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 2021

- Operating income of the Group in 2021 was approximately RMB6,270,530,000, representing an increase of approximately RMB684,989,000 (or 12%) compared to 2020.
- Net loss attributable to shareholders of the Company for the year ended 31 December 2021 was approximately RMB220,330,000 (Net loss attributable to shareholders of the Company for the year ended 31 December 2020 was approximately RMB229,193,000).
- Both basic losses per share and diluted losses per share for the year ended 31 December 2021 were RMB0.28 (Both basic earnings per share and diluted earnings per share for the year ended 31 December 2020 were RMB0.29).

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 2021. 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 members of the Audit and Corporate Governance Committee are independent non-executive Directors.

The following figures in respect of the preliminary announcement of the Group's results as of 31 December 2021 have been compared by the Company's auditor, BDO China SHU LUN PAN Certified Public Accountants LLP, with the amounts set out in the Group's audited financial statements for the year ended 31 December 2021 and the amounts were found to be consistent. The procedures performed by BDO China SHU LUN PAN Certified Public Accountants LLP in respect of this announcement did not constitute an audit, a review or other assurance engagement and consequently no assurance has been expressed by BDO China SHU LUN PAN Certified Public Accountants LLP on this announcement.

CONSOLIDATED BALANCE SHEET
As at 31 December 2021

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

	Note	**31 December 2021**	31 December 2020
		RMB	*RMB*
Liabilities and shareholder' equity			
Current liabilities:			
Short-term loans	*9*	**755,901,358.75**	593,611,398.50
Bills payable		**1,318,800.00**	–
Accounts payable	*10*	**648,328,265.32**	678,605,751.61
Advances from customers		**104,758,388.69**	104,125,802.87
Contract liabilities		**57,235,918.46**	54,113,548.27
Employee benefits payable		**213,820,256.35**	217,651,415.55
Taxes payable		**79,012,017.03**	102,910,404.33
Other payables		**725,039,603.36**	810,086,298.05
Non-current liabilities due within one year	*11*	**1,014,008,729.14**	532,304,104.16
Other current liabilities		**35,000,000.00**	–
Total current liabilities		**3,634,423,337.10**	3,093,408,723.34
Non-current liabilities:			
Long-term loans	*12*	**1,136,438,363.52**	1,316,819,266.63
Bonds payable	*13*	**–**	392,533,626.17
Lease liabilities	*14*	**2,059,766,502.67**	2,141,386,286.24
Long-term payables		**195,830,684.95**	79,084,738.67
Long-term employee benefits payable		**183,373,836.55**	193,457,414.52
Deferred income		**520,671,034.97**	610,531,662.58
Deferred tax liabilities		**70,419,505.38**	75,395,451.85
Total non-current liabilities		**4,166,499,928.04**	4,809,208,446.66
Total liabilities		**7,800,923,265.14**	7,902,617,170.00
Shareholders' equity			
Share capital		**799,847,800.00**	799,847,800.00
Capital reserve		**20,204,510.54**	18,800,491.50
Other comprehensive income		**(38,549,691.47)**	(32,525,484.69)
Specific reserve		**22,981,970.80**	19,891,553.86
Surplus reserve		**228,567,221.55**	212,973,127.89
Retained earnings	*15*	**816,379,787.01**	1,052,303,964.69
Total equity attributable to shareholders of the Company		**1,849,431,598.43**	2,071,291,453.25
Non-controlling interests		**893,277,899.38**	1,078,821,636.70
Total shareholders' equity		**2,742,709,497.81**	3,150,113,089.95
Total liabilities and shareholders' equity		**10,543,632,762.95**	11,052,730,259.95

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

Items	*Note*	**2021** **RMB**	2020 RMB
I. Total operating income		**6,270,529,867.45**	5,585,541,441.01
Including: operating income		**6,270,529,867.45**	5,585,541,441.01
II. Total operating operating costs		**6,811,338,319.70**	6,353,550,416.24
Including: Operating costs		**5,863,550,559.42**	5,319,994,546.48
Taxes and surcharges		**42,698,349.63**	43,091,069.58
Selling and distribution expenses		**65,013,168.21**	65,895,827.10
General and administrative expenses		**607,667,420.80**	694,541,181.77
Research and development expenses		**3,934,235.67**	53,951.39
Financial expenses	*16*	**228,474,585.97**	229,973,839.92
Add: Other income	*17*	**322,327,611.59**	534,255,744.30
Investment (loss)/income	*18*	**(7,378,606.14)**	29,316,762.74
Including: Income from investments in associates and joint ventures		**(6,270,385.62)**	6,125,654.77
Accrual of credit losses	*19*	**(4,044,565.04)**	(27,978,286.60)
Impairment losses	*20*	**(19,516,537.14)**	(24,602,205.15)
Gains from asset disposals	*21*	**5,344,335.22**	23,765,467.86
III. Operating loss		**(244,076,213.76)**	(233,251,492.08)
Add: Non-operating income	*22*	**16,598,331.76**	21,799,885.12
Less: Non-operating expenses	*23*	**14,418,692.98**	27,145,336.37
IV. Loss before income tax		**(241,896,574.98)**	(238,596,943.33)
Less: Income tax expenses	*24*	**81,462,762.55**	76,577,365.00

Items	*Note*	**2021** *RMB*	2020 *RMB*
V. Net loss for the year		**(323,359,337.53)**	(315,174,308.33)
(1) Net loss classified by continuity of operations			
1. Net loss from continuing operations		**(323,359,337.53)**	(315,174,308.33)
2. Net loss from discontinued operations		**–**	–
(2) Net loss classified by ownership			
Attributable to:			
1. Shareholders of the Company		**(220,330,084.02)**	(229,193,291.25)
2. Non-controlling interests		**(103,029,253.51)**	(85,981,017.08)
VI. Other comprehensive income, net of tax		**(8,915,488.28)**	(22,002,043.98)
Other comprehensive income (net of tax) attributable to shareholders of the Company		**(6,024,206.78)**	(15,198,625.41)
(1) Items that will not be reclassified to profit or loss		**(4,060,421.31)**	202,443.73
1. Remeasurement of defined benefit plan		**(4,060,421.31)**	202,443.73
2. Changes in fair value of investments in other equity instruments		**–**	–
(2) Items that may be reclassified subsequently to profit or loss		**(1,963,785.47)**	(15,401,069.14)
Translation differences arising from translation of foreign currency financial statements		**(1,963,785.47)**	(15,401,069.14)
Other comprehensive income (net of tax) attributable to non-controlling interests		**(2,891,281.50)**	(6,803,418.57)
VII. Total comprehensive income for the year		**(332,274,825.81)**	(337,176,352.31)
Attributable to:			
Shareholders of the Company		**(226,354,290.80)**	(244,391,916.66)
Non-controlling interests		**(105,920,535.01)**	(92,784,435.65)
VIII. Earnings per share:			
(1) Basic earnings per share (RMB/share)	*25*	**(0.28)**	(0.29)
(2) Diluted earnings per share (RMB/share)	*25*	**(0.28)**	(0.29)

NOTES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

1) Basis of preparation

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

2) Going concern

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

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

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1) Changes in significant accounting policies

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

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

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

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

2) **Changes in significant accounting estimates**

(1) ***Changes in accounting estimates***

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

(2) ***Impact of changes in accounting estimates***

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

3. CHANGES IN THE SCOPE OF CONSOLIDATION

1) **Subsidiaries newly included in the scope of consolidation this year**

Two new subsidiaries of the Company were established this year, including Guangning Lihao Property Management Co., Ltd. and Heyuan City Yuancheng District Xinyun Property Management Co., Ltd.

2) **Subsidiaries that are no longer included in the scope of consolidation this year**

Ten subsidiaries of the Company completed industrial and commercial deregistration in 2021 and have not been longer be included in the scope of consolidation since then, including Guangzhou Yueyun Transportation Co., Ltd., Foshan Nanhai District Yueyun Transportation Co., Ltd., Chaozhou Yueyun Junma Tourism Transportation Co., Ltd., Chaozhou Hongyun Travel Agency Co., Ltd., Shaoguan Yueyun Travel Agency Co., Ltd., Shaoguan Jitongtu Automobile Transportation Co., Ltd., Qingyuan Qingxin District Yueyun Automobile Transportation Co., Ltd., Yangchun Langri Fuel Co., Ltd., Yangjiang Yueyun Langri Automobile Driving Training Co., Ltd. and Yangjiang Yueyun Langri Fuel Co., Ltd. The operating results and cash flows of the above companies before the date of cancellation have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

4. ACCOUNTS RECEIVABLE

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

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

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

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

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

Provision for bad debts is made on a individual basis:

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

Provision for bad debts is made on a collective basis:

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

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

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

5. INVESTMENT PROPERTIES

1) Investment properties using cost measurement model

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

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

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

6. FIXED ASSETS

1) Fixed assets and fixed assets liquidation

Items	**31 December 2021** *RMB*	31 December 2020 *RMB*
Fixed assets	**3,496,526,225.50**	3,870,626,229.91
Fixed assets liquidation	**212,304.63**	–
Total	**3,496,738,530.13**	3,870,626,229.91

2) Fixed assets

Items	Buildings and structures *RMB*	Buildings improvements *RMB*	Machinery and equipment *RMB*	Electronic equipment, office equipment and others *RMB*	Transportation vehicles *RMB*	Total *RMB*
1. Cost						
(1) Balance as at 31 December 2020	2,064,857,068.85	289,285,545.07	148,749,137.34	397,040,104.27	4,047,905,980.30	6,947,837,835.83
(2) Additions during the year	174,381,852.05	13,099,790.20	24,444,192.83	29,174,770.76	129,324,764.85	370,425,370.69
– Purchases	39,728,956.12	–	5,506,283.39	24,348,044.69	86,671,865.40	156,255,149.60
– Transfer from construction in progress	115,827,228.64	13,099,790.20	3,868,691.16	4,790,313.31	40,096,285.72	177,682,309.03
– Transfer from investment properties	6,959,547.53	–	–	–	–	6,959,547.53
– Classification adjustment	11,866,119.76	–	15,069,218.28	36,412.76	2,556,613.73	29,528,364.53
(3) Reductions during the year	110,709,947.73	31,523,309.33	35,526,173.41	10,749,720.58	390,231,425.66	578,740,576.71
– Disposals or discarding	21,683,990.23	31,523,309.33	23,672,650.07	10,492,494.60	366,577,811.89	453,950,256.12
– Transfer to investment properties	87,650,212.29	–	–	–	–	87,650,212.29
– Foreign currency financial statement translation differences	1,053,720.93	–	30,782.58	199,315.98	6,327,924.28	7,611,743.77
– Classification adjustment	322,024.28	–	11,822,740.76	57,910.00	17,325,689.49	29,528,364.53
(4) Balance as at 31 December 2021	2,128,528,973.17	270,862,025.94	137,667,156.76	415,465,154.45	3,786,999,319.49	6,739,522,629.81
2. Accumulated depreciation						
(1) Balance as at 31 December 2020	520,113,502.82	139,049,356.84	57,565,732.90	279,540,551.37	2,076,470,337.77	3,072,739,481.70
(2) Additions during the year	113,356,580.91	27,774,355.84	19,322,717.73	6,780,666.52	434,994,539.70	602,228,860.70
– Accruals	112,492,489.46	27,774,355.84	14,069,911.45	6,772,968.22	433,970,798.65	595,080,523.62
– Transfer from investment properties	818,011.45	–	–	–	–	818,011.45
– Classification adjustment	46,080.00	–	5,252,806.28	7,698.30	1,023,741.05	6,330,325.63
(3) Reductions during the year	49,155,166.13	6,304,661.87	11,084,318.53	10,961,821.27	358,641,087.32	436,147,055.12
– Disposals or discarding	21,085,388.66	6,304,661.87	11,054,447.58	10,804,133.84	347,196,759.39	396,445,391.34
– Transfer to investment properties	27,547,346.62	–	–	–	–	27,547,346.62
– Foreign currency financial statement translation differences	522,430.85	–	29,870.95	109,027.45	5,162,662.28	5,823,991.53
– Classification adjustment	–	–	–	48,659.98	6,281,665.65	6,330,325.63
(4) Balance as at 31 December 2021	584,314,917.60	160,519,050.81	65,804,132.10	275,359,396.62	2,152,823,790.15	3,238,821,287.28

Items	Buildings and structures *RMB*	Buildings improvements *RMB*	Machinery and equipment *RMB*	Electronic equipment, office equipment and others *RMB*	Transportation vehicles *RMB*	Total *RMB*
3. Provision of impairment						
(1) Balance as at 31 December 2020	–	–	–	–	4,472,124.22	4,472,124.22
(2) Additions during the year	–	–	–	–	–	–
(3) Reductions during the year	–	–	–	–	297,007.19	297,007.19
– Disposals or discarding	–	–	–	–	297,007.19	297,007.19
(4) Balance as at 31 December 2021	–	–	–	–	4,175,117.03	4,175,117.03
4. Book value						
(1) Book value as at 31 December 2021	1,544,214,055.57	110,342,975.13	71,863,024.66	140,105,757.83	1,630,000,412.31	3,496,526,225.50
(2) Book value as at 31 December 2020	1,544,743,566.03	150,236,188.23	91,183,404.44	117,499,552.90	1,966,963,518.31	3,870,626,229.91

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

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

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

4) Fixed assets liquidation

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

7. RIGHT-OF-USE ASSETS

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

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

8. INTANGIBLE ASSETS

1) Details of intangible assets

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

Note 1: As at 31 December 2021, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right (toll bridge franchise operating rights) with carrying amount of RMB53,504,666.40 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Group as mentioned in Note 13 (31 December 2020: RMB57,618,606.46). In addition, land use rights with carrying amount of RMB138,119,749.90 (31 December 2020: RMB192,175,047.58) were pledged for bank loans, among which, RMB95,210,187.94 (31 December 2020: RMB102,354,103.08) were pledged for long-term loans and RMB42,909,561.96 (31 December 2020: RMB89,820,944.50) were pledged for short-term loans. As at 31 December 2021, land use rights with carrying amount of RMB1,025,674.00 (31 December 2020: RMB931,902.00) were pledged for long-term payables. There were no other restricted intangible assets of the Group.

Note 2: In addition to the land that are in the process of applying for the certificates of title, certain pieces of land of the Group located in the cities of Heyuan, Shanwei, Shaoguan and Yangjiang etc. have not yet obtained the certificates of ownership. As at 31 December 2021, the carrying amount of land use rights without certificate of title for the Group was RMB7,282,924.59 (31 December 2020: RMB10,736,440.28).

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

9. SHORT-TERM LOANS

1) Classification of short-term loans

Items	**31 December 2021** ***RMB***	31 December 2020 *RMB*
Pledged loan	**–**	30,000,000.00
Loans secured by mortgages *(Note 2)*	**176,216,071.36**	190,096,898.32
Pledged and mortgaged loans *(Note 3)*	**5,000,000.00**	–
Unsecured loans	**574,685,287.39**	373,514,500.18
Including: Loans from banks	**374,685,287.39**	373,514,500.18
Total	**755,901,358.75**	593,611,398.50

Note 1: As at 31 December 2021, the Group's short-term loans were borrowings from banks or GCG Finance within 1 year, which bear interest rates ranging from 1.90%-6.50% per annum (31 December 2020: 2.05%-6.50%).

Note 2: For the details of assets pledged for secured loans as at 31 December 2021, please refer to Note 6 and 8.

Note 3: As at 31 December 2021, the pledged and mortgaged loans held by the Group are the loans borrowed by the subsidiary Shanwei Yueyun Automobile Transportation Co., Ltd. with the comprehensive operation subsidy during the demonstration, promotion and application period of new energy bus in 2022 as the pledged assets and land as the collateral.

2) **Overdue short-term loans**

As at 31 December 2021, the Group had no overdue short-term loans (31 December 2020: Nil).

10. ACCOUNTS PAYABLE

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

Items	**31 December 2021** *RMB*	31 December 2020 *RMB*
Materials payable	**106,326,212.74**	78,182,040.26
Transportation fee payable	**99,719,661.91**	149,499,203.59
Contract payments for cars	**80,716,054.74**	108,076,092.31
Progress payments for constructions	**209,517,502.02**	233,591,336.02
Expressway service zones contracts fee payable	**60,658,167.60**	41,132,664.15
Fuel expenses payable	**26,580,236.10**	28,660,721.82
Service fees payable	**13,039,798.66**	10,573,529.03
Others	**51,770,631.55**	28,890,164.43
Total	**648,328,265.32**	678,605,751.61

2) **The aging analysis of accounts payable is as follows:**

Items	**31 December 2021** *RMB*	31 December 2020 *RMB*
Within 1 year (inclusive)	**506,796,666.07**	569,671,794.73
Over 1 year but within 2 years (inclusive)	**65,874,406.97**	46,547,145.73
Over 2 years but within 3 years (inclusive)	**17,523,935.48**	51,979,008.85
Over 3 years	**58,133,256.80**	10,407,802.30
Total	**648,328,265.32**	678,605,751.61

3) **Significant accounts payable with aging of more than one year:**

Item	**31 December 2021** *RMB*	**Nature and reasons for unsettlement**
Maoming Dianbai Eryun Transportation Co., Ltd.	**20,600,294.00**	Contract payments for cars undue.
Total	**20,600,294.00**	

11. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Items	*Note*	**31 December 2021** **RMB**	31 December 2020 *RMB*
Long-term loans due within one year	*12*	**263,059,210.18**	242,524,331.63
Bonds payable due within one year	*13*	**390,873,016.30**	–
Long-term payables due within one year		**70,561,326.27**	21,970,748.15
Lease liabilities due within one year	*14*	**285,406,463.39**	267,809,024.38
Bond interest payable due within one year		**4,108,713.00**	–
Total		**1,014,008,729.14**	532,304,104.16

12. LONG-TERM LOANS

Item	**31 December 2021** **RMB**	31 December 2020 *RMB*
Unsecured loans	**1,003,241,356.69**	1,034,152,961.89
Including: Loans from banks	**871,623,254.73**	677,252,961.89
Loans from GCG Finance	**131,618,101.96**	356,900,000.00
Loans secured by mortgages *(Note 2)*	**140,349,660.01**	147,571,681.58
Pledged loans *(Note 3)*	**35,830,404.99**	116,580,884.71
Mortgaged and guaranteed loans *(Note 4)*	**167,876,152.01**	214,838,070.08
Pledged and mortgaged loans *(Note 5)*	**11,000,000.00**	–
Pledged, mortgaged and guaranteed loans *(Note 6)*	**41,200,000.00**	46,200,000.00
Total	**1,399,497,573.70**	1,559,343,598.26
Less: Long-term loans due within one year		
Including: Unsecured loans	**104,410,379.16**	106,037,780.00
Loans secured by mortgages	**45,245,247.36**	52,509,803.55
Pledged loans	**14,630,404.99**	14,700,000.00
Mortgaged and guaranteed loans	**77,773,178.67**	64,276,748.08
Pledged and mortgaged loans	**3,000,000.00**	–
Pledged, mortgaged and guaranteed loans	**18,000,000.00**	5,000,000.00
Sub-total *(Note 11)*	**263,059,210.18**	242,524,331.63
Long-term loans due after 1 year	**1,136,438,363.52**	1,316,819,266.63

Note 1: As at 31 December 2021, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 3.65% ~ 4.90% per annum (31 December 2020: 3.16% ~ 4.90%).

Note 2: For the details of assets pledged for secured loans as at 31 December 2021, please refer to Note 6 and 8.

Note 3: As at 31 December 2021, pledged loans held by the Group include the loan borrowed by Qingyuan Yueyun Vehicles Transportation Co., Ltd. with RMB200,000.00 as the pledge deposit and the loan borrowed by Shanwei Yueyun Automobile Transport Co., Ltd. with the national subsidies of 2019 for energy saving and the operation of new energy vehicles as pledged assets.

Note 4: As at 31 December 2021, mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: Heyuan Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; and the loans borrowed by Guangdong Yueyun Langri Co., Ltd., Heyuan City Yueyun Motor Transportation Co., Ltd., Qingyuan Yueyun Vehicles Transportation Co., Ltd., Meizhou Yueyun Motor Transportation Co., Ltd. and Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.

Note 5: As at 31 December 2021, the pledged and mortgaged loans held by the Group are the loans borrowed by the subsidiary of the Company, Shanwei Yueyun Automobile Transportation Co., Ltd. with the comprehensive operation subsidy during the demonstration, promotion and application period of new energy bus in 2022 as the pledged assets and land as the collateral.

Note 6: As at 31 December 2021, pledged, mortgaged and guaranteed loans held by the Group are the loan borrowed by Shanwei Yueyun Automobile Transport Co., Ltd. with the national subsidies of 2019 for energy saving and the operation of new energy vehicles as pledged assets, with land as collateral and guaranteed by the Company at 51% joint and several liability.

Note 7: As at 31 December 2021, there was no overdue borrowing by the Group (31 December 2020: Nil).

13. BONDS PAYABLE

1) Details of Bonds payable

Item	**31 December 2021** ***RMB***	31 December 2020 *RMB*
2014 corporate bond (first phase)	–	392,533,626.17
Total	–	392,533,626.17

2) **Changes in bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified as financial liabilities)**

Item	Issue amount *RMB*	Issue date	Periods	31 December 2020 *RMB*	Amortisation for the year *RMB*	Non-current liabilities due within one year *(Note 11)* *RMB*	31 December 2021
2014 corporate bond (first phase)	400,000,000.00	28/09/2015	7 years	392,533,626.17	(1,660,609.87)	390,873,016.30	–
Total	400,000,000.00			392,533,626.17	(1,660,609.87)	390,873,016.30	–

Note: On 28 September 2015, the Company entrusted Morgan Stanley Huaxin Securities Company Limited as the lead underwriter and issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB400.00 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal will be returned upon maturity. The Company will be entitled at its option to adjust 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.

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 8).

14. LEASE LIABILITIES

Items	**31 December 2021** ***RMB***	31 December 2020 *RMB*
Lease liabilities	**2,345,172,966.06**	2,409,195,310.62
Less: lease liabilities due within one year *(Note 11)*	**285,406,463.39**	267,809,024.38
Total	**2,059,766,502.67**	2,141,386,286.24

15. RETAINED EARNINGS

Items	**2021** ***RMB***	2020 *RMB*
Retained earnings at the beginning of the year	**1,052,303,964.69**	1,291,081,241.71
Add: Net loss for the year attributable to the shareholders of the Company	**(220,330,084.02)**	(229,193,291.25)
Less: Appropriation for statutory surplus reserve	**15,594,093.66**	9,583,985.77
Retained earnings at the end of the year	**816,379,787.01**	1,052,303,964.69

Note: In 2021, no dividend was declared by the Company (2020: no dividend was declared).

16. FINANCIAL EXPENSES

Items	2021 *RMB*	2020 *RMB*
Interest expenses from loans, bonds and payables	**109,721,948.27**	103,801,088.71
Less: Borrowing costs capitalised	**692,888.89**	1,642,618.34
Net interest expenses	**109,029,059.38**	102,158,470.37
Less: Interest income	**18,180,650.76**	10,643,826.30
Exchange (gains)/losses	**(1,243,150.30)**	2,157,298.23
Amortisation of unrecognized financing charges	**7,086,911.16**	7,408,753.98
Interest expenses from lease liabilities	**118,511,409.37**	116,613,836.64
Others	**13,271,007.12**	12,279,307.00
Total	**228,474,585.97**	229,973,839.92

17. OTHER INCOME

Items	2021 *RMB*	2020 *RMB*
Government grants related to assets	**80,116,021.17**	102,796,392.61
Government grants related to income	**212,784,575.01**	351,558,267.89
VAT reduction and exemption, etc	**29,427,015.41**	79,901,083.80
Total	**322,327,611.59**	534,255,744.30

Government grants included in other income

Items	**2021** *RMB*	2020 *RMB*	**Related to assets/Related to income**
Subsidies for vehicles replacement	1,797,253.50	2,486,786.89	Related to assets
Subsidies for procurement of new energy vehicles	65,445,004.36	87,982,426.84	Related to assets
Subsidies for fixed asset renovation	8,769,280.49	8,797,931.29	Related to assets
Tax subsidies for vehicle purchase	412,765.91	425,531.88	Related to assets
Other subsidies related to assets	3,691,716.91	3,103,715.71	Related to assets
Subsidies for operation of new energy vehicle	–	139,185,024.61	Related to income
Subsidy for operation of bus line	151,707,956.53	127,755,258.41	Related to income
Subsidies of elderly concessionary travel card	32,919,246.51	22,980,603.03	Related to income
Others subsidies related to income	28,157,371.97	61,637,381.84	Related to income
Total	292,900,596.18	454,354,660.50	

18. INVESTMENT INCOME

Items	**2021** *RMB*	2020 *RMB*
Income from long-term equity investments under equity method	**(6,270,385.62)**	6,125,654.77
Gains on disposal of long-term equity investments	**–**	22,537,575.29
Others	**(1,108,220.52)**	653,532.68
Total	**(7,378,606.14)**	29,316,762.74

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

19. ACCRUAL OF CREDIT LOSSES

Items	**2021** *RMB*	2020 *RMB*
Accounts receivable	**(5,617,451.67)**	(1,915,180.67)
Other receivables	**1,572,886.63**	(26,063,105.93)
Total	**(4,044,565.04)**	(27,978,286.60)

20. IMPAIRMENT LOSSES

Items	**2021**	2020
	RMB	*RMB*
Impairment loss of inventories	**–**	(651,066.12)
Impairment loss of long-term equity investments	**–**	(233,296.01)
Impairment loss of fixed assets	**–**	(9,775,602.84)
Impairment loss of goodwill	**(19,516,537.14)**	(13,943,331.88)
Impairment loss of prepayments	**–**	1,091.70
Total	**(19,516,537.14)**	(24,602,205.15)

21. GAINS FROM ASSET DISPOSALS

Items	**2021**	2020
	RMB	*RMB*
(Loss)/gains from disposal of fixed assets	**(6,162,453.15)**	16,559,418.63
Gains from disposal of other non-current assets	**3,596,388.62**	7,191,407.70
Gains from disposal of right-of-use assets	**7,910,399.75**	14,641.53
Total	**5,344,335.22**	23,765,467.86

22. NON-OPERATING INCOME

Items	**2021**	2020
	RMB	*RMB*
Gains on disposal of non-current assets	**4,993,511.47**	10,407,125.91
Government grants	**2,977,228.07**	2,727,422.63
Compensations	**1,548,087.05**	4,224,289.11
Others	**7,079,505.17**	4,441,047.47
Total	**16,598,331.76**	21,799,885.12

Government grants included in non-operating income

Subsidy items	2021 *RMB*	2020 *RMB*	Related to assets/Related to income
Subsidies for vehicles disposals	**–**	66,500.00	Related to income
Other subsidies	**2,977,228.07**	2,660,922.63	Related to income
Total	**2,977,228.07**	2,727,422.63	

23. NON-OPERATING EXPENSE

Items	2021 *RMB*	2020 *RMB*
Donations	**3,000.00**	140,247.12
Inventory shortage loss	**4,768.74**	–
Losses on disposal of non-current assets	**7,713,605.97**	17,514,853.81
Road accidents losses	**3,861,652.79**	4,473,836.58
Penalty expenses	**801,787.51**	2,118,803.79
Others	**2,033,877.97**	2,897,595.07
Total	**14,418,692.98**	27,145,336.37

24. INCOME TAX EXPENSES

1) Income tax expenses

Items	2021 *RMB*	2020 *RMB*
Current income tax expense	**81,792,439.06**	97,995,517.10
Deferred income tax expense	**(329,676.51)**	(21,418,152.10)
Total	**81,462,762.55**	76,577,365.00

2) **Reconciliation of income tax expenses to accounting profit is as follows:**

Items	2021 *RMB*
Profit before taxation	**(241,896,574.98)**
Income tax expense calculated at tax rate of 25%	**(60,474,143.74)**
Effect of different tax rates applied by certain subsidiaries	**5,726,244.84**
Adjustments of tax filing differences	**(1,576,264.91)**
Effect of non-deductible expenses	**8,133,068.63**
Effect of utilisation of temporary differences and deductible tax losses in previous years	**(9,028,186.45)**
Effect of unrecognised deductible tax losses and temporary differences	**138,682,044.18**
Income tax expenses	**81,462,762.55**

25. EARNINGS PER SHARE

1) Basic earnings per share

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

Items	2021 *RMB*	2020 *RMB*
Consolidated net loss attributable to ordinary shareholders of the Company	**(220,330,084.02)**	(229,193,291.25)
Weighted average number of ordinary shares outstanding	**799,847,800.00**	799,847,800.00
Basic earnings per share (RMB/share)	**(0.28)**	(0.29)
Including: Basic earnings per share from continuing operations	**(0.28)**	(0.29)

Weighted average number of ordinary shares is calculated as follows:

Items	2021 *RMB*	2020 *RMB*
Issued ordinary shares at the beginning and the end of the year	**799,847,800.00**	799,847,800.00
Weighted average number of ordinary shares at the end of the year	**799,847,800.00**	799,847,800.00

2) Diluted earnings per share

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

26. GOVERNMENT GRANTS

1) Government grants related to assets

Items	Amount *RMB*	Balance sheet presentation items	The amount included in the current profit and loss or offsetting the loss of related costs and expenses 2021 *RMB*	2020 *RMB*	Items included in the current profit and loss or offsetting the loss of related costs and cost
Subsidies for vehicles replacement	1,692,940.73	Deferred income	**1,797,253.50**	2,486,786.89	Other income
Subsidies for procurement of new energy vehicles	189,696,880.68	Deferred income	**65,445,004.36**	87,982,426.84	Other income
Subsidies for fixed assets renovation	111,170,902.60	Deferred income	**8,769,280.49**	8,797,931.29	Other income
Tax subsidies for vehicles purchase	12,025,281.72	Deferred income	**412,765.91**	425,531.88	Other income
Software development subsidies	300,000.00	Deferred income	**–**	–	Other income
Other subsidies related to assets	14,352,449.74	Deferred income	**3,691,716.91**	3,103,715.71	Other income

2) Government grants related to income

Items	Amount *RMB*	The amount included in the current profit and loss or offsetting the loss of related costs and expenses 2021 *RMB*	2020 *RMB*	Items included in the current profit and loss or offsetting the loss of related costs and expenses
Fuel subsidies	95,630,314.94	**95,630,314.94**	105,609,029.13	Operating cost
Subsidies for operation of bus lines	151,707,956.53	**151,707,956.53**	127,755,258.41	Other income
Subsidies for operation of new energy vehicles	–	**–**	139,185,024.61	Other income
Subsidies of elderly concessionary travel card	32,919,246.51	**32,919,246.51**	22,980,603.03	Other income
Other subsidies	28,157,371.97	**28,157,371.97**	61,637,381.84	Other income
Subsidies for vehicles disposals	–	**–**	66,500.00	Non-operating income
Other subsidies	2,977,228.07	**2,977,228.07**	2,660,922.63	Non-operating income

3) Refund of government subsidy

Item	**Amount** *RMB*	**Reason**
Subsidies for procurement of new energy vehicles	2,624,000.00	Government fiscal adjustment

27. NET CURRENT LIABILITIES

Items	**31 December 2021** *RMB*	31 December 2020 *RMB*
Current assets	**2,493,235,541.83**	2,555,304,908.11
Less: Current liabilities	**3,634,423,337.10**	3,093,408,723.34
Net current liabilities	**(1,141,187,795.27)**	(538,103,815.23)

28. TOTAL ASSETS LESS CURRENT LIABILITIES

Item	**31 December 2021** *RMB*	31 December 2020 *RMB*
Total assets	**10,543,632,762.95**	11,052,730,259.95
Less: Current liabilities	**3,634,423,337.10**	3,093,408,723.34
Total assets less current liabilities	**6,909,209,425.85**	7,959,321,536.61

29. LEASE

1) As a lessee

Items	**2021** *RMB*
Interest expense on lease liabilities	**118,511,409.37**
Short-term lease expenses applied the practical expedient	**34,837,445.32**
Variable lease payments not included in the measurement of lease liabilities	**19,234,704.99**
Income from sub-leasing right-of-use assets	**481,318,776.78**
Total cash outflow for leases	**531,118,791.90**

2) As a lessor

(1) Operating lease

Items	**2021** *RMB*
Lease income	**551,708,476.53**
Including: income related to variable lease payments not included in lease receipts	**23,009,654.18**

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

Remaining lease term	**Undiscounted lease receipts** *RMB*
Within 1 year (inclusive)	519,603,130.04
Over 1 year but within 2 years (inclusive)	447,049,536.36
Over 2 years but within 3 years (inclusive)	368,902,361.03
Over 2 years but within 3 years (inclusive)	309,498,327.68
Over 4 years but within 5 years (inclusive)	262,010,275.76
Over 5 years	1,298,083,854.41
Total	3,205,147,485.27

(2) Finance lease

Items	**Amount for this year** ***RMB***
Finance income on the net investment in the lease	31,392.09

As at 31 December 2021, the Group had no financial leases.

30. SEGMENT INFORMATION

1) Determination basis and accounting policies of reportable segments

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

2) Segment reporting

2021

Items	Expressway service zones operation *RMB*	Road passenger transportation and auxiliary *RMB*	Other business *RMB*	Inter-segment eliminations *RMB*	Total *RMB*
Operating income	**3,726,724,941.18**	**2,348,833,202.48**	**206,086,380.59**	**(11,114,656.80)**	**6,270,529,867.45**
Including: Operating income from external customers	**3,726,306,933.17**	**2,345,573,651.91**	**198,649,282.37**	**–**	**6,270,529,867.45**
Inter-segment operating income	**418,008.01**	**3,259,550.57**	**7,437,098.22**	**(11,114,656.80)**	**–**
Operating costs	**3,245,771,181.67**	**2,521,628,882.33**	**99,491,140.25**	**(3,340,644.83)**	**5,863,550,559.42**
Income from investments in associates and joint ventures	**1,140,920.00**	**(28,191,004.70)**	**20,779,699.08**	**–**	**(6,270,385.62)**
Credit impairment loss	**26,778.33**	**(1,779,650.94)**	**(2,291,692.43)**	**–**	**(4,044,565.04)**
Impairment losses on assets	**–**	**(19,516,537.14)**	**–**	**–**	**(19,516,537.14)**
Depreciation and amortisation	**261,728,482.46**	**682,332,219.43**	**17,610,504.47**	**(1,752,231.50)**	**959,918,974.86**
Profit/(loss) before income tax	**256,317,443.54**	**(657,766,389.64)**	**156,596,862.49**	**2,955,508.63**	**(241,896,574.98)**
Income tax expenses	**64,858,846.51**	**17,111,060.79**	**(507,144.75)**	**–**	**81,462,762.55**
Net profit/(loss)	**191,458,597.03**	**(674,877,450.43)**	**157,104,007.24**	**2,955,508.63**	**(323,359,337.53)**
Total assets	**3,857,110,203.81**	**6,065,882,840.94**	**3,066,429,612.04**	**(2,445,789,893.84)**	**10,543,632,762.95**
Total liabilities	**3,053,338,924.27**	**3,993,568,871.43**	**1,467,925,322.12**	**(713,909,852.68)**	**7,800,923,265.14**
Other important non-cash items					
Long-term equity investments in associates and joint ventures	**42,041,043.30**	**211,456,850.03**	**73,636,982.77**	**–**	**327,134,876.10**
The amounts of increase/(decrease) of non-current assets other than long-term equity investments	**170,900,599.53**	**(570,178,461.10)**	**2,309,200.71**	**(12,608,686.69)**	**(409,577,347.55)**

2020

Items	Expressway service zones operation *RMB*	Road passenger transportation and auxiliary *RMB*	Other business *RMB*	Inter-segment eliminations *RMB*	Total *RMB*
Operating income	3,004,351,322.73	2,304,731,155.83	291,262,276.37	(14,803,313.92)	5,585,541,441.01
Including: Operating income from external customers	3,003,512,269.95	2,297,644,049.83	284,385,121.23	–	5,585,541,441.01
Inter-segment operating income	839,052.78	7,087,106.00	6,877,155.14	(14,803,313.92)	–
Operating costs	2,472,546,252.22	2,612,997,932.73	253,046,070.00	(18,595,708.47)	5,319,994,546.48
Income from investments in associates and joint ventures	4,913,256.68	(16,641,630.06)	17,854,028.15	–	6,125,654.77
Credit impairment loss	(2,991,365.09)	(30,964,157.11)	5,977,235.60	–	(27,978,286.60)
Impairment losses on assets	–	(24,602,205.15)	–	–	(24,602,205.15)
Depreciation and amortisation	242,100,977.29	769,469,312.18	24,855,783.58	794,078.54	1,037,220,151.59
Profit/(Loss) before income tax	289,839,739.18	(626,076,090.85)	98,129,555.86	(490,147.52)	(238,596,943.33)
Income tax expenses	72,772,485.52	2,068,312.39	1,859,103.97	(122,536.88)	76,577,365.00
Net Profit/(Loss)	217,067,253.66	(628,144,403.24)	96,270,451.89	(367,610.64)	(315,174,308.33)
Total assets	3,588,930,221.19	7,087,122,952.53	3,042,214,829.16	(2,665,537,742.93)	11,052,730,259.95
Total liabilities	2,816,862,049.64	4,443,488,564.68	1,600,854,328.46	(958,587,772.78)	7,902,617,170.00
Other important non-cash items					
Long-term equity investments in associates and joint ventures	41,368,523.30	239,838,774.54	78,759,027.77	–	359,966,325.61
The amounts of increase/(decrease) of non-current assets other than long-term equity investments	134,302,519.65	(171,897,523.85)	(22,940,300.76)	17,651,932.07	(42,883,372.89)

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

BUSINESS REVIEW

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

TRAVEL SERVICE SEGMENT

1. *Expressway Service Zones Operation*

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

1. *Energy Business*

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

   (1) The network of owned and operated oil stations was expanded and 10 owned and operated oil stations, including Qishan oil station, commenced operation smoothly.

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

(3) The deployment of new energy business was accelerated. The Group actively promoted the upgrading of expressway oil stations into "hybrid stations", by developing the potential of our own existing charging stations which were built by the Group so that the Group could explore the market as appropriate and deploy in advance charging posts available to the public in a manner that will drive the development of the service zones and increase revenue of our energy business. There were 186 service zones with charging stations and 736 service zones with charging posts. The Group operated 4 battery swap stations and 2 gas stations. Development of external charging business was explored and 8 charging stations in Qingyuan, Yangjiang and other areas were connected to third party operation platforms. The Group established contact with enterprises such as Guangdong Power Grid, NIO Inc., XPeng Motors and Tesla, laying a solid foundation for the subsequent development of our new energy business.

(4) The policy "One station, on Policy" was formulated. Through measures including full-force marketing, listing price reductions, member benefits, coupons, offering stamps and points redemption, the sales volume of oil products and non-oil products were enhanced comprehensively. The Group actively stimulated and regained those once inactive customers to increase our sales and revenue. Brand publicity was increased through electronic network and similar means, the number of newly acquired online members reached 140,000, representing an increase of 106% as compared with the same period of previous year, and the total number of members exceeded 280,000.

2. *Retail Business*

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

(1) Expansion of the size of the Loyee network. In 2021, we had completed the development of 37 outlets, and smoothly established boutique outlets in Huacheng and Yuantan.

(2) Introduction of native specialty products and development of products with private brands to increase sales revenue. There were 8,628 product barcodes, approximately 900 new native specialty products, 22 private brands in aggregate were developed under "Loyee", with gradual expansion of the market for own label products, the product categories in Loyee convenience stores were enriched.

(3) Expansion of group buying and wholesale business. There were 21 new group buying customers during the year. The total number of group buying customers in aggregate reached 74 and a revenue of RMB24.55 million was achieved from group buying and wholesale. The licensing of Red Bull energy drink was obtained for channels on the Guangxi and Hunan expressways, by leveraging the advantages of product prices to expand the common product business on the Guangxi and Hunan expressways to realize complementary advantages and business improvement.

3. *Merchant Solicitation Business*

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

(1) Strengthening the acquisition of service zone resources. The connection of six pairs of service zones (carpark zones) on Luoding-Xinyi expressway, Wuchuan line of Shantou-Zhanjiang expressway, Dafenghua expressway and others with road sections were completed and commenced operation simultaneously.

(2) Promoting the quality enhancement and upgrading of service zone construction and improving the public travel service experience. The commercial planning and design of commercial concepts for Shenzhen-Shantou and Changshawan service zones were completed, the construction of new service zones such as Shengtang, Chengchun, Qianshui, Liangjinshan and Xinyangjiang were proceeded, and the service zones of Yangxi, Huacheng, Yuantan and others were upgraded and reconstructed to create specialty service zones.

(3) Exhibition and sales platforms for quality agricultural products were built in the surrounding areas of service zones, native specialty outlets under "Yipinhui" were newly develop in areas such as Lianhuashan and Xiegang for cooperative operations, and realized revenue sharing of over RMB1.6 million. The layout of network points and commencement of operation for innovative projects such as sharing of massage chairs, sharing of power banks and sharing of coffee machines were promoted and realized revenue sharing of over RMB5.53 million.

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

4. Advertising Business

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

(1) There was a breakthrough in the review and approval policies for non-tender resources, which had resolved the problems of displaying advertisements on overpass bridges and gantries. Various measures were adopted to reduce the vacancy rate of resources, and the vacancy rate of resource was further reduced by 4% as compared to mid-2021.

(2) Operating revenue of approximately RMB30 million was realized from direct sales business, a stable group of direct sales customers was obtained. Innovative design was available for advertising pole billboards, tender invitations for innovative advertising projects on twin poles in 11 service zones were completed.

2. Road Passenger Transportation and Auxiliary

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

(1) Continuing to transform the operation from shuttle transportation to customized or chartered passenger transportation, so as to optimize our business structure. We promoted our structure adjustment by adopting a market demand-oriented approach to expand non-station group passenger business such as customized services, commuting services, school bus, online car-hailing services and tour transportation. In order to adapt to the new national passenger regulations and changes in provincial measures, our sub-branches in Qingyuan, Shaoguan, Heyuan, Zhaoqing, etc. actively expanded customized routes and set up off-stationed pick-up and drop-off sites. As an effort to make transportation services available among traffic hubs, we established a total of 45 off-stationed passenger sites.

(2) Continuing to optimize our vehicle model portfolio. We conducted reasonable adjustment of our vehicle model portfolio according to the future feature of "small-lot and multiple-batch" road passenger transportation and business needs. As of the end of December 2021, large vehicles of over 9-meter length accounted for 43% of our road passenger transportation (excluding public transportation and rental). Subsequently, we shall continue to strictly supervise purchase of large vehicles and accelerate portfolio adjustment of our vehicle models.

(3) Implementing the strategy of "digitalized transformation and platform operation". We strengthened the upgrade of "Yuexing (悅行)" platform, with enhancement of business functions including one-stop online ticketing, customized passenger transport, intercity interchange and chartered car rental, and accepted the Grade IV of "Yueyun Yuexing (粵運悅行)" upon completion of testing. We facilitated the construction of the Guangdong-Hong Kong bus system, getting well-prepare for opening up the platform for cross-border passenger services. We connected video cloud data to centralized data centres among transportation groups, thus we enhanced the performance of "Smart Rescue" App with fast and accurate vehicle drivers' positioning ratio of 95%. We undertook and built the intelligent vehicle supervision system of "two passenger, one hazardous material and one heavy-loaded transportation (兩客一危一重)" in Guangdong Province. The construction of the information system was roughly completed, and more than 400,000 vehicles in the province were connected into the system as scheduled.

(4) Refine the structure and intensive management of the road passenger transportation business. Based on the demand, the Company made optimization and adjustment to the business structure of the road passenger transportation business in light of actual conditions. Firstly, we increased the investment in the development of business that qualified for government subsidies to improve the overall risk resistance of the Company as a transportation company. As at the end of 2021, our daily average investment in transportation vehicles accounted for 65% of the total investment, representing an increase of 2%. Secondly, we have expanded our non-station group passenger business, which include its existing chartered coach services, shuttle bus, scheduled services, customized passenger services, online car-hailing services and leasing services. We realized a year-on-year increase of RMB70.91 million in revenue from non-station group passenger business, representing an increase of 46%.

(5) Making a breakthrough in speeding up the reconstruction and development of our passenger terminal. Cooperated with Guangwu Automobile Trading Company* (廣物汽貿公司) to operate three Guangwu Yueyun Automobile Museums* (廣物粵運汽車生活館) in Yangxi county of Yangjiang, Huaiji County of Zhaoqing and Lechang County of Shaoguan, we accomplished a new comprehensive utilization of terminal resources. We kept promoting the commercial transformation and development of Zhaoqing Main Terminal, and formulated preliminary ideas on project positioning and implementation direction. Also, we continued to put forward revitalization plan of Heyuan City South Terminal.

(6) Optimization and expansion of expressway rescue services. By the end of 2021, "Yueyun Rescue" of the Group had rescue service mileage of 7,002 kilometers, covering approximately 64% of the total mileage of expressways in Guangdong Province. The Group set up a total of 183 rescue stations, with 828 rescue team members and 676 sets of various rescue equipment. We are committed to providing standardized rescue services to ensure the safety and smoothness of expressway travel.

3. Taiping Interchange Operation

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

(1) Faced with the steady rise in traffic volume and toll revenue, the Group continuously improved operation efficiency, strengthened various operation and management tasks to ensure 100% collection of toll fees with an emphasis on enhancement of service quality and establishment of great reputation.

(2) We vigorously implemented the maintenance and repair scheme of Taiping Interchange to ensure the safe operation of Taiping Interchange. Specific maintenance, treatment and other projects for 10 piers of Taiping Interchange were commenced during the year. Greater efforts were made on the daily inspection of Taiping Interchange to ensure the safety and traffic smoothness of the bridges and roads.

4. Material Logistics Segment

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

Staff Structure and Organizational Optimization

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

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

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

FINANCIAL REVIEW

THE GROUP'S ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

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

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

SEGMENT INFORMATION

Operating Income

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

Operating income by business segments:

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

1. Expressway Service Zones Operation Business

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

(1) For energy business, the operating income amounted to RMB2,886,182,000 in 2021(2020: RMB2,107,651,000), representing a year-on-year increase of RMB778,531,000 or 37%, which was mainly attributable to an expansion in the number of oil stations and a recovery for traffic as the effects of the pandemic eased.

(2) For retail business, the operating income amounted to RMB432,554,000 in 2021(2020: RMB460,098,000), representing a year-on-year decrease of RMB27,544,000 or 6%.

(3) For merchant solicitation business, the operating income amounted to RMB302,940,000 in 2021 (2020: RMB317,018,000), representing a year-on-year decrease of RMB14,078,000 or 4%.

(4) For advertising business, the operating income amounted approximately to RMB104,631,000 in 2021 (2020: RMB118,745,000), representing a year-on-year decrease of RMB14,114,000 or 12%, which was mainly due to a year-on-year decrease in revenue from column billboards.

2. Road Passenger Transportation and Auxiliary Business

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

3. Operation of Taiping Interchange

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

4. Other Businesses

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

GROSS PROFIT

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

Gross profit by business segments:

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

1. Expressway service zones operation business

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

(1) The energy business generated gross profit of RMB365,369,000 in 2021(2020: RMB376,809,000), representing a year-on-year decrease of RMB11,440,000 or approximately 3%. The gross profit margin was 13% (2020: 18%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to a year-on-year decrease in differences between purchasing and selling prices. The gross profit margin of the energy business for the period was 20% (2020: 25%).

(2) The retail business generated gross profit of RMB40,735,000 in 2021(2020: RMB46,984,000), representing a year-on-year decrease of RMB6,249,000 or 13%. The gross profit margin was 9% (2020: 10%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to an increase in the initial investment costs for the new stores.

(3) The merchant solicitation business generated gross profit of RMB27,200,000 in 2021 (2020: RMB61,996,000), representing a year-on-year decrease of RMB34,796,000 or 56%, and the gross profit margin was 9% (2020: 20%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to a decrease in revenue from merchant solicitation business as a result of the pandemic and a year-on-year increase in the number of service zones resulting in an increase in depreciation of right-of-use assets and interest from lease liabilities.

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

2. Road Passenger Transportation and Auxiliary Business

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

3. Taiping Interchange operation

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

4. Other businesses

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

ADMINISTRATIVE AND R&D EXPENSES

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

FINANCE EXPENSES

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

OTHER INCOME

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

INVESTMENT (LOSS)/GAIN

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

CREDIT IMPAIRMENT LOSSES

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

IMPAIRMENT LOSSES OF ASSETS

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

GAINS ON DISPOSAL OF ASSETS

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

NON-OPERATING INCOME AND EXPENDITURE

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

LIQUIDITY AND CAPITAL STRUCTURE

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

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

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

CASH FLOWS

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

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

OPERATING ACTIVITIES

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

INVESTING ACTIVITIES

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

FINANCING ACTIVITIES

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

BORROWINGS

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

MAJOR EVENTS AFTER THE BALANCE SHEET DATE

Nil.

MAJOR ACQUISITINS 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 2021:

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

PLEDGE OF ASSETS

As at 31 December 2021, fixed assets at the net value of approximately RMB337,250,000 (31 December 2020: RMB385,515,000) and land use rights at the net value of RMB139,146,000 (31 December 2020: RMB193,107,000) of the Group were pledged as security for borrowings. As at 31 December 2021, transportation vehicles at the net value of approximately RMB366,182,000 (31 December 2020: RMB442,464,000) of the Group were pledged as security for lease.

FOREIGN EXCHANGE RISK AND HEDGING

Most of the operating income and expenditure of the Group are settled or denominated in RMB, except for the revenue and expenditure related to cross-border transportation services. In 2021, the impact of exchange rate fluctuations on the working capital and liquidity of the Group was relatively small. The Directors of the Company believe that the Group has sufficient foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of RMB, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

CONTINGENT LIABILITIES

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

MAJOR INVESTMENTS AND KEY BUSINESS DEVELOPMENTS OF THE GROUP IN 2022

Travel Services Segment

1. Expressway Service Zones Operation

1. Energy Business

(1) Continuing to expand the coverage of our oil station network. The Group endeavors to integrate our internal resources with external resources to grow the business bigger and become a leader in the sector in a short period by striving to establish clusters of oil stations and physical oil station projects in the near term. We have accelerated the progress of investment, construction and operation of 4 new self-operated oil stations including New Yangjiang and Shengtang stations within new service zones and the reconstruction, investment and operation of 2 oil stations, one of them situated at Humen Bridge, in relevant service zones. We are striving to set up a total of 64 self-built and self-operated oil stations by the end of 2022 and initially forming a network of self-operated oil stations on expressways.

(2) Deepening the operation and management of oil stations. We have fully facilitated service standardization across oil stations and the refinement of management practices. Also, we have innovated our marketing forms, increased our brand promotion and enhanced brand awareness. Striving to explore major customers and new members, we have leveraged on the reasonable layouts of resources, and will never cease to strengthen our full-chain management capabilities including the branding of our self-operated oil stations, improvements of our design planning, applications for and realization of constructions, operation and marketing, customer relationship and services to name a few, in order to increase the filling up rate and the satisfaction of our customers.

(3) Further optimizing the procurement of refined oil. We put forward in-depth analysis of the market conditions and price trends of refined oil, seized the best moments to procure oil products, and prevented procurement risks in an effective manner. We strengthened the centralized procurement management of refined oil products in transportation units, explored new procurement and distribution models of oil products, improved work efficiency and lowered operating costs.

(4) Cultivating innovations in profitability models of energy businesses for partnered companies. We deepened our cooperation with Sinopec and PetroChina for establishing a new cooperation model for mutual benefits, and actively promoted in-depth cooperation with our joint ventures in respect of oil stations, gas stations and other energy businesses, in order to swiftly expand the scale of our oil stations.

(5) Drawing layouts for new energies in advance and expanding upstream and downstream segments along the industry chain. Under the objective of "Emission Peak and Carbon Neutrality (碳中和、碳達峰)", we have innovated the integrated energy development layouts and promoted the implementation of new energy businesses including charging posts and power exchange stations in order to cope with the sweeping revolution of energy structure. We are expanding the upstream and downstream segments along the energy industry chain, gradually forming a complete energy business industry chain in areas such as the storage, wholesale and retail of refined oil, and in the meantime, improving the industry structure and diversifying market risks.

2. *Retail Business*

(1) Steering towards the same direction for the expansion of Loyee retail store network. We have strengthened the "integrator" function embodied in our retail business, and enhanced its market-oriented competitiveness. With our unceasing efforts in growing our network scale, we are resolute in our quest to achieve the target of adding 10 new stores in 2022.

(2) Continuing to deliver the "big retail (大零售)" strategy. We are taking our gradual climb to realize the parallel development of our convenience stores and comprehensive supermarkets, expanding the "big retail" business chain from simple retailers to wholesalers.

(3) Exploring new models for the operation and management of retail business. Aligning with our efforts in consolidating the supply chain, we have enhanced our single-store operational efficiency and explored every possibility of ground-breaking changes in our retail business. We conducted in-depth analysis of the characteristics of frequent travelers, continued to optimize product categories, changed store layouts and product display layouts, and created consumption scenarios. We have fully enhanced the overall image and consumer experience of our Loyee stores where our brand new VI (visual design) and SI (store image design) have been launched.

(4) Reinforcing the management of merchandise categories. By sorting out and optimizing all-category planning, we realized reasonable adjustments and enrichments of our merchandise categories along with our exploration on the possibilities for our self-owned product development.

(5) Optimizing and improving efforts in soliciting merchants of retail products. Through expanding the impact of our merchandise, we strive to attract more quality suppliers and merchandise on board. Meanwhile, we have been proactively promoting the strategic cooperation with parties such as retail product suppliers from other provinces.

3. *Merchant Solicitation Business*

(1) Expanding and strengthening merchant solicitation business across service zones. We insist on maintaining the current model of "integration, platform-based, industrialization (一體化、平台化、產業化)" to expedite the improvements in both the quality and efficiency across service zones. We have actively pursued "service zones +" initiatives, and integrated with a range of industries, including travelling, culture, logistics and sales of featured products, to better serve the economic and social development needs of local communities.

(2) Improving the efficiency of merchant solicitation across service zones. We have ensured the respective service zones and road sections of our new traffic projects to commence operations simultaneously, and in the meantime implemented project-based merchant solicitation upon the expiration of contracts as scheduled to ensure seamless transition between contracts. We also took the initiative to utilize idle resources for the creation of incremental gains.

(3) Creating featured service zones in line with local circumstances. While implementing comprehensive development of hub service zones, we have worked towards our plan to complete the construction and begin the operation of 6 pairs of service zones, including Liangjinshan, to pursue business upgrade and transformation.

(4) Advancing the branding of our self-owned "Yipinhui (驛品薈)" brand. As four pairs of our service zones including Liangjinshan under the "Yipinhui" project kick-started their operations, a rapid growth in our operating income have been secured. We have also boosted our capabilities in merchant solicitation, operation and marketing. Building on our first successful campaign of "Lunar New Year Art & Shopping Festival", we continued our path to launch a series of campaigns, including the opening activities of Guangzhou-Zhanjiang Service Zone and the China Expressway Food Festival. Leveraging on our distinctive advantages in business planning and merchant solicitation, we have taken active moves in developing our merchant solicitation agency business and extending the geographic reach of exports.

(5) Consistently elevating quality across service zones. Through public service projects including the "Toilet Revolution (廁所革命)", sewage treatment and waste sorting, we are enhancing the degree of comfort and experience with travelling for the general public.

4. *Advertising Business*

(1) Maximizing the value of advertising media resources with a practical approach. We have robustly promoted the planning of advertising resources in our service zones, and in the meantime, launched innovations in design and constructions in order to empower our advertising resources for greater value. While continuously promoting the cooperation and establishment of new advertising media, we have integrated undeveloped integrated media resources and completed extensive development as a whole.

(2) Optimizing advertising resource planning. Relying on our advertising resources along expressways and at service zones and passenger terminals, we have propelled not only the resource construction, but also business transformation and upgrade, in order to establish an influential transportation and travel media network. Securing our foothold in the field of regional transportation and travel, we endeavor to transform ourselves into a "omni-media facility supplier (全媒體設施供應商)".

(3) Expanding integrated marketing services including advertising design and planning. We have reinforced our integrated marketing service, and provided integrated promotion services for brand planning and design on various media platforms across provinces for our major customers.

II. Road Passenger Transportation and Auxiliary Services

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

(1) Expediting the construction of digital platform. With the reaffirmation of our development goals and work plans towards informatization, we have reinforced the coordination and consensus on the topic of digitalization. Along with our efforts in securing investments in the information construction to ensure the rapid growth of our platform, we have integrated our WeChat official accounts of Yueyun across different regions and cities with the use of our Yueyun Transportation platform. Adhering to our service philosophy of "Press and Travel (一鍵出行)", we have promoted the organization and optimization of our operational works of the "Yuexing" platform, as well as the establishment of our operational team. Apart from that, we have coordinated the management of our operational needs and computer software products, and promoted the optimization and improvement of the operational functions of the "Yuexing" platform. In the meantime, we have propelled the construction of the operational system of such platform, and provided services and supervisions to regional transportation companies and made good use of such platform for the development of our off-stationed businesses. We have promoted the integration of our "Yuexing" platform with mobile travel platforms, Nanyuetong platform and service zone platforms, and in the meantime researched and developed mobile application systems, put forward in-depth application and data management plans for key manufacturing management systems. We have also continuously propelled the system construction and in-depth

application training. With our success in completing the platform upgrade in relation to data resources management, we have undertaken the construction and operational works of the intelligent vehicle supervision system of "two passenger, one hazardous material and one heavy-loaded transportation" commissioned by the Department of Transport of Guangdong Province. Such system has reached a coverage of more than 400,000 key operational vehicles being identified as "two passenger, one hazardous material and one heavy-loaded transportation" across the Guangdong Province. With the improvement in our upgrade plans regarding network security and data security, we have reinforced the double-tier protection in the areas of technology and management to secure the operation of our network and data in a safe manner.

(2) Taking initiative to expand off-stationed businesses. With the addition of travel products on the market, as well as the change of travel options of the population, the Group will take a proactive approach to reform its travel services with the focus of ensuring a high level of convenience, intelligence and market-orientation. Going beyond our terminals on our own initiative, we are making a change to the traditional mode of operation by cross-grouping customers on multi-dimensions such as at multiple points, and via online and offline linkage to yield a higher passenger rate. We have also vigorously expanded our off-stationed businesses and improve their proportion. It is part of our focus to promote the changes from shuttle transportation to customized and chartered passenger transportation. Apart from these, we also encourage the rise of new businesses, namely online car-hailing and car rental services. Meanwhile, we have taken initiative to build connection to transport hub such as high-speed railway and airports, in an effort to make transportation services available among major traffic points such as scenic points, commercial shopping centers, schools, factories and mines, as well as local communities.

(3) Minimizing overcapacity and supply inefficiencies. We have ensured the perfect execution of refined management on vehicle inventories, and dug deep into their local and cyclical values. By integrating different factors, including short-/long-haul vehicles, low/peak seasons and line redundancy, we have acted decisively in relation to the disposal of idle vehicles, and promoted the reasonable allocation among our operating vehicles of "large-, medium- and small-size (大中小)" through supply-side structural reforms. We have also provided guidance on the matching of operating vehicle models and local market demand in order to lower the operating costs of vehicles and improve our corporate operating efficiency.

(4) Exploring the diversified development of our businesses. Riding on the national promotion of the rural vitalization strategy, we have captured the opportunities brought by the "town-to-village (鎮通村)" policy. Leveraging on the features of vehicles' low costs but a high subsidy level and flexibility in operation under the policy, we have innovated new mode of operation for our businesses, and expanded our position in the rural passenger transportation market. Meanwhile, due to the higher costs incurred by diverting logistic enterprises to villages and towns, we have made full use of our existing resources from the passenger transportation network, and realized the integration of "passengers, goods, parcels (客貨郵)" through our cooperation with logistics and postal services.

(5) Expediting structural adjustments on vehicle models. Through supply-side structural reforms, we have acted decisively in relation to the disposal of idle vehicles, and promoted the reasonable allocation among our operating vehicles of "large-, medium- and small-size". We have also provided guidance on the matching of operating vehicle models and local market demand in order to lower the operating costs of vehicles. We have reinforced our approvals for vehicle purchase and allocation, prioritizing the coordination and allocation of vehicles for operation needs among our vehicles for internal use.

(6) Upholding our bottom line of safety production. We are resolute to implement the main responsibility for safety production of the enterprise, with the emphasis on ensuring safety production at all key areas, procedures and time points. While further reinforcing our "four-in-one (四合一)" intelligent control and management, we have troubleshot issues identified from our system operation and management for the all-round improvement and enhancement of our performance. For enhancing the effectiveness of control, we have actively promoted the mode of centralized control of regional transportation units. We have also improved our emergency management to magnify our abilities in emergence response.

(7) Unceasingly expanding and optimizing vehicle rescue business. While ensuring the optimal performance of our personalized service for road section owners, we have also helped improving the traffic efficiency of road networks, and strived to acquire expressway vehicle rescue business from entities outside of the Group. We have continued to propel the research and development as well as the project construction of 5G+AI-based cloud service platforms for video monitoring and rescue, in order to realize the visualized management of rescue services throughout the process, and to identify the critical time points for rescue with the aid of intelligent technology. We make use of all means, including safety technology information management platforms, video monitoring and on-site supervision and inspection, to ensure a proper monitoring on the road safety of our rescue crew as well as their operation and practice.

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 2021.

Closure of Register of Members

The Company's 2021 annual general meeting (the "**AGM**") will be held on Friday, 10 June 2022. In order to determine the shareholders who will be entitled to attend and vote at the AGM, the Company will suspend registration of transfer of shares. The details are as follows (all dates and time mentioned herein are Hong Kong time):

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

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

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

Dividend

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

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 2021.

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules ("**Model Code**") as its own code of conduct regarding the securities transactions of its Directors and supervisors (the "**Supervisors**") for the year ended 31 December 2021. 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 standards as set out in the Model Code for the year ended 31 December 2021.

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 financial and accounting policies and practices of the Company; 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 2021, the members of the Audit and Corporate Governance Committee met regularly with the senior management of the Company and external auditors and reviewed the audit reports and financial statements of the Group, and listened to the work reports from the management and financial management department, and provided advice and recommendations to the management. The Audit and Corporate Governance Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2021 and recommended their adoption by the Board.

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

The Audit and Corporate Governance Committee held a total of three meetings during the year ended 31 December 2021 with an attendance rate of 100%. The Audit and Corporate Governance Committee members' attendance records of the Audit and Corporate Governance Committee's meetings for the year ended 31 December 2021 are set out below:

	Meetings attended/to be attended	**Attendance rate**
Ms. Lu Zhenghua (Chairman)	3/3	100%
Mr. Jin Wenzhou	3/3	100%
Mr. Chen Chuxuan	3/3	100%

Functions of Corporate Governance

The corporate governance policies of the Company were included in other internal regulations and systems of the Company, such as the Articles of Associations, the rules of procedure for the general meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee. The Audit and Corporate Governance Committee has reviewed the disclosures in the Corporate Governance Report of the Company for the year ended 31 December 2021 as per its responsibilities, and reviewed the corporate governance of the Company.

(2) Remuneration Committee

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

As at 31 December 2021, the Remuneration Committee comprised two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua, and one non-executive Director, Mr. Chen Chuxuan. Mr. Zhan Xiaotong is the chairman of the Remuneration Committee. The Remuneration Committee held a total of two meetings during the year ended 31 December 2021 with an attendance rate of 100%. The Remuneration Committee proposed recommendations on the Company's remuneration policy for 2021 and assessed the performance of the executive Directors.

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

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

(3) Nomination Committee

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

As at 31 December 2021, the Nomination Committee had one executive Director, Mr. Guo Junfa, and two independent non-executive Directors, Mr. Zhan Xiaotong and Ms. Lu Zhenghua. Mr. Guo Junfa is the chairman of the Nomination Committee. The Nomination Committee held a total of one meeting during the year ended 31 December 2021 with an attendance rate of 100%.

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

	Meetings attended/to be attended	**Attendance rate**
Mr. Xuan Zongmin (Chairman) (resigned as Director on 31 March 2021)	Not applicable	Not applicable
Mr. Guo Junfa (Chairman) (appointed as Director on 11 November 2021)	Not applicable	Not applicable
Mr. Zhan Xiaotong	1/1	100%
Ms. Lu Zhenghua	1/1	100%

The Board has adopted a board diversity policy, and firmly recognizes the benefits of having a diverse Board to enhance the quality of its performance in order 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 2021, the supervisory committee of the Company (the "**Supervisory Committee**") comprised seven members, including two independent Supervisors (namely Mr. Dong Yihua and Mr. Lin Hai), two Supervisors appointed by Shareholders (namely Mr. Hu Xianhua and Mr. Wang Qingwei) and three Supervisors representing the staff of the Company (namely Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin). The Supervisory Committee is responsible for supervising the Board, the Directors as well as the senior management of the Company, so as to prevent them from abusing their power to damage the lawful rights and interests of the Shareholders, the Company and its employees.

For the year ended 31 December 2021, the Supervisory Committee reviewed and examined the financial position and the legal compliance of the operations of the Company and performed its duties under the principles of due care through conducting special inspections, convening the Supervisory Committee's meetings and attending the Board meetings.

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

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2021, the Company did not redeem any of its shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company during the year ended 31 December 2021.

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

The remuneration of the employees of the Group (including the executive Directors) comprises of basic salary, allowance and performance bonus. The basic salary is determined according to the position, work experience, academic background and capacities of the employees. The performance bonus is determined according to the performance assessment results and contribution of the employees. The remuneration of the independent non-executive Directors is determined with reference to the remuneration standards in the capital market for independent non-executive directors of companies with similar business scope and scale. The non-executive Directors have agreed not to receive any remuneration as non-executive Directors.

Auditor

The Company has appointed BDO China Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company for the year ended 31 December 2021. BDO China Shu Lun Pan Certified Public Accountants LLP has conducted the audit of the Group's 2021 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 2021 containing the information required under the Listing Rules will be dispatched to the Shareholders and published on the website of the Stock Exchange in due course.

The Company also 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
Guo Junfa
Chairman of the Board

Guangzhou, the PRC
16 March 2022

As at the date of this announcement, the Board comprises Mr. Guo Junfa, Mr. Tang Yinghai, Mr. Yao Hanxiong 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*