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廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited*

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

(Stock Code: 03399)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

- Operating income of the Group in 2020 was approximately RMB5,585,541,000, representing a decrease of approximately RMB1,071,672,000 (or 16%) compared to 2019.
- Net loss attributable to shareholders of the Company for the year ended 31 December 2020 was approximately RMB229,193,000 (Net profit attributable to shareholders of the Company for the year ended 31 December 2019 was approximately RMB304,970,000).
- Both basic losses per share and diluted losses per share for the year ended 31 December 2020 were RMB0.29 (Both basic earnings per share and diluted earnings per share for the year ended 31 December 2019 were RMB0.38).

The Board (the “**Board**”) of Directors (the “**Directors**”) of Guangdong Yueyun Transportation Company Limited (the “**Company**” or “**Yueyun Transportation**”) announces the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020. 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 2020 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 2020 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 2020*(Expressed in Renminbi Yuan)*

	<i>Note</i>	31 December 2020	31 December 2019
Assets			
Current Assets			
Cash at bank and on hand		1,257,189,988.22	1,180,551,897.43
Bills receivable		300,000.00	678,800.00
Accounts receivable	4	397,134,363.09	382,747,473.53
Prepayments		202,559,081.83	268,916,914.67
Other receivables		529,245,803.49	519,210,319.87
Inventories		116,442,130.05	95,699,288.59
Non-current assets due within one year		609,548.93	1,269,554.64
Other current assets		51,823,992.50	63,472,662.40
Total current assets		2,555,304,908.11	2,512,546,911.13
Non-current assets			
Long-term receivables		–	571,376.73
Long-term equity investments		359,966,325.61	428,963,608.71
Investments in other equity instruments		4,224,048.22	4,224,048.22
Investment properties	5	89,597,709.57	111,939,500.41
Fixed assets	6	3,870,626,229.91	3,888,448,732.01
Construction in progress		111,025,507.16	407,199,387.20
Right-of-use assets	27	2,191,785,806.40	1,917,778,638.89
Intangible assets	7	1,034,544,593.61	1,091,154,911.08
Goodwill		98,674,211.85	110,976,227.51
Long-term deferred expenses		254,021,960.25	150,002,433.13
Deferred tax assets		269,416,097.10	242,568,659.60
Other non-current assets		213,542,862.16	228,631,046.84
Total non-current assets		8,497,425,351.84	8,582,458,570.33
Total assets		11,052,730,259.95	11,095,005,481.46

	<i>Note</i>	31 December 2020	31 December 2019
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	8	593,611,398.50	221,074,050.00
Bills payable		–	55,300,000.00
Accounts payable	9	678,605,751.61	812,491,280.36
Advances from customers		104,125,802.87	119,032,210.06
Contract liabilities		54,113,548.27	34,690,337.75
Employee benefits payable		217,651,415.55	193,727,085.96
Taxes payable		102,910,404.33	108,239,478.93
Other payables		810,086,298.05	817,774,971.08
Non-current liabilities due within one year	10	532,304,104.16	995,756,539.66
Total current liabilities		<u>3,093,408,723.34</u>	<u>3,358,085,953.80</u>
Non-current liabilities			
Long-term loans	11	1,316,819,266.63	976,588,520.21
Bonds payable	12	392,533,626.17	398,161,553.41
Lease liabilities	27	2,141,386,286.24	1,848,330,046.38
Long-term payables		79,084,738.67	210,148,675.76
Long-term employee benefits payable		193,457,414.52	188,698,759.30
Provisions		–	125,594.00
Deferred income		610,531,662.58	558,188,105.99
Deferred tax liabilities		75,395,451.85	69,756,482.71
Total non-current liabilities		<u>4,809,208,446.66</u>	<u>4,249,997,737.76</u>
Total liabilities		<u>7,902,617,170.00</u>	<u>7,608,083,691.56</u>
Shareholders' equity			
Share capital		799,847,800.00	799,847,800.00
Capital reserve		18,800,491.50	18,800,491.50
Other comprehensive income		(32,525,484.69)	(17,326,859.28)
Specific reserve		19,891,553.86	23,523,945.80
Surplus reserve		212,973,127.89	203,389,142.12
Retained earnings	13	1,052,303,964.69	1,291,081,241.71
Total equity attributable to shareholders of the Company		<u>2,071,291,453.25</u>	<u>2,319,315,761.85</u>
Non-controlling interests		<u>1,078,821,636.70</u>	<u>1,167,606,028.05</u>
Total shareholders' equity		<u>3,150,113,089.95</u>	<u>3,486,921,789.90</u>
Total liabilities and shareholders' equity		<u>11,052,730,259.95</u>	<u>11,095,005,481.46</u>

Consolidated income statement for the year ended 31 December 2020

(Expressed in Renminbi Yuan)

	Note	2020	2019
I. Operating income		5,585,541,441.01	6,657,212,873.97
Less: Operating costs		5,319,994,546.48	5,603,995,718.05
Taxes and surcharges		43,091,069.58	42,498,678.75
Selling and distribution expenses		65,895,827.10	71,771,373.26
General and administrative expenses		694,541,181.77	685,918,453.64
Research and development expenses		53,951.39	—
Financial expenses	14	229,973,839.92	186,943,005.38
Including: Interest expenses		102,158,470.37	90,634,964.61
Interest income		10,643,826.30	19,440,663.32
Add: Other income	15	534,255,744.30	340,580,679.07
Investment income	16	29,316,762.74	58,773,905.84
Including: Income from investments in associates and joint ventures		6,125,654.77	42,131,154.78
Accrual of credit losses	17	(27,978,286.60)	(12,930,983.96)
Impairment losses	18	(24,602,205.15)	(4,598,350.36)
Gains from asset disposals	19	23,765,467.86	40,509,776.19
II. Operating (loss)/profit		(233,251,492.08)	488,420,671.67
Add: Non-operating income	20	21,799,885.12	29,090,919.67
Less: Non-operating expenses	20	27,145,336.37	20,203,169.31
III. (Loss)/profit before income tax		(238,596,943.33)	497,308,422.03
Less: Income tax expenses	21	76,577,365.00	132,224,719.23
IV. Net (loss)/profit for the year		(315,174,308.33)	365,083,702.80
(1) Net (loss)/profit classified by continuity of operations			
1. Net (loss)/profit from continuing operations		(315,174,308.33)	365,083,702.80
2. Net profit from discontinued operations		—	—
(2) Net (loss)/profit classified by ownership			
1. Shareholders of the Company		(229,193,291.25)	304,969,979.22
2. Non-controlling interests		(85,981,017.08)	60,113,723.58

	<i>Note</i>	2020	2019
V. Other comprehensive income, net of tax			
Other comprehensive income (net of tax)			
attributable to shareholders of the Company		(15,198,625.41)	5,911,116.88
(1) Items that will not be reclassified to profit or loss			
1. Remeasurement of defined benefit plan		202,443.73	881,445.61
2. Changes in fair value of investments in other equity instruments		—	—
(2) Item that may be reclassified subsequently to profit or loss			
Translation differences arising from translation of foreign currency financial statements		(15,401,069.14)	5,029,671.27
Other comprehensive income (net of tax) attributable to non-controlling interests		(6,803,418.57)	3,530,771.10
VI. Total comprehensive income for the year		<u>(337,176,352.31)</u>	<u>374,525,590.78</u>
Attributable to:			
Shareholders of the Company		(244,391,916.66)	310,881,096.10
Non-controlling interests		(92,784,435.65)	63,644,494.68
VII. Earnings per share			
(I) Basic earnings per share	22(1)	(0.29)	0.38
(II) Diluted earnings per share	22(2)	(0.29)	0.38

Notes

1 BASIS OF PREPARATION OF FINANCIAL STATEMENT

The consolidated results set out in this announcement do not constitute the Group's consolidated financial statement for the year ended 31 December 2020 but are extracted from those audited consolidated financial statements.

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

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

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

2 CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(1) Description and reasons of changes in accounting policies

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

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

(a) CAS Bulletin No.13

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

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

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

(b) Caikuai [2020] No.10

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

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

3 CHANGES OF CONSOLIDATION SCOPE

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

No.	Full name of the subsidiary	Type	Incorporation place	Registered place; kind of legal entity	Business nature	Registered capital	Actual capital contribution at the end of the year	Shareholding percentage	Voting rights percentage
1	Guangdong Zhong Yue Tong Oil Products Operation Company Limited (“Zhong Yue Tong”)	Domestic and non-financial	Guangdong China	Guangdong China; limited liability company	Expressway services	RMB30,612,300.00	RMB30,612,300.00	51.00	51.00

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

Acquisition of Zhong Yue Tong

On the acquisition date of 9 January 2020, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, injected capital of RMB2,634,500.00 to Zhong Yue Tong. After the capital injection, the total registered and paid-in capital of Zhong Yue Tong is RMB30,612,300.00. The Group's total investment of RMB52,293,689.37 represented the 51% of total equity interest of Zhong Yue Tong and the Group obtained the control over Zhong Yue Tong. After the acquisition date, Zhong Yue Tong becomes a subsidiary of the Group and is no longer a joint venture of the Group.

The fair value of Zhong Yue Tong's identifiable net assets acquired by the Group was RMB50,652,373.15 at the acquisition date. RMB1,641,316.22 of the shortfall of the fair value below acquisition cost is recognised as goodwill.

Zhong Yue Tong was established in Guangzhou, Guangdong Province on 24 October 2005. It is mainly engaged in the operation and management of gas stations, retail of vehicle fuel (for end users) and gas, etc. Before the acquisition date, Zhong Yue Tong was a joint venture of the Group.

The main financial information of Zhong Yue Tong is set out as follows:

	From 9 January 2020 (Acquisition date) to 31 December 2020		
	<i>RMB</i>		
Revenue			666,172,178.63
Net profit			83,113,655.82
Net cash inflow			56,893,839.66
Identifiable assets and liabilities:			
	9 January 2020		31 December 2019
	Book value	Fair value	Book value
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Cash at bank and on hand	40,010,343.25	40,010,343.25	37,375,843.25
Accounts receivable	22,216,507.76	22,216,507.76	22,216,507.76
Other current assets	10,214,998.72	10,214,998.72	10,362,339.85
Fixed assets	22,220,507.96	24,107,102.42	22,220,507.96
Other non-current assets	23,367,199.21	23,367,199.21	22,826,837.28
Current liabilities	(9,904,131.72)	(9,904,131.72)	(9,380,401.62)
Non-current liabilities	(10,693,640.91)	(10,693,640.91)	(10,361,573.89)
Identifiable net assets	<u>97,431,784.27</u>	<u>99,318,378.73</u>	<u>95,260,060.59</u>

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

In 2020, the Group disposed all of its investments in its subsidiaries, including Zijin County Yueyun Property Lease Co., Ltd. and Lianping County Zhongxin Town Yueyun Property Leasing Co., Ltd., and these subsidiaries were no longer included in the scope of consolidation. The operating results and cash flow of the above companies prior to the disposal of the investments have been included in the consolidated income statement and consolidated cash flow statement of the Group.

Eight subsidiaries of the Group ceased operation, and were deregistered in 2020 and excluded from the consolidation scope, which include Guangdong Province Yangjiang City Guangyang High-Speed Railway Co., Ltd., Yangjiang City Tongguwan Vehicles Comprehensive Performance Testing Co., Ltd., Long Chuan County Public Transportation Co., Ltd., Heyuan Yue Payment Technology Co., Ltd., Guangdong Yuntong Passenger Traffic Co., Ltd., Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd., Guangdong Yueyun Second Transportation Co., Ltd., and Guangdong Province Guangshen High Speed Coach Co., Ltd.. The operating results and cash flows of the above companies before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

4 ACCOUNTS RECEIVABLE

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

Ageing	31 December 2020 RMB	31 December 2019 RMB
Within 3 months (inclusive)	285,019,526.90	318,208,984.86
Over 3 months but within 6 months (inclusive)	39,969,433.48	29,945,983.46
Over 6 months but within 1 year (inclusive)	74,387,495.49	36,325,149.01
Over 1 year but within 2 years (inclusive)	16,547,549.90	11,208,215.40
Over 2 years but within 3 years (inclusive)	6,374,421.18	5,881,650.41
Over 3 years	34,621,893.09	37,912,950.75
Sub-total	456,920,320.04	439,482,933.89
Less: Provision for bad and doubtful debts	(59,785,956.95)	(56,735,460.36)
Total	397,134,363.09	382,747,473.53

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 2020		31 December 2019	
	Expected loss rate	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Credit risk:					
Road transportation and other service					
Within 1 year (inclusive)	5%	221,057,042.18	(11,092,735.16)	201,163,808.12	(9,978,077.64)
Over 1 year but within 2 years (inclusive)	35%	12,317,036.69	(4,310,962.87)	7,810,698.60	(2,733,744.51)
Over 2 years but within 3 years (inclusive)	50%	5,042,427.70	(2,521,213.89)	3,900,041.02	(1,950,020.51)
Over 3 years	100%	11,157,655.58	(11,157,655.58)	7,568,883.79	(7,568,883.79)
Sub-total		<u>249,574,162.15</u>	<u>(29,082,567.50)</u>	<u>220,443,431.53</u>	<u>(22,230,726.45)</u>
Service zone operation					
Within 1 year (inclusive)	5%	95,502,951.50	(4,775,147.63)	54,263,191.00	(2,713,159.55)
Over 1 year but within 2 years (inclusive)	10%	3,258,324.93	(325,832.53)	2,993,035.03	(299,303.50)
Over 2 years but within 3 years (inclusive)	30%	1,331,993.48	(399,598.05)	1,981,609.39	(594,482.82)
Over 3 years	50%	284,132.64	(142,066.32)	1,272,591.91	(636,295.96)
Sub-total		<u>100,377,402.55</u>	<u>(5,642,644.53)</u>	<u>60,510,427.33</u>	<u>(4,243,241.83)</u>
Constructions materials supply					
Within 1 year (inclusive)	5%	82,816,462.19	(4,140,823.18)	129,053,118.21	(6,452,655.90)
Over 1 year but within 2 years (inclusive)	10%	972,188.28	(97,218.85)	404,481.77	(40,448.18)
Over 2 years but within 3 years (inclusive)	30%	–	–	–	–
Over 3 years	50%	4,714,803.93	(2,357,401.95)	10,606,174.11	(5,303,087.06)
Sub-total		<u>88,503,454.40</u>	<u>(6,595,443.98)</u>	<u>140,063,774.09</u>	<u>(11,796,191.14)</u>
Credit risk losses		438,455,019.10	(41,320,656.01)	421,017,632.95	(38,270,159.42)
Individual assessment (Note)		<u>18,465,300.94</u>	<u>(18,465,300.94)</u>	<u>18,465,300.94</u>	<u>(18,465,300.94)</u>
Total		<u>456,920,320.04</u>	<u>(59,785,956.95)</u>	<u>439,482,933.89</u>	<u>(56,735,460.36)</u>

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

Note: Reasons for accruing bad debt provision by item as at 31 December 2020 and 31 December 2019:

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

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

	2020 <i>RMB</i>	2019 <i>RMB</i>
Balance at the beginning of the year	(56,735,460.36)	(50,215,718.11)
Charge into income statement during the year	(1,915,180.67)	(7,694,568.46)
Written-off during the year	–	573,180.99
(Additions)/deductions resulting from consolidation scope change	(1,173,235.60)	606,524.45
Foreign currency financial statement translation differences	<u>37,919.68</u>	<u>(4,879.23)</u>
Balance at the end of the year	<u>(59,785,956.95)</u>	<u>(56,735,460.36)</u>

5 INVESTMENT PROPERTIES

	Buildings <i>RMB</i>	Land use rights <i>RMB</i>	Total <i>RMB</i>
Cost			
Balance as at 1 January 2019	91,723,224.13	39,579,718.68	131,302,942.81
Additions during the year			
Transfer from fixed assets	3,678,028.67	–	3,678,028.67
Decrease during the year			
Disposals	(38,968.05)	–	(38,968.05)
Transfer to fixed assets	(9,898,191.90)	–	(9,898,191.90)
Foreign currency financial statement translation differences	71,256.27	317,888.10	389,144.37
Balance as at 31 December 2019	85,535,349.12	39,897,606.78	125,432,955.90
Additions during the year			
Transfer from fixed assets	1,963,326.19	–	1,963,326.19
Transfer from intangible assets	–	752,159.18	752,159.18
Decrease during the year			
Deductions resulting from consolidation scope change	(3,602,878.54)	(21,783,514.02)	(25,386,392.56)
Transfer to fixed assets	(859,622.99)	–	(859,622.99)
Foreign currency financial statement translation differences	(197,173.90)	(879,631.13)	(1,076,805.03)
Balance as at 31 December 2020	82,838,999.88	17,986,620.81	100,825,620.69
Accumulated depreciation or amortisation			
Balance as at 1 January 2019	(6,207,466.52)	(6,285,649.44)	(12,493,115.96)
Additions during the year			
Charge for the year	(2,528,700.89)	(843,970.47)	(3,372,671.36)
Transfer from fixed assets	(369,329.60)	–	(369,329.60)
Decrease during the year			
Disposals	25,572.97	–	25,572.97
Transfer to fixed assets	2,853,682.66	–	2,853,682.66
Foreign currency financial statement translation differences	(63,691.51)	(73,902.69)	(137,594.20)
Balance as at 31 December 2019	(6,289,932.89)	(7,203,522.60)	(13,493,455.49)
Additions during the year			
Charge for the year	(2,378,499.62)	(810,079.22)	(3,188,578.84)
Transfer from fixed assets	(157,308.44)	–	(157,308.44)
Transfer from intangible assets	–	(179,085.55)	(179,085.55)
Decrease during the year			
Deductions resulting from consolidation scope change	1,536,916.33	3,749,889.30	5,286,805.63
Transfer to fixed assets	106,548.84	–	106,548.84
Foreign currency financial statement translation differences	179,933.09	217,229.64	397,162.73
Balance as at 31 December 2020	(7,002,342.69)	(4,225,568.43)	(11,227,911.12)
Carrying amounts			
As at 31 December 2020	<u>75,836,657.19</u>	<u>13,761,052.38</u>	<u>89,597,709.57</u>
As at 31 December 2019	<u>79,245,416.23</u>	<u>32,694,084.18</u>	<u>111,939,500.41</u>

Note 1: The remaining period of amortisation of land use rights is 21 to 62 years.

Note 2: As at 31 December 2020 and 31 December 2019, no investment properties were pledged for loans.

6 FIXED ASSETS

	Buildings and structures <i>RMB</i>	Building improvements <i>RMB</i>	Machinery and equipment <i>RMB</i>	Electronic equipment, office equipment and others <i>RMB</i>	Transportation vehicles <i>RMB</i>	Total <i>RMB</i>
Cost						
Balance as at 1 January 2019	1,532,599,844.82	189,680,156.46	96,794,914.86	337,433,747.22	3,605,630,854.15	5,762,139,517.51
Additions during the year						
– Purchases	38,575,533.00	25,076,532.95	6,528,388.76	29,952,532.66	234,804,003.41	334,936,990.78
– Transfer from investment properties	9,898,191.90	–	–	–	–	9,898,191.90
– Transfer from construction in progress	352,028,703.31	61,370,489.46	23,532,537.12	14,753,426.78	923,343,169.39	1,375,028,326.06
– Additions resulting from consolidation scope change	–	–	–	416,912.48	11,743,792.41	12,160,704.89
Reductions during the year						
– Disposals or adjustment upon completion during the year	(6,989,455.56)	(3,813,918.32)	(5,336,661.56)	(17,667,799.65)	(383,468,307.12)	(417,276,142.21)
– Transfer to investment properties	(3,678,028.67)	–	–	–	–	(3,678,028.67)
– Deductions resulting from consolidation scope change	–	–	–	(346,083.00)	(21,019,390.74)	(21,365,473.74)
– Transfer to right-of-use assets	–	–	–	–	(149,605,200.00)	(149,605,200.00)
Foreign currency financial statement translation differences	859,660.66	–	25,113.45	160,063.21	5,665,166.86	6,710,004.18
Balance as at 31 December 2019	1,923,294,449.46	272,313,260.55	121,544,292.63	364,702,799.70	4,227,094,088.36	6,908,948,890.70
Additions during the year						
– Purchases	80,243,881.63	–	3,710,457.60	37,605,549.56	60,889,934.53	182,449,823.32
– Transfer from investment properties	859,622.99	–	–	–	–	859,622.99
– Transfer from construction in progress	102,038,453.24	19,157,121.16	26,628,952.60	5,339,814.04	648,743,175.84	801,907,516.88
– Additions resulting from consolidation scope change (<i>Note 1</i>)	15,039,566.30	–	7,603,564.00	1,666,549.85	426,287.08	24,735,967.23
Reductions during the year						
– Disposals or adjustment upon completion during the year	(52,276,803.57)	(2,184,836.64)	(10,668,637.82)	(11,828,972.52)	(631,928,398.68)	(708,887,649.23)
– Transfer to investment properties	(1,963,326.19)	–	–	–	–	(1,963,326.19)
– Transfer to right-of-use assets	–	–	–	–	(241,412,547.20)	(241,412,547.20)
Foreign currency financial statement translation differences	(2,378,775.01)	–	(69,491.67)	(445,636.36)	(15,906,559.63)	(18,800,462.67)
Balance as at 31 December 2020	2,064,857,068.85	289,285,545.07	148,749,137.34	397,040,104.27	4,047,905,980.30	6,947,837,835.83

	Buildings and structures <i>RMB</i>	Building improvements <i>RMB</i>	Machinery and equipment <i>RMB</i>	Electronic equipment, office equipment and others <i>RMB</i>	Transportation vehicles <i>RMB</i>	Total <i>RMB</i>
Less: Accumulated depreciation						
Balance as at 1 January 2019	(370,716,456.62)	(114,508,926.58)	(33,613,598.60)	(232,823,868.19)	(1,991,084,778.15)	(2,742,747,628.14)
Charge for the year	(68,696,800.25)	(5,275,300.82)	(10,123,525.22)	(48,557,138.54)	(501,607,057.43)	(634,259,822.26)
Transfer from investment properties	(2,853,682.66)	–	–	–	–	(2,853,682.66)
Written off on disposal	2,326,704.52	98,852.88	850,874.56	16,651,405.45	317,921,244.72	337,849,082.13
Transfer to investment properties	369,329.60	–	–	–	–	369,329.60
Deductions resulting from consolidation scope change	–	–	–	287,932.50	11,245,046.30	11,532,978.80
Transfer to right-of-use assets	–	–	–	–	15,428,040.60	15,428,040.60
Foreign currency financial statement translation differences	(326,402.02)	–	(23,970.21)	(113,865.15)	(4,275,710.52)	(4,739,947.90)
Balance as at 31 December 2019	(439,897,307.43)	(119,685,374.52)	(42,910,219.47)	(264,555,533.93)	(2,152,373,214.48)	(3,019,421,649.83)
Charge for the year	(82,023,320.53)	(26,000,578.99)	(17,450,536.34)	(23,218,423.97)	(530,533,169.68)	(679,226,029.51)
Transfer from investment properties	(106,548.84)	–	–	–	–	(106,548.84)
Written off on disposal	715,044.16	6,636,596.67	2,728,594.87	7,955,858.66	578,371,967.44	596,408,061.80
Transfer to investment properties	157,308.44	–	–	–	–	157,308.44
Foreign currency financial statement translation differences	1,041,321.38	–	66,428.04	277,547.87	12,156,727.35	13,542,024.64
Transfer to right-of-use assets	–	–	–	–	15,907,351.60	15,907,351.60
Balance as at 31 December 2020	(520,113,502.82)	(139,049,356.84)	(57,565,732.90)	(279,540,551.37)	(2,076,470,337.77)	(3,072,739,481.70)
Less: Provision for impairment						
Balance as at 1 January 2019	–	–	–	–	(5,700,682.06)	(5,700,682.06)
Charge for the year	–	–	–	–	(993,002.59)	(993,002.59)
Written off on disposal	–	–	–	–	5,615,175.79	5,615,175.79
Balance as at 31 December 2019	–	–	–	–	(1,078,508.86)	(1,078,508.86)
Charge for the year	(4,669,116.00)	–	(629,650.00)	(88,356.00)	(4,388,480.84)	(9,775,602.84)
Written off on disposal	4,669,116.00	–	629,650.00	88,356.00	994,865.48	6,381,987.48
Balance as at 31 December 2020	–	–	–	–	(4,472,124.22)	(4,472,124.22)
Carrying amounts						
As at 31 December 2020	<u>1,544,743,566.03</u>	<u>150,236,188.23</u>	<u>91,183,404.44</u>	<u>117,499,552.90</u>	<u>1,966,963,518.31</u>	<u>3,870,626,229.91</u>
As at 31 December 2019	<u>1,483,397,142.03</u>	<u>152,627,886.03</u>	<u>78,634,073.16</u>	<u>100,147,265.77</u>	<u>2,073,642,365.02</u>	<u>3,888,448,732.01</u>

Note 1: As mentioned in Note 3 (2), the additions of fixed assets due to acquisition of subsidiaries are included in the additions resulting from consolidation scope change in 2020.

As at 31 December 2020, fixed assets of the Group with carrying amount of RMB385,514,759.00 (31 December 2019: RMB403,898,449.23) were pledged for bank loans, among which, RMB355,714,159.01 (31 December 2019: RMB355,884,996.26) were pledged for long-term loans and RMB29,800,599.99 (31 December 2019: RMB48,013,452.97) were pledged for short-term loans.

As at 31 December 2020, certain buildings and structures of the Group in Guangzhou, Qingyuan, Foshan, Shaoguan, Zhaoqing, Shanwei, Meizhou and Heyuan etc. have not yet obtained the certificates of title due to historical reasons. As at 31 December 2020, the carrying amount of such buildings was RMB212,209,594.92 (31 December 2019: RMB342,296,838.19).

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

As at 31 December 2020, transportation vehicles with carrying amount of RMB18,953,674.25 (31 December 2019: RMB22,106,005.10) were leased out under operating leases.

7 INTANGIBLE ASSETS

	Land use rights	Joint operation	Computer	Passenger	Station and toll	Line license use	Trademark	Total
	RMB	earning rights	software	service licenses	bridge franchise	rights and route	rights	RMB
		RMB	RMB	RMB	operating rights	operation rights	and others	
					RMB	RMB	RMB	RMB
Cost								
Balances as at 1 January 2019	866,645,154.86	42,747,190.60	58,475,491.77	38,397,151.83	387,478,456.26	218,740,494.78	4,246,379.48	1,616,730,319.58
Additions during the year	18,384,934.79	–	12,575,913.36	–	–	47,872,864.73	188,679.24	79,022,392.12
Additions resulting from consolidation scope change	–	–	2,011,000.00	–	–	3,518,485.97	–	5,529,485.97
Disposals during the year	(2,288,045.18)	–	–	–	–	(98,500.00)	–	(2,386,545.18)
Foreign currency financial statement translation differences	846,061.14	–	–	858,041.81	–	–	–	1,704,102.95
Balances as at 31 December 2019	883,588,105.61	42,747,190.60	73,062,405.13	39,255,193.64	387,478,456.26	270,033,345.48	4,435,058.72	1,700,599,755.44
Additions during the year	1.00	–	18,120,454.55	–	–	3,767,299.91	–	21,887,755.46
Transfer to investment properties	(752,159.18)	–	–	–	–	–	–	(752,159.18)
Disposals during the year	(3,810,285.89)	–	–	–	–	–	(113,100.00)	(3,923,385.89)
Foreign currency financial statement translation differences	(2,341,143.64)	–	–	(2,374,295.46)	–	–	–	(4,715,439.10)
Balances as at 31 December 2020	876,684,517.90	42,747,190.60	91,182,859.68	36,880,898.18	387,478,456.26	273,800,645.39	4,321,958.72	1,713,096,526.73

	Land use rights RMB	Joint operation earning rights RMB	Computer software RMB	Passenger service licenses RMB	Station and toll bridge franchise operating rights RMB	Line license use rights and route operation rights RMB	Trademark rights and others RMB	Total RMB
Accumulated amortisation								
Balances as at 1 January 2019	(132,003,530.26)	(15,607,120.68)	(30,416,504.75)	–	(248,805,230.09)	(112,441,166.91)	(1,292,520.02)	(540,566,072.71)
Charge for the year	(17,935,911.31)	(1,950,890.09)	(8,436,373.49)	–	(18,127,980.38)	(21,961,503.49)	(250,920.43)	(68,663,579.19)
Written off on disposal	–	–	–	–	–	98,500.00	–	98,500.00
Foreign currency financial statement translation differences	(313,692.46)	–	–	–	–	–	–	(313,692.46)
Balances as at 31 December 2019	(150,253,134.03)	(17,558,010.77)	(38,852,878.24)	–	(266,933,210.47)	(134,304,170.40)	(1,543,440.45)	(609,444,844.36)
Charge for the year	(19,724,935.87)	(1,950,890.09)	(9,651,629.04)	–	(18,127,980.38)	(21,764,835.39)	(95,011.16)	(71,315,281.93)
Written off on disposal	1,088,150.20	–	–	–	–	25,057.20	–	1,113,207.40
Transfer to investment properties	179,085.55	–	–	–	–	–	–	179,085.55
Foreign currency financial statement translation differences	915,900.22	–	–	–	–	–	–	915,900.22
Balances as at 31 December 2020	(167,794,933.93)	(19,508,900.86)	(48,504,507.28)	–	(285,061,190.85)	(156,043,948.59)	(1,638,451.61)	(678,551,933.12)
Carrying amount								
As at 31 December 2020	708,889,583.97	23,238,289.74	42,678,352.40	36,880,898.18	102,417,265.41	117,756,696.80	2,683,507.11	1,034,544,593.61
As at 31 December 2019	733,334,971.58	25,189,179.83	34,209,526.89	39,255,193.64	120,545,245.79	135,729,175.08	2,891,618.27	1,091,154,911.08

As at 31 December 2020, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right (Toll bridge franchise operating rights) with carrying amount of RMB57,618,606.46 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Group as mentioned in Note 12 (31 December 2019: RMB74,529,760.30). In addition, land use rights with carrying amount of RMB192,175,047.58 (31 December 2019: RMB242,768,866.37) were pledged for bank loans, among which, RMB102,354,103.08 (31 December 2019: RMB152,570,542.04) were pledged for long-term loans and RMB89,820,944.50 (31 December 2019: RMB90,198,324.33) were pledged for short-term loans. As at 31 December 2020, intangible assets with carrying amount of RMB931,902.00 (31 December 2019: RMB931,902.00) were pledged for long-term payables. As at 31 December 2020, there were no other restricted intangible assets of the Group.

In addition to the land that are in the process of applying for the certificates of title, certain pieces of land of the Group located in the cities of Heyuan, Shanwei, Shaoguan and Yangjiang have not yet obtained the certificates of ownership. As at 31 December 2020, the carrying amount of land use rights without certificate of title for the Group was RMB10,736,440.28 (31 December 2019: RMB10,994,860.20).

As at 31 December 2020, land use rights with carrying amounts of RMB87,705,163.22 (31 December 2019: RMB88,503,568.31) were obtained through allocation.

8 SHORT-TERM LOANS

	<i>Note</i>	31 December 2020 RMB	31 December 2019 RMB
Unsecured loans		373,514,500.18	109,900,000.00
Including: Loans from banks		373,514,500.18	109,900,000.00
Loans secured by mortgages	(1)	190,096,898.32	74,000,000.00
Guaranteed and mortgaged loans	(2)	–	19,174,050.00
Pledged loan	(3)	30,000,000.00	18,000,000.00
Total		<u>593,611,398.50</u>	<u>221,074,050.00</u>

- (1) For the details of assets pledged for secured loans as at 31 December 2020, 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., a subsidiary of the Company, with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.
- (3) As at 31 December 2020, the pledged loan was pledged by Qingyuan Yueyun Automobile Transportation Co., Ltd., a subsidiary of the Company, with a deposit of RMB300,000.00. As at 31 December 2019, the pledged loan was pledged by Shanwei Yueyun Public Transport Co., Ltd., Haifeng Yueyun Public Transport Co., Ltd., Lufeng Yueyun Public Transport Co., Ltd. and Luhe Yueyun Public Transport Co., Ltd., which are the Company's subsidiaries, with its 2017 and 2018 central financial energy saving and new energy bus operation subsidy funds as the pledged assets. The short-term loan was borrowed from Shanwei Rural Commercial Bank Co., Ltd. by Shanwei Yueyun Transport Co., Ltd..
- (4) As at 31 December 2020, the Group's short-term loans were borrowings from banks or other financial institutions within 1 year, which bear interest rates ranging from 2.05% – 6.50 % per annum (31 December 2019: 3.92% – 4.35%). The Group had no overdue short-term loans as at 31 December 2020 (31 December 2019: Nil).

9 ACCOUNTS PAYABLE

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

Items	31 December 2020 RMB	31 December 2019 RMB
Materials payable	78,182,040.26	124,936,917.01
Transportation fee payable	149,499,203.59	138,390,269.64
Contract payments for cars	108,076,092.31	232,314,668.13
Expressway service zones contracts fee payable	41,132,664.15	28,360,195.34
Progress payments for constructions	233,591,336.02	226,731,189.62
Fuel expenses payable	28,660,721.82	16,180,306.84
Service fees payable	10,573,529.03	10,459,400.98
Others	28,890,164.43	35,118,332.80
Total	678,605,751.61	812,491,280.36

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

	31 December 2020 RMB	31 December 2019 RMB
Within 3 months (inclusive)	501,908,790.64	605,456,947.56
Over 3 months but within 6 months (inclusive)	22,360,911.53	60,316,091.60
Over 6 months but within 1 year (inclusive)	45,402,092.56	33,621,111.41
Over 1 year but within 2 years (inclusive)	46,547,145.73	84,670,027.84
Over 2 years but within 3 years (inclusive)	51,979,008.85	5,143,292.29
Over 3 years	10,407,802.30	23,283,809.66
Total	678,605,751.61	812,491,280.36

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

As at 31 December 2020, the Group's accounts payable with ageing over one year is contract payments for cars, among which, individual amount over RMB10 million are as follows:

Item	Balance RMB	Nature and reasons for unsettlement
Maoming Dianbai Eryun Transportation Co., Ltd.	22,100,294.00	Contract payments for cars undue.

10 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

	<i>Note</i>	31 December 2020 RMB	31 December 2019 RMB
Long-term loans due within one year	11	242,524,331.63	445,062,584.81
Long-term payables due within one year		21,970,748.15	22,046,427.60
Lease liabilities due within one year	27	267,809,024.38	189,313,299.21
Bonds payable due within one year	12	—	339,334,228.04
Total		532,304,104.16	995,756,539.66

11 LONG-TERM LOANS

	<i>Note</i>	31 December 2020 RMB	31 December 2019 RMB
Unsecured loans		1,034,152,961.89	834,946,877.79
Including: Loans from banks		677,252,961.89	154,046,877.79
Loans from GCG Finance		356,900,000.00	680,900,000.00
Loans secured by mortgages	(1)	147,571,681.58	208,720,094.59
Guaranteed loans	(3)	—	38,336,138.31
Guaranteed and mortgaged loans	(4)	214,838,070.08	223,058,840.85
Credit and mortgaged loans	(5)	—	116,589,153.48
Pledged loan	(6)	162,780,884.71	—
Total		1,559,343,598.26	1,421,651,105.02
Less: long-term loans due within one year			
Including: Unsecured loans		(106,037,780.00)	(338,904,733.32)
Loans secured by mortgages		(52,509,803.55)	(43,767,244.84)
Guaranteed loans		—	(22,121,038.36)
Secured and guaranteed loans		(64,276,748.08)	(36,269,568.29)
Credit and mortgaged loans		—	(4,000,000.00)
Pledged loan		(19,700,000.00)	—
Sub-total (Note 10)		(242,524,331.63)	(445,062,584.81)
Long-term loans due after 1 year		1,316,819,266.63	976,588,520.21
Including: Due after 1 year but within 2 years		219,306,085.65	129,746,401.64
Due after 2 years but within 5 years		1,097,513,180.98	846,842,118.57

- (1) For the details of assets pledged for secured loans as at 31 December 2020, please refer to Note 6 and 7.
- (2) As at 31 December 2020, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 3.16% ~ 4.90% per annum (31 December 2019: 4.27% ~ 4.90%).
- (3) As at 31 December 2019, the Group's guaranteed loans were from the subsidiary Foshan City Yueyun Public Transportation Co., Ltd., which were guaranteed by Zhengzhou Anchi Bonding Co., Ltd..
- (4) As at 31 December 2020 and 31 December 2019, mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: Heyuan Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; and the loans borrowed by Zhaoqing City Yueyun Motor Transportation Co., Ltd., Shaoguan Yueyun Vehicles Transportation Co., Ltd., Meizhou Yueyun Motor Transportation Co., Ltd., Chaozhou Public Transport Co., Ltd., Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., Qingyuan Yueyun Public Transportation Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.
- (5) As at 31 December 2019, Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, received loans on credit with additional guarantee by its land use rights and buildings.
- (6) As at 31 December 2020, the pledged loans held by the Group include the loan borrowed by Foshan Yueyun Public Transport Co., Ltd. with RMB2,200,000.00 as the pledge deposit and the loan borrowed by Shanwei Yueyun Automobile Transport Co., Ltd. with the national subsidies of 2019 for energy saving and the operation of new energy vehicles as pledged assets.
- (7) As at 31 December 2020, there was no overdue borrowing by the Group (31 December 2019: Nil).

12 BONDS PAYABLE

Item	Period	Issue date	Issuing amount <i>RMB</i>	Carrying amount as at 1 January 2020 <i>RMB</i>	Amortisation for the year <i>RMB</i>	Due within one year <i>RMB</i>	Carrying amount as at 31 December 2020 <i>RMB</i>
2014 corporate bond (first phase)	7 years	28/09/2015	400,000,000.00	398,161,553.41	3,066,072.76	(8,694,000.00)	392,533,626.17
2014 corporate bond (second phase)	5 years	17/12/2015	340,000,000.00	339,334,228.04	665,771.96	(340,000,000.00)	-
Less: bonds payable due within one year			340,000,000.00	339,334,228.04	665,771.96	(340,000,000.00)	-
Total			<u>400,000,000.00</u>	<u>398,161,553.41</u>	<u>3,066,072.76</u>	<u>(8,694,000.00)</u>	<u>392,533,626.17</u>

On 28 September 2015, the Company entrusted Morgan Stanley Huaxin Securities Company Limited as the lead underwriter and issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB400.00 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal will be returned upon maturity. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after five years of the issue date. On 28 September 2020, the Company redeemed the bonds with the amount of RMB8,694,000.00 of bond principal without adjusting the coupon rate. On 17 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB380.00 million with a term of 5 years. The Company will be entitled at its option to adjust its bond rate and the investors will be entitled to request the Company to redeem the bonds after three years of the issue date. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum for the first three years (from 17 December 2015 to 16 December 2018), after three years of the issue date the Company exercised the option to raise the coupon rate to 4.50% per annum. On 17 December 2018, the Company redeemed the bonds with the amount of RMB40 million. On December 31, 2020, the company redeemed the bonds (second phase) with the amount of RMB340 million.

In connection with the issuance of these bonds, GCGC provided an unconditional and irrecoverable joint liability guarantee in full on the principal and interest of the bonds. In the meantime, the Company provided counter guarantee to GCGC with a pledge of the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right. (Note 7)

13 RETAINED EARNINGS

	<i>Note</i>	2020 RMB	2019 RMB
Retained earnings at the beginning of the year		1,291,081,241.71	1,174,583,143.55
Add: Net (loss)/profit for the year attributable to the shareholders of the Company		(229,193,291.25)	304,969,979.22
Less: Appropriation for statutory surplus reserve		(9,583,985.77)	(11,997,685.95)
Final dividends in respect of the previous financial year, approved and declared during the year	(1)	–	(135,974,126.00)
Business combinations under common control – consideration for business combination		–	(9,886,223.02)
Business combinations under common control – other changes		–	(30,613,846.09)
Retained earnings at the end of the year	(2)	<u>1,052,303,964.69</u>	<u>1,291,081,241.71</u>

(1) In 2020, no dividend was declared by the Company (2019: RMB0.17 per share (tax included), amounting to RMB135,974,126.00 in total).

(2) As at 31 December 2020, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB395,193,193.52 (31 December 2019: RMB389,514,799.05).

14 FINANCIAL EXPENSES

	<i>Note</i>	2020 RMB	2019 RMB
Interest expenses from loans, bonds and payables		103,801,088.71	96,174,016.20
Less: Borrowing costs capitalised	(1)	(1,642,618.34)	(5,539,051.59)
Net interest expenses		102,158,470.37	90,634,964.61
Less: Interest income		(10,643,826.30)	(19,440,663.32)
Exchange losses/(gains)		2,157,298.23	(1,266,172.32)
Amortisation of unrecognized financing charges		7,408,753.98	6,120,770.17
Interest expenses from lease liabilities		116,613,836.64	100,477,686.30
Others		12,279,307.00	10,416,419.94
Total		229,973,839.92	186,943,005.38

(1) Capitalised borrowing costs of the Group in 2020 was RMB1,642,618.34 (2019: RMB5,539,051.59), with a capitalisation rate of 5% (2019: 5%).

15 OTHER INCOME

	2020 RMB	2019 RMB
Government grants related to assets (<i>Note 23(1)</i>)	102,796,392.61	82,521,716.91
Government grants related to income (<i>Note 23(2)</i>)	351,558,267.89	254,196,053.33
VAT reduction and exemption, etc	79,901,083.80	3,862,908.83
Total	534,255,744.30	340,580,679.07

16 INVESTMENT INCOME

	2020 RMB	2019 RMB
Income from investments in associates accounting for using equity method	9,614,483.51	15,123,798.95
(Loss)/income from investments in joint ventures accounting for using equity method	(3,488,828.74)	27,007,355.83
Gains on disposal of long-term equity investments	22,537,575.29	10,167,021.84
Gains from remeasurement of original investment at fair value after acquisition of control right	1,112,914.07	6,935,110.60
Others	(459,381.39)	(459,381.38)
Total	<u>29,316,762.74</u>	<u>58,773,905.84</u>
Including:		
Income from investments in associates accounting for using equity method attributable to shareholders of the company	<u>11,251,366.51</u>	<u>17,030,181.04</u>
(Loss)/income from investments in joint ventures accounting for using equity method attributable to shareholders of the company	<u>(3,501,858.10)</u>	<u>26,697,006.34</u>

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

17 ACCRUAL OF CREDIT LOSSES

	2020 RMB	2019 RMB
Accounts receivable	(1,915,180.67)	(7,694,568.46)
Other receivables	(26,063,105.93)	(5,236,415.50)
Total	<u>(27,978,286.60)</u>	<u>(12,930,983.96)</u>

18 IMPAIRMENT LOSSES

	2020 RMB	2019 RMB
Long-term equity investments	(233,296.01)	(930,000.00)
Prepayments	1,091.70	5,301,120.45
Fixed assets	(9,775,602.84)	(993,002.59)
Inventories	(651,066.12)	(6,200.00)
Goodwill	(13,943,331.88)	—
Other Non-current assets	—	(7,970,268.22)
Total	<u>(24,602,205.15)</u>	<u>(4,598,350.36)</u>

19 GAINS FROM ASSET DISPOSALS

	2020 RMB	2019 RMB
Gains from disposal of fixed assets	16,559,418.63	39,546,620.00
Gains from disposal of other non-current assets	7,191,407.70	37,595.40
Gains from disposal of right-of-use assets	14,641.53	925,560.79
Total	<u>23,765,467.86</u>	<u>40,509,776.19</u>

20 NON-OPERATING INCOME AND NON-OPERATING EXPENSE

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

	Note	2020 RMB	2019 RMB
Gains on disposal of non-current assets		10,407,125.91	2,609,879.73
Government grants	(2)	2,727,422.63	11,405,318.80
Compensations		4,224,289.11	1,428,219.53
Others		4,441,047.47	13,647,501.61
Total		<u>21,799,885.12</u>	<u>29,090,919.67</u>

(2) The government grants of the Group recognised as non-operating income in 2020 and 2019 is disclosed in Note 23(2)(c).

(3) Non-operating expense

	2020 <i>RMB</i>	2019 <i>RMB</i>
Losses on disposal of non-current assets	17,514,853.81	8,059,277.64
Road accidents losses	4,473,836.58	4,567,223.80
Donations	140,247.12	349,649.93
Penalty expenses	2,118,803.79	1,284,775.36
Others	2,897,595.07	5,942,242.58
	<u>27,145,336.37</u>	<u>20,203,169.31</u>
Total	<u>27,145,336.37</u>	<u>20,203,169.31</u>

21 INCOME TAX EXPENSES

(1) Income tax expenses

	2020 <i>RMB</i>	2019 <i>RMB</i>
Current tax expense for the year based on tax law and regulations	102,921,822.58	113,702,165.41
Including: Mainland China	102,921,822.58	113,576,992.74
Hong Kong	–	125,172.67
Adjustments of tax filing differences	(4,926,305.48)	504,807.79
Changes in deferred tax	(21,418,152.10)	18,017,746.03
	<u>76,577,365.00</u>	<u>132,224,719.23</u>
Total	<u>76,577,365.00</u>	<u>132,224,719.23</u>

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

	2020 <i>RMB</i>	2019 <i>RMB</i>
(Loss)/profits before taxation	(238,596,943.33)	497,308,422.03
Expected income tax expense at tax rate of 25% (2019: 25%)	(59,649,235.83)	124,327,105.51
Effect of non-deductible expenses	1,826,222.94	6,220,480.74
Effect of non-taxable income	(4,382,860.39)	(24,589,727.12)
Effect of unrecognised deductible tax losses and temporary differences	142,926,958.35	48,493,990.46
Effect of utilisation of temporary differences and deductible tax losses in previous years	(222,887.93)	(20,402,174.32)
Effect of different tax rates applied by certain subsidiaries	1,005,473.34	(2,329,763.83)
Adjustments of tax filing differences	(4,926,305.48)	504,807.79
	<u>76,577,365.00</u>	<u>132,224,719.23</u>
Total	<u>76,577,365.00</u>	<u>132,224,719.23</u>

22 EARNINGS PER SHARE

(1) Basic earnings per share

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

	2020 <i>RMB</i>	2019 <i>RMB</i>
Consolidated net (loss)/profit attributable to ordinary shareholders of the Company	(229,193,291.25)	304,969,979.22
Weighted average number of ordinary shares outstanding	799,847,800.00	799,847,800.00
Basic earnings per share (RMB/share)	<u>(0.29)</u>	<u>0.38</u>

Weighted average number of ordinary shares is calculated as follows:

	2020 <i>Shares</i>	2019 <i>Shares</i>
Issued ordinary shares at the beginning and the end of the year	<u>799,847,800.00</u>	<u>799,847,800.00</u>
Weighted average number of ordinary shares at the end of the year	<u>799,847,800.00</u>	<u>799,847,800.00</u>

(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

	2020	2019
	RMB	RMB
Government grants related to assets	102,796,392.61	82,521,716.91
Government grants related to income	459,894,719.65	403,946,612.19
Total	<u>562,691,112.26</u>	<u>486,468,329.10</u>

(1) Government grants related to assets
2020

Items	Balance at the beginning of the year RMB	Additions during the year RMB	Recognition as other income during the year RMB	Balance at the end of the year RMB
Subsidies for vehicles replacement	6,184,601.12	41,428,469.31	(2,486,786.89)	45,126,283.54
Subsidies for fixed assets renovation	102,306,560.47	25,321,553.91	(8,797,931.29)	118,830,183.09
Tax subsidies for vehicles purchase	12,863,579.51	–	(425,531.88)	12,438,047.63
Subsidies for procurement of new energy vehicles	154,591,106.01	108,681,825.13	(87,982,426.84)	175,290,504.30
Software development subsidies	300,000.00	–	–	300,000.00
Other subsidies related to assets	14,498,062.03	3,966,673.35	(3,103,715.71)	15,361,019.67
Total	<u>290,743,909.14</u>	<u>179,398,521.70</u>	<u>(102,796,392.61)</u>	<u>367,346,038.23</u>

2019

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

(2) Government grants related to income

Impact on income statement items

(a) *Offsetting against operation costs:*

Item	2020 RMB	2019 RMB
Fuel subsidies	<u>105,609,029.13</u>	<u>138,345,240.06</u>

(b) *Recognising as other income:*

Items	2020 RMB	2019 RMB
Subsidies for operation of bus lines	127,755,258.41	118,094,201.06
Subsidies for operation of new energy vehicles	139,185,024.61	102,384,032.09
Subsidies of elderly concessionary travel card	22,980,603.03	23,115,820.89
Other subsidies	<u>61,637,381.84</u>	<u>10,601,999.29</u>
Total	<u>351,558,267.89</u>	<u>254,196,053.33</u>

(c) *Recognising as non-operating income:*

Items	2020 RMB	2019 RMB
Subsidies for vehicles disposals	66,500.00	3,253,338.73
Other subsidies	<u>2,660,922.63</u>	<u>8,151,980.07</u>
Total	<u>2,727,422.63</u>	<u>11,405,318.80</u>

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

2020

	Travel services <i>RMB</i>	Material logistics <i>RMB</i>	Other business <i>RMB</i>	Inter-segment eliminations <i>RMB</i>	Total <i>RMB</i>
Operating income					
Operating income from external customers	5,367,174,002.72	210,417,944.67	7,949,493.62	–	5,585,541,441.01
Inter-segment operating income	–	–	6,877,155.14	(6,877,155.14)	–
Total segment operating income	5,367,174,002.72	210,417,944.67	14,826,648.76	(6,877,155.14)	5,585,541,441.01
Operating costs	5,104,299,586.79	208,678,686.23	7,852,601.50	(836,328.04)	5,319,994,546.48
Interest in the profit or loss of associates and joint ventures	6,125,654.77	–	–	–	6,125,654.77
Impairment losses	24,602,205.15	–	–	–	24,602,205.15
Depreciation and amortisation	1,029,463,461.28	5,860,503.86	1,102,107.91	794,078.54	1,037,220,151.59
(Loss)/profit before income tax	(245,960,549.34)	6,718,694.95	644,911.06	–	(238,596,943.33)
Income tax expenses	74,475,596.77	1,887,451.34	214,316.89	–	76,577,365.00
Net (loss)/profit	(320,436,146.11)	4,831,243.61	430,594.17	–	(315,174,308.33)
Total assets	13,661,359,443.90	17,298,950.12	39,609,608.86	(2,665,537,742.93)	11,052,730,259.95
Total liabilities	8,794,083,428.49	15,406,809.24	51,714,705.05	(958,587,772.78)	7,902,617,170.00
Other important non-cash items:					
– Long-term equity investments in associates and joint ventures	359,966,325.61	–	–	–	359,966,325.61
– The amounts of (decrease)/increase of non-current assets other than long-term equity investments	(41,960,006.38)	–	(1,064,681.85)	141,315.34	(42,883,372.89)

	Travel services <i>RMB</i>	Material logistics <i>RMB</i>	Other business <i>RMB</i>	Inter-segment eliminations <i>RMB</i>	Total <i>RMB</i>
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

(2) Geographic information

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

	Operating income from external customers		Non-current assets	
	2020 RMB	2019 RMB	2020 RMB	2019 RMB
China				
Including: Mainland China	5,551,153,415.04	6,341,452,814.61	8,037,095,100.09	8,104,501,273.60
Hong Kong	34,388,025.97	315,760,059.36	186,690,106.43	231,164,588.91
Total	<u>5,585,541,441.01</u>	<u>6,657,212,873.97</u>	<u>8,223,785,206.52</u>	<u>8,335,665,862.51</u>

(3) Major customers

Operating income from each individual customer of the Group is below 10% of the Group's total operating income in 2020 and 2019.

25 NET CURRENT LIABILITIES

	2020 RMB	2019 RMB
Current assets	2,555,304,908.11	2,512,546,911.13
Less: Current liabilities	<u>(3,093,408,723.34)</u>	<u>(3,358,085,953.80)</u>
Net current liabilities	<u>(538,103,815.23)</u>	<u>(845,539,042.67)</u>

26 TOTAL ASSETS LESS CURRENT LIABILITIES

	2020 RMB	2019 RMB
Total assets	11,052,730,259.95	11,095,005,481.46
Less: Current liabilities	<u>(3,093,408,723.34)</u>	<u>(3,358,085,953.80)</u>
Total assets less current liabilities	<u>7,959,321,536.61</u>	<u>7,736,919,527.66</u>

(1) Lease as lessee

(a) Right-of-use assets

	Buildings and structures <i>RMB</i>	Transportation vehicles <i>RMB</i>	Land lease <i>RMB</i>	Others <i>RMB</i>	Total <i>RMB</i>
Cost					
Balance as at 1 January 2019	2,235,302,507.93	256,532,976.87	110,476,863.41	22,748,493.32	2,625,060,841.53
Additions during the year	79,381,492.46	404,067.34	252,274.95	1,260,922.65	81,298,757.40
Transfer from fixed assets	–	149,605,200.00	–	–	149,605,200.00
Reduction during the year	(53,961,478.51)	(369,011.41)	(2,249,025.79)	(12,861,345.14)	(69,440,860.85)
Balance as at 31 December 2019	2,260,722,521.88	406,173,232.80	108,480,112.57	11,148,070.83	2,786,523,938.08
Additions during the year	264,536,295.66	13,475,560.37	5,486,648.19	–	283,498,504.22
Transfer from fixed assets	–	241,412,547.20	–	–	241,412,547.20
Reduction during the year	(21,256,394.13)	(776,110.56)	(3,694,927.83)	(10,131,824.61)	(35,859,257.13)
Balance as at 31 December 2020	2,504,002,423.41	660,285,229.81	110,271,832.93	1,016,246.22	3,275,575,732.37
Less: Accumulated depreciation					
Balance as at 1 January 2019	(585,286,252.17)	(74,124,987.57)	(30,738,137.85)	(12,707,688.07)	(702,857,065.66)
Charge for the year	(140,908,426.09)	(43,058,641.96)	(7,162,087.30)	(4,458,618.98)	(195,587,774.33)
Transfer from fixed assets	–	(15,428,040.60)	–	–	(15,428,040.60)
Reduction during the year	33,912,722.75	148,273.47	2,166,067.55	8,900,517.63	45,127,581.40
Balance as at 31 December 2019	(692,281,955.51)	(132,463,396.66)	(35,734,157.60)	(8,265,789.42)	(868,745,299.19)
Charge for the year	(151,257,783.43)	(69,348,291.02)	(6,300,473.00)	(2,729,594.84)	(229,636,142.29)
Transfer from fixed assets	–	(15,907,351.60)	–	–	(15,907,351.60)
Reduction during the year	16,813,886.50	703,857.26	2,918,573.45	10,062,549.90	30,498,867.11
Balance as at 31 December 2020	(826,725,852.44)	(217,015,182.02)	(39,116,057.15)	(932,834.36)	(1,083,789,925.97)
Carrying amounts					
Balance as at 1 January 2019	1,650,016,255.76	182,407,989.30	79,738,725.56	10,040,805.25	1,922,203,775.87
Balance as at 31 December 2019	1,568,440,566.37	273,709,836.14	72,745,954.97	2,882,281.41	1,917,778,638.89
Balance as at 31 December 2020	1,677,276,570.97	443,270,047.79	71,155,775.78	83,411.86	2,191,785,806.40

As at 31 December 2020, transportation vehicles with carrying amount of RMB442,464,097.81 were pledged for lease (31 December 2019: RMB272,390,927.87).

(b) Lease liabilities

	31 December 2020 RMB	31 December 2019 RMB
Long-term lease liabilities	2,409,195,310.62	2,037,643,345.59
Less: lease liabilities due within one year	(267,809,024.38)	(189,313,299.21)
Total	<u>2,141,386,286.24</u>	<u>1,848,330,046.38</u>
	2020 RMB	2019 RMB
Short-term lease expenses applied the practical expedient	73,296,262.11	44,538,371.47
Variable lease payments not included in the measurement of lease liabilities	34,108,170.34	22,797,562.54
Income from sub-leasing right-of-use assets	493,563,749.44	511,448,200.70
Total cash outflow for leases	372,238,134.64	322,593,618.45

(2) As a lessor

(a) Operating lease

	2020 RMB	2019 RMB
Lease income	691,120,838.64	665,227,531.82
Including: income related to variable lease payments not included in lease receipts	43,692,182.28	38,833,613.08

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

	2020 RMB	2019 RMB
Within 1 year (inclusive)	834,129,479.35	551,491,587.59
Over 1 year but within 2 years (inclusive)	719,505,869.39	497,479,674.73
Over 2 years but within 3 years (inclusive)	618,969,695.30	418,073,459.07
Over 3 years but within 4 years (inclusive)	499,815,266.07	347,793,692.49
Over 4 years but within 5 years (inclusive)	439,385,397.02	290,919,317.40
Over 5 years	<u>2,675,038,370.43</u>	<u>2,095,299,439.17</u>
Total	<u>5,786,844,077.56</u>	<u>4,201,057,170.45</u>

(b) Finance lease

	2020 RMB	2019 RMB
Finance income on the net investment in the lease	272,023.75	834,859.53
Income relating to variable lease payments not included in the net investment in the lease	—	—

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

	2020 RMB	2019 RMB
Within 1 year (inclusive)	645,022.00	1,749,377.68
Over 1 year but within 2 years (inclusive)	<u>—</u>	<u>645,022.00</u>
Subtotal of undiscounted lease receipts	645,022.00	2,394,399.68
Less: Unearned finance income	<u>(35,473.07)</u>	<u>(553,468.31)</u>
Net investment in the lease	<u>609,548.93</u>	<u>1,840,931.37</u>

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

BUSINESS REVIEW

By implementing the principles of “supporting market entities, supporting cash flow, supporting investment, ensuring security and connectivity, maintaining stability, reducing costs, improving services and facilitating reform”, the Group has been actively exploring favourable conditions and positive factors for pursuing new round of reform and industrial transformation. The Group continued to perform a good job in the long-term fight against COVID-19 and ensured stability on six fronts while maintaining security in six areas, and captured opportunities to make new advances. Through these efforts, the challenging situation with sharp deterioration of our operation results in the first half of 2020 has been thoroughly reversed, minimizing losses and impact caused by COVID-19.

The Group has been pushing forward development and upgrading of the road passenger transportation business in the face of intense market competition. Adopting the supply-side reform approach, we have adhered to the refined management thinking, and kept focusing on various tasks of service quality improvement. We also strengthened cost control and continued to focus on management of measures for preventing and controlling significant risks. By implementing the mechanisms that apply to all employees for workplace safety responsibilities, we have been exploring new drivers of potential effectiveness and growth that ensure the sustainable development of the enterprise.

TRAVEL SERVICE SEGMENT

1. Road Passenger Transportation and Auxiliary Facilities

- (1) The Group accelerated the adjustment of its vehicle model and structure. In order to meet the requirements under our strategic goal, we, based on the principle of “large, medium and small” and “high, medium and low”, have adapted to market demand and changes in people’s traffic norms in new circumstances by developing various measuring models for different vehicle models by comparing their operating costs to enhance cost-effectiveness. By these efforts, we expanded the proportion of small and medium-sized vehicles. In 2020, among the Group’s passenger vehicles, there was a total of 2,300 small and medium-sized vehicles below 9 metres accounting for 51% of the total passenger vehicles, representing an increase of 23% over 2019.

- (2) The Group has developed the non-station group passenger business. In light of the changes in the overall landscape of the transportation sector, the Company has moved a step forward from its traditional business that is awaiting customers in nature and pushed forward its non-station group passenger business, which include its existing chartered coach services, shuttle bus, scheduled services, customized passenger services, online car-hailing services and leasing services. By developing the model of “Passenger Transportation + Internet”, the Group has achieved upgrading of road passenger transportation service in the era of mobile traffic. The Group has been developing the business on its consolidated platform and by establishing picking points other than the existing stops with the support of a regulated and standardized database.
- (3) The Group has optimized its resources and structures. The Group has been applying for licenses of tourist buses and chartered coaches for its idling shuttles at various provinces and cities, and has obtained 113 new licenses for its chartered coaches. The Group has strengthened follow-up management on the vehicles that were reclaimed for self-operation under contracted operation. The Group focused on integration and streamlined management of every route and every reclaimed vehicle. The Group continued to promote the policy of “One County One Target (一縣一主體)”. As at the end of 2020, the 8 regional companies of the Company had brought the number of counties and towns under the policy of “One County One Target” to 22.
- (4) The Group has developed the passenger transportation business that provides equitable access. The Group focused on the development of the “town-to-village” rural road passenger transport business, in order to realize a shift of business structure from focusing on the inter-city passenger shuttles to concentrating on the integrated transportation services across urban and rural areas. Therefore, the Group was able to minimize the impact of industrial transformation and COVID-19 on the market-based products within the transportation sector and maximize the market shares of those transportation products with equitable access to the public. Based on interpretation of policies, analysis on operations and macro-controls across various provinces, the Group has been monitoring the whole process of launching and operating vehicles for passenger transportation business of “town-to-village” by regional companies and providing comprehensive guidance on these matters. As at the end of December 2020, the Company has 1576 vehicles for rural passenger transportation, including 918 vehicles for passenger transportation business of “town-to-village”. Cover 309 towns and connect 3052 villages, the routes of “town-to-village” operated by the respective regional companies achieved full coverage over the whole region.

- (5) The Group actively expanded its public transportation business and promoted the TC model. The Group actively expanded its public transportation business by expanding the coverage of its public transportation services. The model of TC management may be promoted in regions where conditions permit to expand support to our income. We promoted wider application of public transportation services that facilitates synergy and in-depth integration among inter-county routes, rural passenger transportation, city-village public transportation and passenger transportation business of “town-to-village” to speeding up the development of our business for urban-rural integration. As at the end of 2020, 12 regional transportation units of Yueyun had engaged in urban public transportation businesses. Among which, Foshan City Yueyun Public Transportation Co., Ltd.(佛山市粵運公共交通有限公司), Foshan City Sanshui District Yueyun Traffic Co., Ltd. (佛山市三水區粵運交通有限公司) and Guangzhou City Yueyun Motor Transportation Co., Ltd. (廣州市粵運汽車運輸有限公司), three public transportation companies that operate with the model of TC management (the “**TC companies**”), have 1580 buses in operation. As TC model is the acquisition of public transportation services from companies by TC management companies when operating costs will be accounted for as purchase of services by the government, the income of the TC companies will be guaranteed. Therefore, TC companies suffered less from COVID-19 that caught the world by surprise in 2020.
- (6) The Group reduced the cost of the cross-border passenger transportation business. In addition to its efforts in maintaining internal control and a stable team, the GD-HK Company has received a subsidy at a total amount of HK\$12.40 million granted by the government for poverty relief. Through active communications, property rents, parking fees and fuel costs reduced by HK\$7.5 million. Through reasonable arrangements for day off, staff costs reduced by HK\$42.00 million. Meanwhile, drivers provided to associate organizations and shuttle buses offered to our subsidiaries in Hong Kong in providing chartered coaches services with our cross-border and domestic transportation vehicles in Shenzhen, minimizing the impact of COVID-19 and enhancing overall capability of risk control. As of the end of 2020, the Hong Kong-Zhuhai-Macao Bridge shuttle bus operation project had a total of 117 self-operating buses, which carried 1,218,922 passengers in 2020, with an average of 3,340 passengers per day, representing a 92% decrease compared with the same period in 2019. Among which, 290 passengers per day were carried in the second half of the year, representing a year-on-year decrease of 99.2%; a total of 45,731 shifts were issued, with an average of 125 shifts per day, representing a decrease of 90% compared with the same period in 2019. The project company has drastically reduced the salaries of middle and senior management staff, arranged unpaid leave for employees in accordance with rules, significantly reduced remuneration expenditure by nearly 60%, suspended outsourcing cooperation services and idle capacity vehicle insurance, reduced tax burdens reasonably and legally, and negotiated the rents for operating sites in Hong Kong, Zhuhai and Macao, reduced or exempted vehicle maintenance costs and other saving measures. We will also apply for the subsidy under the Employment Support Scheme of Hong Kong Government, the subsidy for returning to work and the training and security allowance or the Macau complementary corporate tax subsidy.

2. Expressway Service Zones Operation

(1) Energy Business

The Company firmly implements the strategic route of self-building and self-operating gas stations, effectively controls the wholesale and retail price difference of oil purchases, continuously strengthens brand promotion and professional management, establishes membership system and promotes the faster implementation of the “Yueyun Energy” brand strategy. As of the end of 2020, the Company owned 207 gas stations with operating right (including 15 gas stations of associates and cooperative companies), representing a year-on-year increase of 18 gas stations. Among which, there were 136 outsourced gas stations and 50 self-building and self-operating gas stations (including 6 gas stations under construction). Revenue from energy business amounted to RMB2,108 million, representing a year-on-year increase of 64%. The specific measures are as follows:

1. Further expanding the network scale of “Yueyun Energy” and increasing the coverage of gas stations by building and putting into operation a total of 10 gas stations in Ketang, Qingyuan, Jiangao and other service zones. Continuing to promote the equity reform of cooperative companies and realizing the consolidation of Zhongyuetong, thereby rapidly expanding the scale of gas stations.
2. Further optimizing the management of self-operated gas stations, enhancing the chain management capabilities of planning, design, reporting, construction, acceptance, oil procurement, distribution, marketing, and service, improving station-level construction standardization, management standardization and service standardization, and through the “One Station One Policy” marketing strategy and promotion such as recharge discounts and listing price reductions, focused on increasing the filling up rate of customers such as truck owners and quickly attracting new customers and increasing the retention rate of repeated customers, resulting in 84,000 new members and the total number of members exceeding 138,500. At the same time, the Company also used the ETC platform to promote the “Yueyun Energy” refueling vehicle plate payment function and preferential promotion to more than 10 million members to increase its brand awareness. The Company made every effort to build the “non-gas flagship station” of Yingde. The non-gas goods at the Yingde Gas Station increased from less than 300 SKUs to 500 SKUs. Through diversified product display, store layout and marketing promotion, the average daily non-gas sales of Yingde Gas Station increased from RMB3,315 before the optimization and upgrade to RMB6,776 after the optimization and upgrade, and its non-gas efficiency was significantly improved.

3. Improving the level of intelligent services, realizing the payment function of Yuetongbao at gas stations and building Shayong gas station into the first smart flagship station that integrates smart fuel dispensers, Yuetong card sensorless payment, convenience store self-payment, commodity self-service bar codes and self-service coffee to integrate the consumption scenarios of the Group's various business segments.
4. Developing new energy business actively. The Company completed the negotiation, contract signing and project construction of the charging pile projects of three pairs of service zones in Dahuai, Yayao and Gaogang. As of the end of 2020, the Company had built charging piles in 218 service zones, and the number of charging piles had reached 438. Hengshishui photovoltaic power generation project had been officially applied. In 2020, the application of ETC sensorless payment technology in Huanggang Gas Station was realized, and 19 self-service payment devices were put into 18 gas stations to gradually build smart gas stations.
5. Strengthening the "Five-unification (五統一)" fuel procurement; seizing the favorable opportunity to reasonably increase the inventory of oil products, the accumulative purchases of which exceeded RMB915 million, thus increasing the operating profit margin; cooperating with Shanwei subsidiary to achieve centralized procurement of refined oil with a total of five subsidiaries in Qingyuan, Shanwei, Chaozhou, Meizhou and Zhongshan having achieved centralized procurement of oil, and determining a unified external charging service platform and cooperating with well-known social operators or power grids.

(2) Retail Business

The Company took multiple measures simultaneously to enhance the competitiveness of the retail business market and achieved revenue in retail business of RMB461 million. As of the end of 2020, the Company owned a total of 606 Loyee convenience stores, among which there were 377 Loyee self-operating stores (including 302 online self-operating stores); 122 Yueyun station concourses; and 107 other franchised cooperative stores. Specific measures are as follows:

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

Fully promoting the increase in quantity and the improvement in quality of convenience store merchandise. We actively pushed forward poverty alleviation products to sell in large retail stores by introducing more than 700 native products and featured commodity barcodes. We set up and upgraded the store 's special areas and concession counters for native products, with 169 stores for the sale of native products. We had 16 major categories and 4,035 barcodes in total after further optimization of product categories by eliminating 250 product categories and introducing more than 1,700 product categories. In addition, the Company standardized the supplier management of centralized-purchasing commodities by introducing merchandise through the open bidding model for the first time. Through continuous expansion of business sources, the Company's brand merchants amounted to 105.

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

(3) Merchant Solicitation Business

The Group gave full play to the resource advantages of GCGC to further expand its service zone network and promote the development of its service zone platform and commercial operation. As of the end of 2020, the Company owned 354 service zones (carpark zones inclusive) with operating right (including 2 service zones of associates), representing a year-on-year increase of 24 service zones; and 332 operated service zones (carpark zones inclusive), representing a year-on-year increase of 39 service zones. Revenue from merchant solicitation amounted to RMB317 million, representing a year-on-year increase of 1%. Specific measures are as follows:

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

Implementing comprehensive development of the hub service zones. We completed the upgrading and transformation of two pairs of service zones in Wayaogang and Luhe, realized the upgrade and transformation of 3 pairs of service zones in Datang, Guandu and Xiegang by introducing social capital of approximately RMB30 million, innovated investment and business operation models for commercial renovation projects, and promoted the comprehensive development of Taihe Parking Lot. We accumulatively completed the upgrading and transformation of 20 pairs of service zones and built more differentiated and characteristic service zones gradually.

Exploring the implementation of new business formats. In the era of sharing economy, the shared massage chair, power charger and coffee machine projects were gradually implemented in the service zones. Among which, 800 sets of shared massage chairs were arranged in 100 pairs of service zones, bringing incremental profits of more than RMB4 million to the Company.

Continuing to shape benchmark service zones. We built Dahuai Service Zone into a national benchmark by conducting post-evaluation of the operation level of the commercial complex, and introducing a number of new experiential interactive consumption formats, which had been praised by the People's Daily and given a "thumb up" by the counterparts from outside the province. Baisha Service Zone was awarded "National Civilized Demonstration Window of Transportation Industry(全國交通運輸行業文明示範窗口)". We obtained the qualifications of commercial planning and merchant solicitation agency service for Yongning Service Zone of Guangzhou Communications Investment, taking the first step of "going out" and exporting merchant solicitation capability. Taking the planning and positioning of the service zones on Guangzhou-Zhanjiang Expressway as the starting point, we promoted differentiated development planning to meet the owners' schedules for property reconstruction and extension, and completed commercial planning and business concept design for 5 pairs of service areas in Liangjinshan and Shengtang.

(4) Advertising Business

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

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

3. Operation of Taiping Interchange

Affected by the pandemic and the policy of restricting goods and passengers of the Humen Bridge and the road maintenance works, the total traffic volume at Taiping Interchange in 2020 was approximately RMB17.98 million vehicles, and the daily average traffic volume was approximately 49,100 vehicles, representing a year-on-year decrease of approximately 44%. The toll revenue was approximately RMB66.02 million, representing a year-on-year decrease of approximately 52%. We mainly completed the following tasks:

- (1) In the face of significant decrease in traffic volume and toll revenue, the Company actively responded to the adverse effects of changes in the external environment, continuously improved operational efficiency, and increased traffic volume and toll revenue as much as possible through continuous improvement in service level.
- (2) We strengthened the inspection, monitoring and maintenance of Taiping Interchange. We carried out maintenance and repair projects involving the bridge structural safety and road safety of Taiping Interchange to eliminate potential hazards in a timely manner, therefore ensuring the safe and smooth operation of Tai Ping Interchange.

4. Material Logistics Segment

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

FINANCIAL REVIEW

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

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

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

The turnaround from profit to loss in 2020 was mainly due to a significant decrease in the gross profit of the road passenger transportation and auxiliary business and Taiping Interchange operation business under the negative impact of the epidemic. Facing the unfavorable situation caused by the Pandemic, the Group proactively responded by (i) vigorously expanding and developing strategic businesses such as energy business, (ii) performing optimization and transformation to upgrade the road passenger transportation business, and (iii) adopting a number of measures to reduce expenditures and costs. With making up for the operating losses in a multi-pronged manner, the Group strived to minimize the loss and impact caused by the pandemic.

SEGMENT INFORMATION

OPERATING INCOME

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

Operating income by business segments:

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

1. Travel Service

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

- (1) The road passenger transportation and auxiliary business recorded operating income of RMB2,297,644,000 in 2020 (2019: RMB3,787,138,000), representing a year-on-year decrease of RMB1,489,494,000 or 39%, which was mainly due to the fact that the government carried out travel restrictions and control to sharply cut down the passenger flow under the influence of the epidemic. As a result, the passenger traffic volume and actual carriage rate of the Group's road passenger transportation and auxiliary business have been greatly reduced.
- (2) The operating business of expressway service zones recorded operating income of RMB3,003,512,000 in 2020 (2019: RMB2,252,909,000), representing a year-on-year increase of RMB750,603,000 or 33%, which was mainly due to the increase in the number of self-operated gas stations and new subsidiaries.
 - a) For energy business, the operating income amounted to RMB2,107,651,000 in 2020 (2019: RMB1,282,503,000), representing a year-on-year increase of RMB825,148,000 or 64%, which was mainly due to income contributed by Guangdong Zhong Yue Tong Oil Products Operation Company Limited (廣東中粵通油品經營有限公司) ("Zhong Yue Tong"), a new holding subsidiary of the Group for the year, and a year-on-year increase in the scale of self-operated gas stations.

- b) For retail business, the operating income amounted to RMB460,098,000 in 2020 (2019: RMB529,385,000), representing a year-on-year decrease of RMB69,287,000 or 13%, which was mainly due to the decrease in passenger flow under the influence of the epidemic.
 - c) For merchant solicitation business, the operating income amounted to RMB317,018,000 in 2020 (2019: RMB312,396,000), representing a year-on-year increase of RMB4,622,000 or 1%, which was mainly due to the year-on-year increase in the number of service zones.
 - d) For advertising business, the operating income amounted to RMB118,745,000 in 2020 (2019: RMB128,625,000), representing a year-on-year decrease of RMB9,880,000 or 8%, which was mainly due to a year-on-year decrease in income derived from the advertising business under the influence of the epidemic.
- (3) Taiping Interchange operation recorded operating income of approximately RMB66,018,000 in 2020 (2019: RMB137,833,000), representing a year-on-year decrease of RMB71,815,000 or 52%, which was mainly due to the decrease of traffic flow under the influence of the epidemic and truck and passenger restriction policies as well as road maintenance work on Humen Bridge.

2. *Material Logistics*

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

GROSS PROFIT

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

Gross profit by business segments:

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

1. Travel Service

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

- (1) Road passenger transportation and auxiliary business generated gross loss of RMB315,354,000 in 2020 (2019: gross profit of RMB495,666,000), representing a year-on-year decrease of RMB811,020,000 or 164%, and gross loss margin was 14% (2019: gross profit margin of 13%). The turnaround from profit to loss was mainly due to (i) the fact that the government carried out travel restrictions and control under the influence of the epidemic. As a result, the passenger traffic volume and actual carriage rate of the Group's road passenger transportation and auxiliary business have been greatly reduced, leading to a decrease in income; and (ii) the increase in cost of depreciation and amortization as a result of purchasing new energy fully-electric vehicles for the transformation and upgrade of service. The government grants received corresponding to operating and offering concessionary ride was RMB289,921,000 (2019: RMB243,594,000) and the asset related subsidies amortized and charged to profit or loss for the year corresponding to the useful life of assets such as vehicle was RMB87,982,000 (2019: RMB64,310,000) were both accounted as "Other Income". Taking subsidies into consideration, the gross profit for the year was RMB62,549,000 (2019: RMB803,570,000) and the corresponding gross profit margin was 3% (2019: 21%).
- (2) The operating business of expressway service zones recorded gross profit of RMB548,726,000 in 2020 (2019: RMB436,929,000), representing a year-on-year increase of RMB111,797,000 or 26%, and gross profit margin was 18% (2019: 19%). The year-on-year increase in gross profit was mainly due to a year-on-year increase in income attributable to the consolidation of Zhong Yue Tong and the expanded scale of self-operated gas stations, including:
 - a) The energy business generated gross profit of RMB376,809,000 in 2020 (2019: RMB172,858,000), representing a year-on-year increase of RMB203,951,000 or 118%. Gross profit margin was 18% (2019: 13%). The year-on-year increase in gross profit and gross profit margin was mainly due to the increase in revenue and effective control of purchase costs. Gross profit margin from purchase and sale of the energy business for the period was 25% (2019: 22%).
 - b) The retail business generated gross profit of RMB46,984,000 in 2020 (2019: RMB83,819,000), representing a year-on-year decrease of RMB36,835,000 or 44%. Gross profit margin was 10% (2019: 16%). The year-on-year decrease in gross profit and gross profit margin was mainly due to the decrease in income resulting from the decrease in passenger flow under the influence of the epidemic.

- c) The merchant solicitation business generated gross profit of RMB61,996,000 in 2020 (2019: RMB112,033,000), representing a year-on-year decrease of RMB50,037,000 or 45%, and gross profit margin was 20% (2019: 36%). The year-on-year decrease in gross profit and gross profit margin was mainly due to the increase in depreciation of right-of-use assets and fixed assets in the service zones which increased year-on-year.
 - d) The advertising business generated gross profit of RMB62,937,000 in 2020 (2019: RMB68,219,000), representing a year-on-year decrease of RMB5,282,000 or 8%. Gross profit margin was 53% (2019: 53%). The decrease in gross profit was mainly due to the year-on-year decrease in income.
- (3) Taiping Interchange operation generated gross profit of RMB29,503,000 in 2020 (2019: RMB105,522,000), representing a year-on-year decrease of RMB76,019,000 or 72%. Gross profit margin was 45% (2019: 77%), which was mainly due to the decrease in income as a result of the pandemic as well as the truck and passenger restriction policies.

2. Material Logistics

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

TAX AND SURCHARGES

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

SELLING EXPENSES

In 2020, the Group incurred total selling expenses of RMB65,896,000 (2019: RMB71,771,000), representing a year-on-year decrease of RMB5,875,000 or 8%, which was mainly due to the relief on social security contribution due to the pandemic for the period.

ADMINISTRATIVE AND R&D EXPENSES

In 2020, the Group incurred administrative and research and development expenses of RMB694,595,000 in total (2019: RMB685,918,000), representing a year-on-year increase of RMB8,677,000 or 1%, which was mainly due to the combined effect of new addition of Zhong Yue Tong and an increase in provisions for retirement benefits as well as the relief on social security contribution due to the pandemic for the period.

FINANCE EXPENSES

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

Other Income

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

Investment Income

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

CREDIT IMPAIRMENT LOSSES

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

IMPAIRMENT LOSSES OF ASSETS

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

GAINS ON DISPOSAL OF ASSETS

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

NON-OPERATING INCOME AND EXPENDITURE

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

LIQUIDITY AND CAPITAL STRUCTURE

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

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

Note:

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liabilities/Total assets

CASH FLOWS

In 2020, the Group satisfied its requirements for payment of its obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and borrowings with lower interest rates. Cash and cash equivalents during 2020 (after excluding the effect of exchange rate movement) were as follows:

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

OPERATING ACTIVITIES

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

INVESTING ACTIVITIES

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

FINANCING ACTIVITIES

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

BORROWINGS

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

SIGNIFICANT INVESTMENTS HELD

Nil.

MAJOR ACQUISITIONS AND ESTABLISHMENT OF NEW COMPANIES

Nil.

MAJOR PROPERTIES HELD FOR INVESTMENT

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

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

PLEDGE OF ASSETS

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

FOREIGN EXCHANGE RISK AND HEDGING

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

CONTINGENT LIABILITIES

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

MAJOR INVESTMENTS AND KEY BUSINESS DEVELOPMENTS OF THE GROUP IN 2021

Epidemic Prevention and Control

Since the beginning of the year, epidemic outbreaks have occurred in Hebei, Heilongjiang and other places. However, as the government has taken nucleic acid testing, isolation treatment and other measures, strengthened the detection, tracking and management of close contacts, and taken stringent control over key communities, the development of the epidemic is now under control in overall. In response to the epidemic, various measures on epidemic prevention and control and travel restriction have been introduced across the PRC, which will have some impact on the Company's business income during the "Spring Festival" period and a certain period thereafter.

The Board expects that the spread of the epidemic will be curbed in a certain degree as the Covid-19 vaccines are gradually put into use and various prevention and control measures are strictly implemented by the government. After the epidemic, with the recovery of travel demand, it is expected that the travel service business of the Group will resume normal.

Travel Services Segment

1. *Road Passenger Transportation and Auxiliary Facilities*

- (1) We will improve our bus routes and station business. We will strengthen the refined management of our bus routes and reinforce our research, analysis and planning management, and will continue to take various measures, such as integration, merging and reduction of routes, replacement of large buses with small buses and suspension of routes, to strictly control inefficient and ineffective shifts. We will strive to enhance the flexibility of our passenger transportation business by seeking "multiple license plates for a single vehicle" or "multiple uses for a single license plate" in carrying out our customized charter coach, rural passenger transportation, traditional shuttle bus and other businesses.
- (2) We will improve the approval method for vehicle purchase, strengthen the management and control of our investment procedures for vehicle purchase, and continue to adjust the structure of our "large, medium and small" and "high, medium and common" vehicle models to reasonable ranges.
- (3) We will optimize our resource structure by promoting the shift from regular passenger transportation coach services to customized passenger transportation services or customized charter coach services. We will conduct field investigation and analysis for overlapped routes, and strive to realize the optimal allocation of vehicle resources by developing inter-regional transportation services and making routes integration. We will make good use of our passenger transportation business management system, streamline and optimize our passenger transportation and station business process, reduce operation costs, solidify our businesses via information system, broaden the range of our management works, and promote the gradual flat development of our organizational structure.

- (4) We will adjust our business structure in a systematical way with a particular focus on the development of public transportation business. With the rapid development of urbanization, giving priority to the development of public transportation services has become an inexorable requirement for the purpose to alleviate traffic congestion, improve the quality of people's life and improve the basic public service level of the government, and public transportation has become the first choice of more and more people for travelling. Therefore, the public transportation business will become a stable growth point of the Company's revenue and profit. Currently, TC mode has been adopted by the Company to run its public transportation business. According to the principle that passenger fare revenue shall be managed separately from the transportation services, the passenger fare revenue shall be held by the government and the government shall allocate such revenue to relevant enterprises as per their transportation costs and service quality and ensure relevant enterprises have a certain rate of return. The essence of the TC public transportation mode is that the government purchases services, which allows relevant enterprises to have stable profits with relatively low operation risks.
- (5) We will adjust the operation mode of traditional passenger transportation services to realize customized and differentiated development of passenger transportation services. To meet people's need for door-to-door travel, we will make contribution to the need-oriented transformation and upgrading of the traditional passenger transportation services, adapt to new national regulations and changes in provincial implementation measures, change the traditional station-to-station operation mode of the traditional passenger transportation services by carrying out customized passenger transportation services and pursuing a differentiated way of development that will not compete with high-speed railway services. We will vigorously expand customized, online car-hailing, travel and transportation and other non-station group passenger business, comprehensively promote multi-point passenger distribution, speed up the promotion of customized passenger station layout, continue to promote the application for the establishment of off-station passenger distribution and car-hailing stations in the urban area of Guangzhou to link up transportation hubs and connect with central nodes. By leveraging on the rich local tourism resources of regional companies, we will actively explore and establish special tourism routes, tourism bus, tourism charter coach, tourism car rental and other businesses.
- (6) We will adhere to the development concept of "One County, One Target (一縣一主體)" and continue to promote the deployment of urban public transportation services and rural passenger transportation services. By leveraging on the development mode of "One County, One Target", we will strive to realize the integration of regional high-quality resources, take initiatives in business expansion, continuously promote the deployment and development of rural passenger transportation and urban public transportation services, seize opportunities to consolidate the market and get government subsidies, and promote the transformation of some routes toward the direction of public transportation. We will effectively manage our "town-to-village" rural passenger transportation business and improve our capability to serve the society. We will continue to develop our special-route expressway passenger transportation business. We will combine passenger transportation business with goods transportation business, strive to turn rural passenger vehicles into retail commercial service outlets to tap logistics value. We will fully refine the method of statistical accounting, make incentives at different levels based on our revenue, gross profit, net profit and return on investment, explore the "amoeba" mode of operating management, and boost new business development by optimizing incentive and constraint mechanisms.

- (7) After the epidemic, cross-border passenger transportation operations will be resumed. After the epidemic subsides, the cross-border service line of the GD-HK Company under the Group is expected to resume operation. Combining the existing service lines to and from the Mainland and the actual conditions of various gates, we will build several express shuttle lines between downtown Hong Kong and the Shenzhen Bay, Hong Kong-Zhuhai-Macao Bridge and Liantang Port, which will form a short-distance express transportation mode and follow the market development trend to develop customized lines and commuter chartered products, so as to promote service transformation and upgrading.
- (8) The traffic rescue business will make full use of information technology and scale of economy to promote the video surveillance rescue cloud service platform project based on 5G+AI technology, and use the successful platforms of “Smart Rescue” and “AI-based Intelligent System” to optimize the operation and dispatch process of the traffic rescue business controls and improve the convenience, accuracy and standardization of operation information transmission. We will continue to improve the quality of traffic rescue services, and can further enhance our visibility and influence.
- (9) In accordance with policy requirements and tourism development business needs, we will promote the joint-stock companies to carry out the development and operation of the Blue Dolphin Island tourism project of the Hong Kong-Zhuhai-Macao Bridge.

II. Expressway Service Zones Operation

1. Energy Business

- (1) We will accelerate the improvement of driving forces for energy development, further broaden and expand the scale of energy network, accelerate the construction and investment of more than 10 new self-operated gas stations in service zones such as Pingtang, Zhenlong, Shangsha, Shengtang, and Henghe. We will have up to 60 self-built and self-operated gas stations by the end of 2021, gradually improving the network of self-operated gas stations on expressways.
- (2) Continuing to rely on the rational distribution of resources, we will 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 will also strengthen the centralized purchase management of refined fuel for transportation units.
- (3) We will strengthen refined operations and active marketing, improve the standardized manuals for the design, operation, and management of gas stations, and enhance the level of refined operation management of gas stations. We will improve the membership system to increase revenue from non-oil products by combining the Group’s multi-business consumption demand. We will also increase marketing and promotion efforts to accurately carry out the marketing initiative of “One Station, One Policy” for gas stations with lower sales to increase oil product sales and operating income.

- (4) We will further deepen the innovative development of the revenue model in energy business with business partners. We will 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.
- (5) We will 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.
- (6) We will promote the upgrading of expressway gas stations to oil-gas-electricity integrated energy supply stations. We will 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 will also 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 will 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 30 new stores. We will gradually open Loyee stores to recruit franchisees from the society and build an O2O store network of “Commodities + Services + Demand Scenarios” to quickly achieve expansion in both scale and revenue.
- (2) We will continue to promote the expansion of the “big retail” Loyee supermarket, and gradually realize the parallel development of convenience stores and comprehensive supermarkets, physical stores and online platform stores, forming a big retail business chain from pure retailers to wholesalers
- (3) We will deeply analyze the characteristics of people traveling on expressways to continuously optimize product categories and change single in-store layout and product display layout. We will upgrade the VI logo, optimize in-store layout and display layout, and develop more private brand products to create more consumption scenes and enhance the competitiveness of products, thus comprehensively enhancing the consumer experience.
- (4) We will cultivate and improve retail supply chain management, and prepare for self-built retail warehouses. By leveraging on centralized procurement, we will actively build a shared procurement and sales platform with Yuehuahui, channel suppliers and convenience store chain enterprises in the province that the Group has a shareholding.

- (5) We will strengthen the construction of a standardized system for convenience stores, improve the compensation system and assessment mechanism, and use market-based management methods to adjust the management and control and the performance evaluation and distribution model of directly-operated outlets in the service zones, thus strengthening the supervision and assistance to directly-operated stores.

3. Merchant solicitation business

- (1) We will continue to optimize the merchant solicitation management methods and procedures of the service zones, improve and strengthen the management of merchant solicitation business, and ensure the simultaneous opening of the service zones and the road section of a new traffic project. We will carry out the merchant solicitation work for the service zones with expiration of contract and the newly opened service zones in an orderly and efficient manner in accordance with the merchant solicitation implementation plan to increase the overall rental rate.
- (2) Adhering to the differentiated positioning philosophy of “A Specific Policy for Each Category” and “One Brand for Each Zone”, transform our thinking and carry out differentiated functional layout to redeploy and reposition the service zones which has the potential of development by putting our efforts in enhancing the quality and promoting the upgrade of key service zones to build innovative service zones with specific characteristics, optimizing the conceptual design of service zones at Huacheng, Yuantian, Huangtian, Chengchun, Qianshui, Changshawan and Shenzhen-Shanwei and completing the construction of the project of Shengtang truck logistic service zone.
- (3) By launching the “Yipinhui” project, create and register our own brand of commercial properties to promote and release the brand effect through unique symbol, logo and management process. Continuously expand and develop new brands and new business sectors into the brand library so as to build proper customer base for the diversified business development of service zones in the future.
- (4) We will vigorously implement the special actions on quality improvement and upgrade of service zones, promote business platformization and informatization, coordinate and promote the comprehensive management and service platforms establishment in the service zones, create a informatization service and business platform in the services zones and optimize resource sharing and service rendering and product supply. On the basis of developing our own business membership, we will strive to import customer information in the various systems of GCGC, and rapidly increase the membership size of the service zone platform.

4. Advertising business

- (1) Relying on the advertising resources along the expressway, service zones and passenger terminals, expedite the resource building and the transformation and upgrade of business to build an influential transportation media network and strive for the transformation to “transportation omni-media supplier” based on regional transportation. Enhance the pilot program in innovative advertising design and

investment, further optimize the advertising deployment at service zones, and carry out sizable, standard and overall operation and management on the disorderly advertisements at the service zones.

- (2) Fully capitalize on brand customer base to strength the sales and expansion of direct advertising business, carry out innovative advertising business and planning-related business and enhance the quality of customer service. Leveraging internal and external digital media resources providers, we will strengthen the capabilities of customer development in terms of digital media resource, advertising production, marketing communication and effect evaluation with the aim to improve the full service offering capabilities of media resource integration operations and improve advertising resource utilization.

For significant investments and business development in 2021, 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 2020.

Closure of Register of Members

The Company's annual general meeting (the "AGM") will be held on Friday, 11 June 2021. 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 2020 AGM:

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

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

Dividend

The Board did not recommend the payment of any dividend for the year ended 31 December 2020.

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 2020.

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 2020. 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 2020.

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

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

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

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

Functions of Corporate Governance

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

(2) *Remuneration Committee*

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

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

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

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

(3) *Nomination Committee*

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

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

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

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

The Board has adopted a board diversity policy. The Board recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives

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

SUPERVISORY COMMITTEE

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

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

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

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

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

The remuneration of the employees of the Group (including the executive Directors) comprises of basic salary, allowance and performance bonus. The basic salary is determined according to the position, work experience, academic background and capacities of the employees. The performance bonus is determined according to the performance assessment results and contribution of the employees. The remuneration of the independent non-executive Directors is determined

with reference to the remuneration standards in the capital market for independent non-executive directors of companies with similar business scope and scale. The non-executive Directors have agreed not to receive any remuneration as non-executive Directors.

Auditor

The Company has appointed KPMG Huazhen LLP as the auditor of the Company for the year ended 31 December 2020. KPMG Huazhen LLP has conducted the audit of the Group's 2020 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 2020 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 People's Republic of China
19 March 2021

As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Zhang Xian and Mr. Huang Wenban 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*