as a result of scale economy.

d) The advertising business generated a gross profit of RMB68,219,000 in 2019 (2018: RMB50,799,000), representing a year-on-year increase of RMB17,420,000 or 34%, which was mainly due to a year-on-year increase in income. The gross profit margin was 53% (2018: 51%).

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

2. MATERIALS LOGISTICS

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

TAX AND SURCHARGES

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

SELLING EXPENSES

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

ADMINISTRATIVE AND R&D EXPENSES

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

FINANCE EXPENSES

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

OTHER INCOME

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

INVESTMENT INCOME

Investment income in 2019 amounted to RMB58,774,000 (2018: RMB34,774,000), representing a year-on-year increase of RMB24,000,000 or 69%, which was mainly attributable to the year-on-year increase in the net profit for 2019 from Zhuhai Yuegongxin Marine Shipping Limited Liability Company (珠海粵拱信海運輸有限責任公司), an associate of the Group, and Guangdong Zhong Yue Tong Oil Products Operation Company Limited (廣東中粵通油品經營有限公司), a joint venture of the Company.

CREDIT IMPAIRMENT (REVERSAL)/LOSSES

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

IMPAIRMENT LOSSES OF ASSETS

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

GAINS ON DISPOSAL OF ASSETS

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

NON-OPERATING INCOME AND EXPENDITURE

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

LIQUIDITY AND CAPITAL STRUCTURE

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards the use of funds. The Group satisfied its requirements for cash in respect of its payment obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and bank borrowings. The Group fully leveraged on the favorable interest rate environment of the bond market to optimize its financial structure and lower overall financial costs through comparatively low-cost financial channels. The Group enhanced capital allocation through the operation of cash pooling, in order to effectively reduce the need for external loans and increase the efficiency of capital utilization. Benefitting from the strict budget controls towards the funds and the improvements on the financial structure, at the end of 2019, the balance of available bank facilities of the Group amounted to RMB1,962,719,000 and net cash inflow from operations at the end of the period amounted to RMB1,491,858,000, which provided sufficient protection for the Group's operating loans, ensuring repayment of principal and interest without risk of default.

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

Note:

Gearing ratio = Net debt/Total equity
Total equity = Net debt + Total equity attributable to shareholders
Asset to liability ratio = Total liabilities/Total assets

CASH FLOWS

During 2019, the Group satisfied its requirements for payment of its obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and long-term borrowings with low interest rates. Cash and cash equivalents during 2019 (after excluding the effect of exchange rate movement) were as follows:

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

OPERATING ACTIVITIES

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

INVESTING ACTIVITIES

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

FINANCING ACTIVITIES

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

BORROWINGS

As of 31 December 2019, outstanding borrowings of the Group amounted to RMB2,668,511,000 (31 December 2018: RMB2,031,029,000), comprising (i) unsecured short-term loans of RMB109,900,000 (31 December 2018: RMB80,000,000); (ii) secured short-term loans of RMB93,174,000 (31 December 2018: RMB29,800,000); (iii) pledged short-term loans of RMB18,000,000 (31 December 2018: nil); (iv) unsecured long-term loans of RMB873,283,000 (31 December 2018: RMB693,237,000); (v) secured long-term loans of RMB548,368,000 (31 December 2018: RMB277,322,000); (vi) finance leases payable (lease liabilities): RMB288,290,000 (31 December 2018: RMB214,330,000); and (vii) bonds payable of RMB737,496,000 (31 December 2018: RMB736,340,000). As of 31 December 2019, the majority of the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates, of which borrowings with fixed interest rate accounted for approximately 40%.

SIGNIFICANT INVESTMENTS HELD

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

MAJOR ACQUISITIONS AND ESTABLISHMENT OF NEW COMPANY

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

* *For identification purpose only.*

MAJOR PROPERTIES HELD FOR INVESTMENT

Set out below are the major properties held for investment by the Group as at 31 December 2019:

Name of property	Address	Usage	Types of lease
Hong Kong Plaza	Unit 13-14, 24/F and Unit 8-12, 31/F, Hong Kong Plaza, 188 Connaught Road West, Sai Wan, Hong Kong	Operating lease	Short-term (within 10 years)
Zijin Old Station – Main Building, Clock Tower, Office of Canteen	No. 99, Jinshan Boulevard Central, Zijin County, the PRC	Operating lease	Short-term (within 10 years)
King's Court, Wai Ching Street, Jordan Road, Kowloon	No. 1-2 office, 1/F, King's Court, No. 65, 67, 69, 71, 73, 75, Wai Ching Street, Jordan Road, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
Underground Shop, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon	Underground Shop, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
Apartment of Drivers	Interchange between Fuqianxi Road and Huancheng Road, Qujiang District, Shaoguan City, the PRC	Operating lease	Short-term (within 10 years)
Passenger Traffic Center Building in Lianzhou	No. 136, Beihu Road, Lianzhou, the PRC	Operating lease	Short-term (within 10 years)
Complex Building of Vehicle Passenger Terminal in Danxia Mountain	Complex Building of Vehicle Passenger Terminal in Danxia Mountain, the PRC	Operating lease	Short-term (within 10 years)

PLEDGE OF ASSETS

As at 31 December 2019, fixed assets at the net value of approximately RMB403,898,000 (31 December 2018: RMB232,177,000) and land use rights at the net value of RMB243,701,000 (31 December 2018: RMB172,322,000) of the Group were pledged as security for borrowings. None of investment properties of the Group were used as collaterals for bank borrowings (31 December 2018: RMB21,607,000). Transportation vehicles at the value of approximately RMB272,391,000 (31 December 2018: RMB180,657,000) of the Group were pledged as security for lease.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the operating income and expenditure of the Group are settled or denominated in RMB, except for the revenue and expenditure related to cross-border transportation services. In 2019, the impact of exchange rate fluctuations on the working capital and liquidity of the Group was relatively small. The Directors believe that the Group has sufficient foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

CONTINGENT LIABILITIES

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

MAJOR INVESTMENTS AND KEY BUSINESS DEVELOPMENTS OF THE GROUP IN 2020

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

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

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

I. Road Passenger Transportation and Supports

(1) We continue to strengthen and optimize our core business, optimize and adjust road passenger transportation resources, innovate service product categories, and promote and improve the inter-city and inter-county route operating system by application of Yuexing platform.

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

(3) We shall streamline the process of scientific selection of pick up-and drop-off points by onsite observation of target customers' traffic norms and choosing the prime locations along our routes. Adopting the supply-side reform approach, we adhere to the refined management thinking, and focus on various tasks of the "Service Quality Improvement Year" and increase spending in important areas in order to enhance customers' travel safety, convenience, cost-effectiveness, and comfort.

(4) Fully utilizing the results of our service quality survey, we take targeted service improvement measures. We assert our brand by paying attention to details, for instance, enforcement of dress codes for unity and standardization of our staff's visual image and optimization of our vehicle VI (corporate visual identity) design. For boosting of our number of passengers, we make all possible efforts, such as enhancement of aesthetic appeal our station concourses, improvement of station order, and provision of high quality services. We strengthen customer service quality of WeChat Public Platform and summarize and analyze customer feedback for further improvement. We strengthen service-specific skill training to further improve service attitude and tactics of our frontline staff and management personnel. With multi-pronged measures, our transportation services can truly satisfy our customers' travel needs.

(5) Being more customization to our target customers, we enhance our marketing capability of road passenger transportation business to such specific groups, and they may identify "Yueyun Express" as their means of transport and "Yueyun Station Concourse" as their place. It is more probable create more revenue-generating opportunities by providing customers with more value-added services.

(6) Setting up joint membership plan which covers transport tickets, resources, convenience stores, Fly-E (Guangdong Fly-E Logistics Technology Co., Ltd.), road rescue, etc. Hence, marketing initiatives taken by us can simultaneously involve various business segments and external business units. In order to fully activate the online function of Nanyuetong (南粵通) and realize collaboration with Tencent and Donghua as soon as possible, we accelerate implementation of the "one ticket, one network, one center, one platform" information-based top-level design to facilitate the "Digital Transformation and Platform Operation" of the Company, especially, our road passenger transportation business. In such way, we can achieve standardization, intelligence and onlineization of business operations and management. We upgrade the calculation capability of "Yuexing (悅行)" platform and strengthen the intelligentization of our passenger transportation business, forging ahead to the realization of "Press and Travel (一鍵出行)". We have set up a passenger transportation vehicle management platform to strengthen data management and application.

(7) The Group's traffic rescue business optimizes its resource allocation through implementation of scientific analysis results of vehicle incidents in terms of distribution of toll stations and rescue stations along expressways. In particular, we focus on incidents in our expressways and do in-depth research on related facts. With the help of information systems to analyze data such as the space, time, and vehicle flow at which accidents and incidents occurred, we can scientifically optimize the allocation of rescue resources, improve resource utilization and improve operating efficiency while maintaining smooth traffic flow.

II. Expressway Service Zone Operation

1. Energy Business

(1) We are exerting more efforts in energy-driven development. We keep on expand our energy network. The construction of more than 20 new self-operated gas stations in service zones such as Ketang, Qingyuan, and Jiangyao has been speeded up for their commencement of operation by the end of the 13th Five-Year Plan. By that time, we shall have 60 self-developed and self-operated gas stations and a network of self-operated gas stations along those expressway will be initially formed.

(2) Continuing to rely on the rational distribution of resources, we keep strengthening the brand building of self-operated gas stations by improving the management capabilities specifically for chain-stores on aspects including design, planning, application for building permission, construction, certification, acceptance, operation, marketing, customer relationships, and service, so as to increase refueling volume of and income from every station. We shall also strengthen the centralized purchase management of refined fuel for transportation units.

(3) We shall further deepen the innovative development of the revenue model in energy business with business partners. We shall deepen our cooperation with Sinopec and PetroChina for the establishment of a new cooperation model of mutual benefit and actively promote in-depth cooperation with joint ventures in energy business such as gas stations for rapid expansion of our gas station business.

(4) We shall accelerate the improvement of our energy business structure by exploring upstream integration along the industry chain of refined fuel products and tapping into the refined fuel storage sector, gradually forming a relatively complete industrial chain which covers refined fuel storage, wholesale, and sales to end-users. As such, we can substantially increase our operating income and effectively reduce market risks.

(5) We shall continue to explore the development model for urban charging pile business and promote the external charging business in the form of cooperative construction of stations. Leveraging on publicly available charging service platforms, we expand our charging business and continue to improve the capability of our self-service charging stations and charging piles in serving the society.

2. Retail business

(1) We shall strengthen the "integrator" function of retail business and enhance its market-oriented competitiveness. "Yueyun Loyee" retail store network is being expanded further, with a strategic target of 60 new stores and over 600 service outlets. For stores at traffic hubs, they tend to be operating in the forms like supermarkets.

(2) We shall continue to enrich the contents of "Big Retail" by comprehensively implementing the businesses of "Big Distribution" and "Group Buying by Major Clients" in areas such as food courts in service zones and living areas of property owners, strengthening the synergies among the three major business segments of retailing, purchasing and sales, and distribution, expanding and strengthening the proprietary business of local specialties, and further exploiting the value of supply chain.

(3) We shall accelerate enriching the product categories and optimizing the product mix, adjust the pricing structural system, and complete the accounting for operating revenue of each store and per capita value.

(4) We shall actively promote the innovation and application of management models by further proceeding with the comprehensive implementation of the "amoeba" operational management model in the business divisions. Through analysis and assessment of the existing operation model with focus on size, the retail business will be refined, reduced in size and strengthened to enhance the competitiveness of the retail business.

3. Merchant solicitation business

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

(2) Commercial operation will be promoted to enhance the business operating capabilities in service zones. The merchant solicitation management measures and flow process will be improved to create a merchant soliciting environment with excellent conditions and comprehensive functions. Management of merchant solicitation business will be improved and enhanced to activate idle shop resources, increase the utilization rate of commercial areas and further explore the potential value of new projects such as vehicle repairs. Connecting of merchant data systems in the service zones will be accelerated to establish a merchant solicitation data model to enhance the merchant solicitation capability of each zone and to digitize the merchant value exploitation capabilities.

(3) The brand influence of commercial properties will be enhanced to realize a branding pool with more than 100 brands. Presence of branded shops in the service zones will be accelerated to optimize the types of brands and merchant categories in the service zones to enhance the overall positioning of the service zones.

(4) Comprehensive development of the hub service zones will be implemented. Based on the upgrading and transformation experience of service zones, business upgrading and transformation in designated service zones will be carried out. Some projects will be promoted to attract social capital for joint development and operational management to innovate the investment and business operation models for business transformation projects.

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

4. *Advertising business*

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

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

For significant investment and business development in 2020, the financing required by the Group will be satisfied by our own funds, bank loans, etc.

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 2019.

Closure of Register of Members

The Company's annual general meeting (the "**AGM**") will be held on Wednesday, 17 June 2020. In order to determine the shareholders who will be entitled to attend and vote at the AGM, the Company will suspend registration of transfer of shares. The details are as follows (all dates and time mentioned herein are Hong Kong time):

To determine the shareholders who will be entitled to attend and vote at the 2019 AGM

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

The register of members of the Company will be closed during the above period. In order to determine the qualification of H-Share holders to attend and vote at the 2019 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by the abovementioned deadlines.

Dividend

The Company is making progress on the plan on issue and listing of its A shares. Pursuant to the relevant regulations of the China Securities Regulatory Commission, the Board proposes for passing of a resolution at the annual general meeting that no distribution of profit shall be made to the shareholders for 2019, taking into account factors such as the Company's future development, the interest of shareholders, etc. Accordingly, the Board did not recommend the payment of any dividend for the year ended 31 December 2019. To ensure a reasonable return on investment and implement a sustained and stable profit distribution policy, the Company will consider proposal for interim profit distribution for 2020 in light of the progress of its A share issuance and listing plan and the actual operating conditions.

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.

The Company has complied with the code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules for the year ended 31 December 2019.

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 2019. 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 2019.

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; and to formulate corporate governance policy and perform corporate governance functions of the Company and to review and monitor the corporate governance of the Company. The detailed terms of reference of the Audit and Corporate Governance Committee are set out in the Working Rules for the Audit and Corporate Governance Committee of the Board published on the websites of the Stock Exchange and the Company on 7 May 2019.

In the year of 2019, the members of the Audit and Corporate Governance Committee met regularly with the senior management of the Company and external auditors and reviewed the audit reports and financial statements of the Group, and listened to the work reports from the management and financial management department, and provided advice and recommendations to the management. The Audit and Corporate Governance Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2019 and recommended their adoption by the Board.

In the year of 2019, the members of the Audit and Corporate Governance Committee reviewed the effectiveness of the internal control 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 2019 with an attendance rate of 100%. The Audit and Corporate Governance Committee members' attendance records of the Audit and Corporate Governance Committee's meetings for the year ended 31 December 2019 are set out below:

	Meetings attended/held	**Attendance rate**
Ms. Lu Zhenghua (Chairman)	2/2	100%
Mr. Li Bin (Resigned on 17 June 2019)	1/1	100%
Mr. Jin Wenzhou	2/2	100%
Mr. Chen Chuxuan	1/1	100%

Functions of Corporate Governance

The corporate governance policies of the Company were included in other internal regulations and systems of the Company, such as the Articles of Associations, the rules of procedure for the general meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee. The Audit and Corporate Governance Committee has reviewed the disclosures in the Corporate Governance Report of the Company for the year ended 31 December 2019 as per its responsibilities, and reviewed the corporate governance of the Company.

2. *Remuneration Committee*

The primary duties of the Remuneration Committee are (among others): to advise the Board in respect of the remuneration policy and structure of the Directors and senior management; to review and approve the remuneration recommendations by the management according to the corporate policies and objectives set by the Board; to recommend to the Board the remuneration packages of Directors and senior management 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 2019, the Remuneration Committee comprised two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua, and one non-executive Director, Mr. Chen Chuxuan. Mr. Zhan Xiaotong was the chairman of the Remuneration Committee. The Remuneration Committee held two meetings during the year ended 31 December 2019 with an attendance rate of 100%. The Remuneration Committee proposed recommendations on the Company's remuneration policy for 2019 and assessed the performance of the executive Directors.

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

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

3. *Nomination Committee*

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

As at 31 December 2019, the Nomination Committee had one executive Director, Mr. Xuan Zongmin, and two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua. Mr. Xuan Zongmin is the chairman of the Nomination Committee. The Nomination Committee held three meetings during the year ended 31 December 2019 with an attendance rate of 100%. During the year ended 31 December 2019, the Nomination Committee: (i) review the structure, size and composition (including the skills, knowledge and experience of the Board); (ii) review and recommend candidates for the seventh session of the Board: Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong and Mr. Wen Wu as executive Directors; Mr. Chen Min, Mr. Guo Junfa and Mr. Chen Chuxuan as non-executive Directors; and Mr. Jin Wenzhou, Ms. Lu Zhenghua, Mr. Zhan Xiaotong and Ms. Wen Huiying as independent non-executive Directors; propose approval of re-appointment of Mr. Xuan Zongmin, an executive Director, as the chairman of the seventh session of the Board, and propose that these terms of office shall be same as the term of the seventh session of the Board; propose the nomination of Mr. Tang Yinghai, an executive Director, as the general manager of the Company with identical term of office as the term of the seventh session of the Board (after consent for the nomination had been granted by the chairman of the seventh session of the Board, it was proposed to the seventh session of the Board for re-appointment); (iii) to consider and recommend to the Board the nomination of Mr. Chen Chuxuan as a member of the Audit and Corporate Governance Committee and Remuneration Committee; (iv) consider and recommend to the Board the nomination of Mr. Zhang Xian as a new Director of the Company; and (v) assess the independence of the independent non-executive Directors.

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

	Meetings attended/held	Attendance rate
Mr. Xuan Zongmin (Chairman)	3/3	100%
Mr. Zhan Xiaotong	3/3	100%
Ms. Lu Zhenghua	3/3	100%

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

Supervisory Committee

As at 31 December 2019, the supervisory committee of the Company (the "**Supervisory Committee**") comprised seven members, including two independent Supervisors (namely Mr. Dong Yihua and Mr. Lin Hai), two Supervisors appointed by Shareholders (namely Mr. Hu Xianhua and Mr. Wang Qingwei) and three Supervisors representing the employees of the Company (namely Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin). The Supervisory Committee is responsible for supervising the Board, the Directors as well as the senior management of the Company, so as to prevent them from abusing their power to damage the lawful rights and interests of the Shareholders, the Company and its employees.

For the year ended 31 December 2019, the Supervisory Committee reviewed and examined the financial position and the legal compliance of the operations of the Company and performed its duties under the principles of due care through conducting special inspections and convening the Supervisory Committee's meetings and attending the Board meetings of the Company.

During the year ended 31 December 2019, the Supervisory Committee held two meetings with an attendance rate of 100%.

Repurchase, Sale or Redemption of the Company's Shares

During the year ended 31 December 2019, the Company did not redeem any of its shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company for the year ended 31 December 2019.

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

The remuneration of the employees of the Group (including the executive Directors) comprises 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 2019. KPMG Huazhen LLP has conducted the audit of the Group's 2019 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

This announcement has been published on the website of the Stock Exchange (http://www.hkexnews.hk). The annual report for the year ended 31 December 2019 containing the information required under the Listing Rules will be despatched to the 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
Guangdong Yueyun Transportation Company Limited
Xuan Zongmin
Chairman of the Board

Guangzhou, the PRC
20 March 2020

As at the date of this announcement, the Board comprises of Mr. Xuan Zongmin (Chairman), Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Wen Wu and Mr. Zhang Xian as executive Directors of the Company, Mr. Chen Min and Mr. Chen Chuxuan 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 purpose only*