



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



Annual Report **2022**

* For identification purposes only

COMPANY PROFILE

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

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

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

The strategic positioning employed by the Company’s “14th Five-Year” Development Plan for the Group: utilise its advantages in transportation resources, focus on the travel of people and the flow of goods with transportation services and en-route services as the core, so as to create a professional, diversified and convenient comprehensive travel service platform, and endeavor to become an integrated transportation service group at international level.



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COMPANY INFORMATION

LEGAL NAME OF THE COMPANY

Guangdong Yueyun Transportation Company Limited

STOCK CODE

03399

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People's Republic of China

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BOARD OF DIRECTORS

Executive Directors

Guo Junfa
Zhu Fang
Huang Wenban
Hu Xianhua

Non-Executive Directors

Chen Min
Chen Chuxuan

Independent Non-Executive Directors

Su Wujun
Huang Yuan
Shen Jialong
Zhang Xiangfa

COMPANY SECRETARY

Zhang Li



AUTHORISED REPRESENTATIVES

Guo Junfa
Zhu Fang

AUDITOR

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

PRINCIPAL BANKS

China Guangfa Bank
Industrial and Commercial Bank of China
Agricultural Bank of China
China CITIC Bank
China Merchants Bank

LEGAL ADVISER

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HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

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COMPANY STRUCTURE

THE COMPANY STRUCTURE AS AT 31 DECEMBER 2022:



FINANCIAL HIGHLIGHTS

	2022 RMB' 000	2021 (Restated) RMB' 000	Change
Results highlights			
Operating income			
Operating business of expressway service zones	3,788,823	3,726,307	2%
Road passenger transportation and auxiliary business	1,916,269	2,346,181	(18%)
Taiping Interchange operation business	97,309	121,446	(20%)
Other businesses	17,127	77,203	(78%)
Total operating income	5,819,528	6,271,137	(7%)
Gross profit			
Operating business of expressway service zones	350,402	483,569	(28%)
Road passenger transportation and auxiliary business	(240,368)	(175,497)	37%
Taiping Interchange operation business	70,812	98,127	(28%)
Other businesses	725	1,387	(48%)
Total gross profit	181,571	407,586	(55%)
Taxes and surcharges	(40,036)	(42,736)	(6%)
Selling and distribution expenses	(57,483)	(65,013)	(12%)
General and administrative expenses, and research and development expenses	(584,393)	(612,161)	(5%)
Finance expenses	(218,674)	(228,476)	(4%)
Other income	478,220	322,342	48%
Investment income/(losses)	236,041	(7,379)	(3,299%)
Loss of credit impairment	(8,330)	(4,044)	106%
Loss of asset impairment	(49,770)	(19,517)	155%
Gains from asset disposals	26,512	5,344	396%
Operating losses	(36,342)	(244,054)	(85%)
Non-operating income and expenses	18,312	2,180	740%
Total losses	(18,030)	(241,874)	(93%)
Income tax expenses	(190,950)	(81,467)	134%
Net losses	(208,980)	(323,341)	(35%)
Profit and loss attributable to minority interests	58,557	103,029	(43%)
Net (losses) attributable to shareholders of the Company	(150,423)	(220,312)	(32%)
Basic (losses) per share (RMB)	(0.19)	(0.28)	(32%)
Diluted (losses) per Share (RMB)	(0.19)	(0.28)	(32%)

FINANCIAL HIGHLIGHTS

	31 December 2022 RMB' 000	31 December 2021 RMB' 000	Change
Results highlights			
Total assets	9,215,602	10,554,449	(13%)
Total net assets	2,481,755	2,753,208	(10%)
Equity attributable to shareholders of the parent company	1,698,049	1,859,930	(9%)
Net assets per share attributable to owners of the Company (RMB) (Restated)	2.12	2.33	(9%)
Ratio			
Gross profit margin (%)	3.12%	6.50%	(52%)
Interest coverage ratio (times)	1.88	(0.12)	(1,645%)
Gearing ratio (%)	73.07%	73.91%	(1%)
Current ratio (times)	0.63	0.69	(8%)

Gross profit margin = Gross profit/Revenue

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

Gearing ratio = Total liabilities/Total assets

Current ratio = Total current assets/Total current liabilities

MAJOR EVENTS

In January, Guangdong Yueyun Development Co., Ltd., a subsidiary of the Company, cooperated with Guangdong Roadnet Innovalues Media Information Technology Co., Ltd. to place its advertisements onto the Yuexing Platform.

On 10 January, the “Driver’s Home” (司機之家) of Jinzao and Bozhi Service Zones of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, were awarded the National AAAAA “Driver’s Home”(司機之家).

On 20 January, Yang Junbo, the Vice Director-General of the Department of Communications of Guangdong Province, led the inspection team to visit the Puning Service Zone of the Chao Hui Expressway under the jurisdiction of the East Guangdong Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, and inspected the safety production and pandemic prevention and control works during the Spring Festival travel.

On 30 January, Chen Liangxian, the Vice Governor of Guangdong Province, together with his entourage, visited the Meihua North Service Zone of the North Guangdong Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, and inspected and provided guidance on the works in relation to pandemic prevention and control, as well as its operation and management, where they gained a deep understanding of the pandemic elimination within the service zone. Meanwhile, they also sent a warm greeting to the female volunteers onsite and participated the lively events of guessing lantern riddles and sending blessings through Chinese couplets. At the end of the visit, they also distributed gifts and gave New Year blessings to the frontline staff members as an expression of gratitude.

On 15 February, the Company and Digital Guangdong Network Construction Co., Ltd. entered into the “Technical Service Contract for the Provincial Intelligent Vehicle Supervision System (Intelligent Supervision System) Project of “Two passenger, One Hazardous Material and One Heavy-loaded Transportation” 《省兩客一危一重車輛智能監管系統(智能監管系統)項目技術服務合同》). Adhering to the work requirements of the provincial department of transportation, the goals of the given tasks under the project of “two passenger, one hazardous material and one heavy-loaded transportation” (兩客一危一重) had been fundamentally achieved. According to the project construction requirements, the research and development works of the project had been largely completely. A project operation team had been established to assist the centre to complete the intelligent supervision and operation service works with a success in 2022.

On 7 March, the “Sunflower” (向陽花)Team of the Yiliu Service Zone of the North Guangdong Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was awarded the honorary title of “Advanced Female Workers Group of Guangdong Province” (廣東省先進女職工集體).

In April, the Company was rated as AAA Grade Trustworthy Enterprise (Year 2020) in Guangdong Province (AAA 級(2020 年度)廣東省守合同重信用企業) by Credit Rating Committee under Guangdong Market Institute of Guangdong Province.



MAJOR EVENTS

On 26 May, the Yiliu Service Zone of the North Guangdong Branch of Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, was awarded the honorary title of “Entrepreneurship Practice and Employment Internship Base for Female College Students of Guangdong Province” (廣東省女大學生創業實踐和就業實習基地) by the Guangdong Women’s Federation.

On 20 July, Zhou Sigeng, the Minister of the Grassroots Work Department of the Guangdong Federation of Trade Union (廣東省總工會基層工作部), together with his entourage, visited Guangdong Yueyun Traffic Rescue Co., Ltd. (廣東粵運交通拯救有限公司), a subsidiary of the Company, to investigate the works in relation to the rescue service for truck drivers in Guangdong Province.

From 20 July to 8 August, the 13th Secondary School Sports Day of Guangdong Province (廣東省第十三屆中學生運動會) was held in the Shaoguan City. Shaoguan Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Company, established a transportation security work leading team to formulate a transportation security proposal. Drivers with high technical level and excellent ideological quality were dispatched to complete such transportation security task, who had successfully completed the transportation of 61,000 passengers including athletes, coaches and referees of various delegations.

In August, the Company was awarded the title of “Key Road Transport Enterprise (2022-2026)” (重點聯繫道路運輸企業(2022-2026年)) by China Road Transport Association.

In August, Guangdong Yueyun Langri Co., Ltd., a subsidiary of the Company, actively responded to the call of the provincial transportation department of communications to immediately dispatch 50 buses and fully engage in the rescue works in Hainan. After the hard work of more than 20 days, the emergency transshipment in response to the pandemic in Qionghai had been fundamentally completed, which had received praise from the Hainan Provincial Transportation Department.

On 3 August, Qingyuan Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Company, and Qingyuan Culture, Radio, Television, Tourism and Sports Bureau signed for the Transport Guarantee Service Project for the 16th Provincial Games of Guangdong Province, and provided travel services for athletes, guests and audience of the Provincial Paralympic Games.

On 10 August, Guangdong Chain Operations Association announced the “List of 2021 Guangdong Chain Store TOP100” (《2021年度廣東連鎖TOP100榜單》), where the “Loyee” brand ranked 50th.

MAJOR EVENTS

From 22 to 28 August, the 7th Traditional Sports Day of Ethnic Minorities in Guangdong Province was held in Ruyuan Yao Autonomous County. Shaoguan Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Company, adhered to the service tenet of “safety, quality, and convenience” throughout the process, and successfully completed its task of transporting more than 25,000 passengers including athletes, coaches, referees, etc. from 22 delegations.

On 1 November, the “5G+AI-based Video Surveillance Smart Rescue Cloud Platform Project” (基於5G+AI的視頻監控智慧救援雲平台項目) lodged by Guangdong Yueyun Traffic Rescue Co., Ltd., a subsidiary of the Company, won the “Third Prize” of the 2022 Guangdong Intelligent Transportation Effective Project Case Award (2022年度廣東省智能交通有效項目案例獎) sponsored by the Guangdong Intelligent Transportation Association.

On 4 November, Yangjiang Passenger Transport Company (陽江客運公司) and Yangchun Bus Company (陽春公汽公司) of Guangdong Yueyun Langri Co., Ltd., a subsidiary of the Company, dispatched a pandemic resistance team of 32 buses to support the transshipment works in Guangzhou in response to the request of the provincial transportation department of communications and the Yangjiang Transportation Bureau.

From 8 to 13 November, the 14th China International Aerospace and Aviation Expo was held in Zhuhai. Zhaoqing City Yueyun Motor Transportation Co., Ltd., a subsidiary of the Company, was invited to send 20 “Yueyun Express” and 22 drivers to provide in-city transportation services on the public days of the Aviation Expo.

On 15 November, “Loyee” convenience store was recognized as a “Famous Convenience Store” in the “5th China Expressway Famous Brand Award” announced by China Highway & Transportation Society.



INVESTMENT VALUE OF THE COMPANY

EXPRESSWAY SERVICE ZONE OPERATION

In 2022, Tongyi Company won a number of national honors: Tongyi Company was awarded as an “Excellent Service Zone Management Company”; “Loyee” Convenience Store was awarded as a “Well-known Loyee Convenience Store Brand”; and “Yueyun Energy” was awarded as a “Well-known Yueyun Energy Brand”. Jinzao and Bozhi Service Zones were awarded the National AAAAA “Driver’s Home”.

1 ENERGY BUSINESS

1. By mainly developing the self-built and self-operated gas stations under “Yueyun Energy”, we have established a sales network consisting of 64 self-built and self-operated gas stations in the expressway service zones by the end of 2022. Such number will exceed 100 at the end of the 14th Five-Year Plan period. With continuous increase in operating revenue, it will become the first core supporting business of the Group.
2. We have continuously enhanced cooperation with large-sized energy companies such as PetroChina and Sinopec in respect of capital and operation. As a result, we have established a number of joint venture companies to carry out the expressway gasoline and gas refueling business. In the future, we will strengthen the cooperation on gasoline supply and develop the warehousing, wholesale and transportation businesses, so as to enhance the influence of “Yueyun Energy” in Guangdong province.

3. We have actively promoted the growth in the number of expressways service zones (carpark zones), and the construction and deployment of additional gas stations at the exit and entrance of expressways and off-route local gas stations.
4. We have constructed 669 bus charging piles in 75 bus charging stations and the Group has 205 service zones with charging stations and 837 charging piles, and cooperated with brand enterprises to expand the business of battery replacement stations, which jointly formed a provincial charging service network.

2 RETAIL BUSINESS

1. We own a well-known convenience store brand of “Loyee” in expressway service zones, and the number of outlets has reached to 479. On the basis of maintaining a certain number of outlets, we have gradually realized offline omni-channel network expansion and continuously improved the quality of our outlets and the efficiency of individual outlets.
2. We completed the VI upgrading of “Loyee”, after which, new LOGO was adopted by a number of newly-opened outlets, including 14 outlets newly opened in 2022.
3. Our convenience store retail business covers 335 expressway service zones in operation and 21 passenger transportation terminals across the province, which provide us with network and scale advantages.



INVESTMENT VALUE OF THE COMPANY

4. The enhancement of business collaboration provides an opportunity of mutual development for logistics distribution, vehicle rental, ticketing and other businesses of the Group.

3 MERCHANT SOLICITATION BUSINESS

1. We own the right to operate the largest number of expressway service zones in Guangdong Province (360 zones, of which 348 zones are in operation) and enjoy network and scale advantages relying on the huge expressway traffic in Guangdong Province. As a result, we have achieved capacity output in business planning and merchant solicitation.
2. We have completed the comprehensive development of Dahuai Service Zone and the renovation of 24 pairs of upgraded service zones in the province, and innovated the investment and business operation model for commercial renovation projects to build differentiated and characteristic service zones.
3. We have conducted a large-scale integrated commercial development projects in key service zones, thereby significantly enhancing the commercial value of the service zones for which the integrated commercial development has been made, Dahuai Service Zone awarded the title of “National Expressway Tourism Theme Service Zone” (全國高速公路旅遊主題服務區) in 2019.

4 ADVERTISING BUSINESS

1. We have comprehensively integrated the advertising resources of expressways and passenger transportation terminals, covering 71 expressways, 360 expressway service zones and 86 passenger transportation terminals, enabling us to enjoy network and scale advantages.
2. We optimized the design and innovation and launched a batch of novel advertising resources to coordinate the shape of advertising resources with the land environment of expressways, thereby their advertising values were further enhanced.
3. We reviewed our existing resources, revitalized idle advertising resources by making full use of the advantages of directly-operated customers and developed and planned new resources by utilizing our mature network of the service zones, thereby promoting the increase in value of advertising resources in the service zones.
4. We are in the course of transformation into a “transportation omni-media supplier (交通出行全媒體供應商)” through the innovation of advertising operation model to push forward the self-operated business and make plans for the improvement in the quality and efficiency of the business.

INVESTMENT VALUE OF THE COMPANY

ROAD PASSENGER TRANSPORTATION AND AUXILIARY SERVICES

1. We have a complete road transportation business system, and our transportation enterprises are located in Zengcheng District of Guangzhou, Foshan City, Sanshui District of Foshan, Zhaoqing City, Yangjiang City, Meizhou City, Heyuan City, Qingyuan City, Shaoguan City, Shanwei City, Chaozhou City, Dianbai District of Maoming City and Shantou City, accounting for 62% of 21 prefecture-level cities in the province.
2. We have been ranked among the Top 100 Trustworthy Road Transportation Enterprises in China (全國道路運輸百強誠信企業) for many years.
3. Our “Yueyun Express” brand is a well-known road passenger transportation service brand with strong competitiveness in the industry.
4. Our development model has become mature which shows obvious synergies in the integration of regional transportation enterprises, in which we are leveraging relevant policies to promote the structural adjustment and transformation of business operation.
5. Initiatives such as chartered vehicles for commuters, customized passenger transportation, town-to-village rural passenger transportation, and the commercial development of passenger transportation terminal services brought incremental businesses.
6. As the largest road transportation company in the Guangdong-Hong Kong-Macau Greater Bay Area, the Group is engaged in the Guangdong-Zhuhai-Macau Bridge Port shuttle bus services through its subsidiary as the sole operator, and is the single largest shareholder that has maintained a cumulative shareholding of 29.7% in Guangdong Hong Kong-Zhuhai-Macau Bridge Shuttle Bus Co., Ltd. (廣東港珠澳大橋穿梭巴士有限公司). After the adjustment of the epidemic prevention and control policies for cross-border travel in Guangdong, Hong Kong and Macau, the vitality of our business development will be restored.
7. We emphasize the “digital driving, platform empowerment, innovative development” for our road passenger transportation business, and realized online ticketing, customized passenger transportation, online car-hailing, car chartering and car rental and travel transportation on the “Yuexing” (悅行) platform, which can provide travellers with various travel services. In the future, “Yuexing” platform will become a comprehensive travel service platform with well-known brand in Guangdong Province and even the Guangdong-Hong Kong-Macao Greater Bay Area.
8. We have implemented the “transportation + tourism” strategy to offer customized travel and transportation products on an Internet platform, and turn our passenger transportation terminals into the comprehensive service stations integrating travel, tourism and commerce through commercial development.



INVESTMENT VALUE OF THE COMPANY

9. We have diversified and integrated the passenger transport operation models and gradually achieved results in the transformation and upgrading of passenger transport business with the help of the new national passenger regulations.
10. Each transportation enterprise shall implement a series of reforms under the principle of “one policy for one enterprise”, promote the transformation and development of traditional transportation business, implement the “slimming and fitness” plan, remove and reduce redundant personnel, fully withdraw from loss-making lines and markets and devote greater effort to revitalize passenger transportation terminals and property resources.
11. We have implemented a series of measures for the reform of state-owned enterprises, enhanced the level of our modern corporate governance, further refined our management, adjusted industrial structure, improved cost control and increased operation efficiency.
12. Our “Yueyun Rescue” road rescue business has established an efficient road rescue service monitoring and command system, serving 77 expressway sections with total mileage of 7,002 kilometres, which is gradually covering the whole province, with obvious industry advantages.
13. In 2022, Our “Yueyun Rescue” road rescue business has launched a membership-based vehicle travel protection service for buses with 7 seats or less in Guangdong Province by leveraging the advantages of the network resources serving the expressways in Guangdong Province, so as to expand the Company’s incremental business income, and we are committed to providing vehicle owners with worry-free travel services at the same time.



CHAIRMAN'S STATEMENT

The Central Economic Work Conference in 2022 set the keynote for economic work throughout the year. Especially in terms of state-owned assets and state-owned enterprises, it is specifically required to deepen the reform of state-owned assets and state-owned enterprises to improve the core competitiveness of state-owned enterprises; to adhere to the direction of function-based reform and properly handle the relationship between the economic responsibilities and social responsibilities of state-owned enterprises; and to improve the modern corporate governance of state-owned enterprises with Chinese characteristics and truly operate with the market-oriented mechanism.

At the beginning of the Chinese New Year, a high-quality development conference was held in Guangdong Province on the first working day of 2023. As pointed out at the conference, the "crisis" of Guangdong's economy stems from the lack of high-quality development, and the "opportunities" can only be grasped firmly by relying on high-quality development. As long as new breakthroughs are made in the improvement of quality, we will see a blowout increase in the quantity, start a new round of development and surpass and realize the grand vision of "recreating a new Guangdong".



CHAIRMAN'S STATEMENT

As an operator in the travel services industry, we will conscientiously implement the spirit of the Central Economic Work Conference and the Guangdong High-quality Development Conference, adhere to the general keynote of seeking progress while maintaining stability, accelerate the construction of a new development pattern and integrate the strategy of expanding domestic demand with deepening supply-side structural reform in an organic way, focus on ensuring smooth operation, expanding investment, stabilizing the market, adjusting structure, securing safety and preventing risks, accelerate the improvement of the modern comprehensive transportation system and strive to achieve effective improvement in quality and reasonable growth in quantity, thereby providing a solid service guarantee for promoting the overall improvement of economic development.

2023 will be the "Year of Reform and Development" of the Group. Proceeding from the strategic perspective and starting with boosting development confidence, we will continue to promote the implementation of initiatives regarding "One policy for one enterprise" under the general guideline of "Promoting digital transformation and achieving high-quality development", in order to achieve the overall goal of "Comprehensively deepened reform of the service zone business, overallly turned around the loss of the transportation business and stable development of the advertising business and the vehicle rescue business".

Guo Junfa
Chairman



CHAIRMAN'S STATEMENT

COVID-19 Prevention and Control

In the past three years since the outbreak of COVID-19, the State has always adhered to the principle of putting people and their lives first, made a concerted effort to protect people's lives, health and safety and effectively coordinated the prevention and control of the epidemic and economic and social development. At the end of 2022, as the optimization and adjustment of the national epidemic prevention policies, the epidemic prevention and control entered a new stage. Such scientific and timely adjustment will help unleash China's economic and social vitality and enhance the international community's confidence in China's development.

From the perspective of the Spring Festival travel season in 2023, the overall epidemic situation across China has entered a stage of low prevalence and the epidemic situation in various regions has maintained the trend of steady decline. With the continuous optimization of epidemic prevention and control measures and the continuous implementation of policies to help enterprises to alleviate their difficulties and promote consumption, the production activities and life of the people across the country have returned to normal in an accelerative manner. The frequency of travel for visiting relatives and friends, New Year traveling and leaving home for work has increased and consumption has recovered significantly. The traffic volume of the expressway service zones owned by the Group has increased significantly, the revenue generated in the Spring Festival travel season has generally recovered to the level before the epidemic in 2019. We will enhance our organization capability, continue to strengthen our support capability and improve standards of service to meet the travel needs of travellers, and further unblock the "aorta" and "microcirculation" to provide greater vitality and driving forces for enterprises to consolidate their positive momentum.

Major investments and key business developments of the Group in 2023 are as follows:

TRAVEL SERVICES SEGMENT

1. Expressway Service Zones Operation

With the continuous deepening of state-owned enterprise reform, the reform of the expressway service zone business represents the general trend. By implementing reform measures such as asset restructuring, adjustment of management structure, transformation of operation model, reduction of layers of management and optimization of internal management, the Group will give full play to the resource advantages of expressway service zones, standardize operation and management behaviors, increase revenue and reduce expenditures and improve economic efficiency to promote the transformation and upgrading and achieve high-quality development of the service zones business. The Group will accelerate the implementation of such reform measures according to the formulated work plan once approved to ensure that such reform measures can be completed successfully and orderly on schedule. Through comprehensive reform and innovation, the Group will continuously promote the improvement of the expressway service zones business.

1. Energy Business

- (1) Conducting in-depth and careful analysis on the overall development of the energy business and benchmark with advanced peers. We will promote the reform of the operation model of oil stations in operation, under construction and whose operation rights outsourcing contracts have expired to improve the development efficiency of the energy business.

- (2) Further consolidating the comprehensive operation capabilities of self-operated oil stations, making great efforts on membership, marketing and services, actively expanding member base and develop key customers through multiple channels, carrying out personalized and precise marketing in multiple ways, improving self-operated brand service capabilities in multiple dimensions and continuing to make efforts in large-scale operation, refined management, branding and efficiency enhancement of oil stations.
- (3) Innovating the concept of development. We will gradually build a comprehensive energy service network of oil, gas, hydrogen, electricity and non-oil products, etc. by leveraging on the advantages of platform resources, make the "Yueyun Energy" brand stronger and promote the development of the energy business to create new achievements.

2. Retail Business

- (1) Focusing on the market segments, we will continue to build a comprehensive physical retail brand of "commodity + service + demand scenario" and strive to provide more convenience and services to travellers.
- (2) Comprehensively reviewing the management model of Loyee convenience stores. We will gradually develop business segments including large scale integrated supermarkets, medium-sized supermarkets, small convenience stores and unmanned vending and a new model of differentiated operation and management for the retail business through self operating, franchising, as well as wholesale and distribution, and strive to improve the efficiency of large-scale operation.
- (3) Accelerating the study on measures that meet market demand under the new situation, carrying forward the store operation with automatic vending equipment, promoting the leasing and operation of multi-store models and striving to make loss-making stores profitable.

CHAIRMAN'S STATEMENT

- (4) Further strengthening the refined management of the retail business, continuously optimizing and enriching commodity categories, increasing the efforts in commodity promotion and display and improving commodity supply chain management capabilities.
- (5) Continuing to develop the big retail (大零售) business and actively expanding the wholesale customers of entities within and outside the Group by making full use of commodity channels and location advantages to increase the scale and efficiency of the group purchase and wholesale business.

3. Merchant Solicitation Business

- (1) Creating an integrated management model of merchant solicitation and operation in the service zones, cultivating a commercial operation management team, starting from the commercial operation of the Guangzhou-Zhanjiang line service zones, optimizing new business formats and new merchants to create new environment and experiences, gradually establishing a standard business management system and improving commercial value of the platform.
- (2) Summarizing the experiences in commercial development of "one policy for one district", promoting the development of characteristic and differentiated service zone projects in Henghe, Heping, Huangtian and Tanzhou, making research on infusion of local characteristic elements, exploring the connection between service zones and local industries and gradually create a new situation in which transportation drives the development of local communities and promoting the share of the results of development.
- (3) Comprehensively coordinating the merchant solicitation resources in the service zones, further optimizing the business layout, increasing new business projects, soliciting more brand merchants to enter, trying to promote the implementation of new retail model of commercial development of self-owned brands in the service zones and driving the efficiency of the service zones to improve through brand influence.
- (4) Continuing to promote the standardization of the merchant solicitation business management, comprehensively refining the various aspects of the management of the merchant solicitation business and improving the management efficiency of the merchant solicitation business subject to laws and regulations. We will increase the disclosure of leasing information and expand disclosure channels to ensure openness, transparency and full competition and enhance the value of the merchant solicitation business.
- (5) Fully optimizing personnel deployment and management process and adopting different management models according to the traffic volume, passenger flow volume and geographical location of different service zones. We will explore the introduction of large-scale property management companies for professional management to improve management standards and reduce management costs

4. Advertising Business

- (1) Maintaining our existing advertising resources and appropriately increasing the construction of advertising signs in response to market demand. At the same time, we will increase marketing efforts to reduce the vacancy rate of advertising resources.
- (2) Actively expanding new market-oriented business. On the basis of the original business, we will actively expand the electronic screen digital business in the service zones, the planning and marketing business and other new businesses. We will also expand and develop new businesses such as the service zones light box advertising business and the planning and marketing business and expand directly-operated business through multiple channels.
- (3) Reducing the size of accounts receivable. We will accelerate the collection of accounts receivable and strive to achieve a year-on-year decrease in accounts receivable with ageing over one year.

II. Road Passenger Transportation and Auxiliary Services

1. **Implementing "one policy for one enterprise", optimizing business structure and improving operating efficiency**

- (1) Implementing the overall exit of conditional transportation enterprises. We will promote the overall and orderly exit of some transportation companies by way of closure, cancellation, equity transfer, etc. For the transportation companies that are expected to make losses, we will promote the overall and orderly exit of their loss-making county-level operating entities.
- (2) Reducing interest-bearing liabilities and preventing and resolving debt risks. We will continue to focus on the control of the total liabilities of the transportation business, especially to achieve a year-on-year decrease in interest-bearing liabilities. Assets with market value will be sold in the market, the land that the government intends to purchase and reserve will be purchased and reserved by the government, and efforts will be made to increase revenue through asset disposal. We will continue to strive for local financial subsidies and increase efforts to recover revenue.

CHAIRMAN'S STATEMENT

- (3) Optimizing the organization and promoting the matching of staff size and structure with business. Through measures such as controlling the proportion of management members and rationing production staff based on business volume, we will actively promote the optimization of staff structure and reasonably control the total number of employees. We will continue to optimize the staff and control the number of employees in the transportation industry. The ratio of drivers to non-drivers shall not be less than 2:1, and the proportion of labor costs in revenue shall be controlled within 45%.
- (4) Continuing to promote long-term local subsidy policies. We will promote all transportation units to continue to strive for the introduction of subsidy policies for urban public transportation, rural passenger transportation and other equalization business by local governments and the realization of a year-on-year increase in local subsidies.
- (5) Strengthening the assessment and application. We will formulate a performance appraisal plan oriented towards performance targets. According to the annual net profit target, we will make appraisals on three levels (i.e., loss-making enterprises, low-profit enterprises and profit-making enterprises), give full play to the role of the "baton" of performance assessment, improve the enthusiasm of employees, and promote the improvement of the Company's overall operating performance.

2. *Strengthening transformation and upgrade*

- (1) Promoting digital transformation and create "one platform" and "one card". Taking the construction and operation of "Digital Yueyun (數字粵運)" as a starting point, we will complete the planning and design of the overall framework of "Digital Yueyun (數字粵運)" travel service platform, initially establish a membership system, and build a digital operation service center for "Digital Yueyun (數字粵運)", and realize the digital construction and online operation of certain businesses of "Digital N+(數字 N+)", and gradually realize the output of online standardized service capabilities.
- (2) Accelerating the promotion of "Digital Passenger Transportation (數字客運)", cooperating deeply with leading travel platforms, fully promoting and launching on the basis of previous pilots, actively exploring the effective integration of traditional road passenger transportation and platform resources, and enhancing the development space of intercity travel of traditional road passenger transportation, online passenger grouping and other businesses through the digital empowerment of platforms.

- (3) Actively expanding off-site businesses. We will promote the development of off-site businesses such as customized passenger transportation, chartered bus, commuting and research and study tours, and achieve continuous growth of off-site businesses through all-staff marketing incentive and assessment.
- (4) Actively revitalizing assets. We will actively promote the revitalization of effective assets in various forms, and carry out overall planning for stations, office buildings and other properties. We will accelerate the overall relocation of enterprises in Guangzhou to centralize offices to save office rentals. We will increase leasable areas by reducing office areas and passenger transportation functions of stations, and improve the occupancy rate of stations, office buildings and other properties through multiple channels. We will cooperate with competent third parties to enhance effective asset returns.

3. Continuing to develop expressway vehicle rescue business

- (1) Actively improving service quality. We will implement rescue services by ensuring the efficiency of on-site arrival in 30 minutes and the punctuality rate of obstacle clearance in 60 minutes, so as to improve the efficiency of expressway rescue support.
- (2) Promoting the market-oriented mechanism and carrying out all-staff marketing in an all-round way. We will achieve continuous growth in the number of gold card members and incremental revenues of the membership-based vehicle travel protection service for the expressway vehicle rescue business through measures such as the acquisition of B-end customers, channel sales, and all-staff marketing incentive and assessment.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)



BUSINESS REVIEW

In 2022, facing the prolonged epidemic, the Group conscientiously implemented the overall requirements of “controlling epidemic, stabilizing economy and pursuing safe development” by focusing on both epidemic prevention and control and enterprise development. Thanks to the precise implementation of the “one enterprise, one policy” strategy, the three-year state-owned enterprises reform campaign ended smoothly, effective results were achieved in “loss reduction, efficiency enhancement, debt reduction and cost saving”, a improvement was realized in our operation and management and the fundamentals of our Company improved gradually.

TRAVEL SERVICE SEGMENT

1. EXPRESSWAY SERVICE ZONES OPERATION

By centering on the development strategy of the “14th Five-Year Plan”, the Group continued to carry out preventive measures against the pandemic, strived to overcome the impacts brought by, among other things, decreasing consumer demand and weakening economic expectations caused by the epidemic, endeavored to stabilize economy, stabilize growth, reduce costs and secure revenue, and strived to promote the development of various businesses, such as energy, merchant solicitation, retail and advertising.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)



1. Energy Business

The Group strived to expand and strengthen its energy business, enhance its own brandname and create a new momentum for energy development. As of the end of December 2022, the Company had 209 oil stations with operating right, including 64 owned and operated oil stations, 13 cooperative oil stations and 132 oil stations under contracted operations. The main measures were as follows:

- (1) Upholding the development strategy of our energy business. We continued to expand the scale of our self-operated oil station network, completed the construction, investment and operation of the new oil station in Shengtang service zone and the reconstructed oil stations in Nansha and Qujiang service zones, and

continued to boost the construction of the oil stations in Xinyangjiang and Yuebei service zones and other oil stations.

- (2) Cultivating innovations in the investment model of oil stations. We successfully pioneered a new model for the construction of a new oil station in Yuebei service zone whereby the construction was funded by the station owner and the Group was responsible for the operation of the station, which significantly reduced the Company's capital investment and mitigated the pressure for the future operation of the service zone.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

- (3) Carrying out personalized marketing campaigns. We carried out 37 personalized marketing campaigns in our self-operated oil stations, including diesel listing price reduction campaigns, diesel graded marketing campaigns and “one stop, one policy” campaigns. As of December 2022, we had a total of 71 major contracted refueling customers with the addition of 31 new customers and secured 253,000 new “Yueyun Energy” electronic members and a total of 539,000 members. Our brand influence continued to expand, and our oil sales volume continued to grow.
- (4) Offering more convenient payment options. To meet people’s demand for high-quality travelling, our self-operated oil stations utilized various software and hardware means, such as self-service payment machines, mobile POS machines and WeChat official accounts, to continuously improve customers’ experience in fast payment and enhance the passing rate of refueling vehicles.
- (5) Actively exploring a comprehensive layout in the energy industry. In line with the changes in the international and domestic energy markets, we accelerated our transformation from a traditional oil seller to a comprehensive energy service provider by gradually forging a new pattern of diversified industry development integrating hydrogen refueling, oil refueling, charging, photovoltaic power generation, non-fuel and other energy businesses, with an aim to create a new industrial chain for the development of the energy industry.

2. Retail Business

The Group continued to leverage its geographical advantages to gain new space for developing its retail business and improve the market competitiveness of its “Loyee” brand. As of the end of December 2022, the Group had 479 “Loyee” convenience stores. The main operating measures were as follows:

- (1) Further expanding the scale of our retail network. By leveraging on the self-operation and cooperation modes, we established 14 new “Loyee” convenience stores.
- (2) Seizing opportunities to expand business and create new benefits. By leveraging on the time period when the cooked food and catering facilities in service zones were for rent, we increased the temporary sales of cooked food. By leveraging on the characteristics and resource advantages of expressways, we sold the “Luzhou Laojiao” series of commodities in our service zones and introduced a new mode in promoting commodities and soliciting investment.
- (3) Taking effective measures to cope with market changes. To mitigate the impact of market environment on our retail business, we optimized and adjusted our category structure of commodities to enhance their acceptance. By carrying out a new Loyee VI upgrading pilot project in Huacheng and Yuantan convenience stores, we comprehensively upgraded the brand image of “Loyee”, enhanced customers’ experience and increased our revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

- (4) Cultivating our own capabilities for business development. We implemented the “one store, one policy” plan to enhance quality and efficiency, orderly promoted the iterative updating of our retail business system, and continuously improved our business income while catering for the consumption needs of the traveling population.

3. Merchant Solicitation Business

The Group continued to explore the commercial value of service zones, enrich the variety of business operations and service patterns and improve its platform development capability. As of the end of December 2022, we had 360 service zones with operating right and 348 service zones in operation. The main operating measures were as follows:

- (1) Focusing on boosting the construction of the specialty service zones along the Guangzhou-Zhanjiang Expressway in accordance with the brand strategy of “one expressway, one policy and one zone, one product”. Shengtang service zone was successfully built as the country’s first freight theme service zone, Liangjinshan service zone, a comprehensive service zone integrating blockhouse elements and local specialties, was officially put into operation, and the construction of Xinyangjiang, Chengcun and Qianshui service zones was progressing steadily. We established a commercial operation working group for the service zones along the Guangzhou-Zhanjiang Expressway to gradually cultivate its own commercial operation capability, and further improved our service quality by successfully introducing a number of specialty projects with various business patterns.
- (2) Actively planning for our future core business development. We continued to incubate new business patterns and gradually develop them into our own business elements, and built our own commercial brands, such as “Yipinhui” and “Letu”, to improve our core competitiveness. We cultivated innovative business valuation models and leveraged our platform’s advantages to solicit cooperative merchants by business patterns and tried to utilize turnover sharing model to achieve mutual benefit and win-win results.
- (3) Actively dealing with the difficulties in merchant solicitation caused by the epidemic and other factors. We comprehensively coordinated our idle and vacated merchant solicitation facilities, took multiple measures to revitalize our vacant shops and strived to improve their occupancy rate. We actively implemented the epidemic-related support policies and requirements released by superior authorities and effected standardized rent reductions for merchants during the epidemic in stages. Such rent reductions involved 413 merchant solicitation facilities and a rent reduction amount of approximately RMB75.52 million, which played a positive role in easing the business pressure of merchants, boosting the business confidence of merchants and stabilizing the situation of our merchant solicitation business.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

4. Advertising Business

The Group continued to improve its refined management capability and explore the potential value of advertising resources and advanced towards the goal of cultivating an omni-media advertising business. As of the end of December 2022, the Group operated and managed 509 advertising resources on 71 expressways, including billboards above service zones, billboards above toll stations, gantries, pole billboards, overpass bridges, floor standing billboards, etc. The main operating measures are as follows:

- (1) Maintaining the overall stability of advertising resources. We successfully ensured the safety of advertising assets in Dongguan to avoid economic losses. We developed and established 11 outdoor billboards with innovative designs, including double-column, sailboat and floor light box designs, and achieved good merchant solicitation results. We separated advertising release management contracts and advertising facility operation and maintenance service contracts to enhance the revenue of advertising resources. We had advertising business operation area of 129,537 square meters and our reserve of advertising resources was generally stable.
- (2) Continuing to strengthen marketing and develop self-operated business. We signed 24 planning and marketing contracts, representing an increase of 8.3% year on year. We secured 12 new customers and renewed contracts with 6 existing customers. The total number of our cooperative customers was 84, including 11 direct-sale customers and 73 channel customers.
- (3) Striving to establish a market-oriented management mechanism. We streamlined our organizational structure to better adapt to our market-oriented business. In addition to a plan to participate in the business of direct-sale customers with profit sharing commissions, we further developed an excessive profit-sharing scheme to encourage all-staff-involved marketing. We reinforced our efforts to collect amounts due from customers and initiate litigations against customers who defaulted in payments, with an aim to reduce the scale of accounts receivable.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

2. ROAD PASSENGER TRANSPORTATION AND AUXILIARY

In accordance with the overall strategy of “retaining business operations adopting TC public transportation mode and phasing out other domestic passenger transportation business operations orderly”, we formulated a main guideline for transportation enterprises to “phase out passenger transportation business orderly and pursue transformation and development under their own specific circumstances”. The Group checked the production and operation, resources and finance of its affiliated enterprises, devised a “one enterprise, one policy” work plan, formulated four goals, five principles and ten measures, refined our task list, and carried out “weekly scheduling, half-monthly assessment and monthly analysis” to effectively promote the implementation thereof. The main operating measures are as follows:

1. Effectively promoting “one enterprise, one policy”

(1) Strengthening efforts to promote business closure, suspension, merger and transformation. We closed a total of 13 corporate bodies, and reduced the scale of our transportation terminals. At the beginning of the year, we had 86 transportation terminals. By now, 33 transportation terminals have been closed and 51 transportation terminals have been operated at reduced standards. All loss-making routes were withdrawn from the 366 original routes

(except those in the urban and rural public transportation equalization business). Some of the withdrawn vehicles were transferred to town-to-village transportation, some were used to expand off-stationed business, some were transferred, and some were disposed of. The number of county-level business entities was reduced. At the beginning of the year, we had 60 county-level business entities. By now, 22 entities have been withdrawn or merged. Fleet management was realized in 13 county-level business entities.

- (2) Optimizing the organization and promoting the matching of staff size and structure with business, reducing the labor cost by approximately 17.60%.
- (3) Reducing interest-bearing liabilities. The interest-bearing liabilities of domestic transportation enterprises decreased by RMB351 million as of the end of December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

2. Strengthening efforts to pursue transformation

- (1) Carrying out all-staff-involved marketing and expanding off-stationed business. We set a total of 136 greeting stations and vigorously expanded off-stationed businesses, including chartering, commuting, online car-hailing and customization services, through all-staff-involved marketing. As of the end of December 2022, the revenue from off-stationed business was RMB290 million, representing an increase of 16% year on year, with the percentage of off-stationed businesses up to 55%.
- (2) Introducing powerful investors for joint operation. The central hub station of Meizhou was jointly developed into a commercial complex. A central kitchen was jointly operated in Xintang passenger station.
- (3) Continuing to collect government subsidies. As of the end of December 2022, the actual amount of subsidy received was approximately RMB176 million.
- (4) Actively utilizing existing terminals and land resources. A total amount of RMB98.05 million was collected from the disposal of vehicles and properties. By reducing the passenger transportation functional area of terminals and office area and leasing out such areas and properties, we had an increase of RMB41 million in our annualized rental of properties.

3. Continuing to develop expressway vehicle rescue business

The Group continued to expand expressway vehicle rescue business while ensuring the high-quality completion of the task to keep the “traffic safety and smoothness” of expressways. As of the end of December 2022, the rescue service mileage reached 7,002 kilometers covering a total of 77 expressway sections, accounting for approximately 63% of the total mileage of expressways in the province and approximately 88% of the mileage of expressways of GCGC. The Group set up 191 rescue stations with 676 sets of various rescue equipment. The main operating measures are as follows:

- (1) Actively exploring new service model and market-oriented business. As of the end of September 2022, we completed the development of a mini program named “Yueyun Trailer”, which was designed to provide round-the-clock vehicle rescue service for vehicle owners on the expressways in Guangdong Province. We also launched a golden card membership vehicle travel guarantee service product at a nominal value of RMB39.9 for owners of 7-seat and below passenger vehicles. We reinforced our efforts in carrying out all-staff-involved marketing and sold out more than 35,000 pieces of such service products.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

(2) Perfecting our service quality standards visualization system. We completed the construction and equipment installation of the “5G+AI technology-based video monitoring and rescue cloud service platform”, realized real-time transmission of video records of the rescue service process and automatic acquisition of the rescue time node data, which provided good technical support for rescue service quality monitoring, remote control of complex on-site rescue operations and the continuous improvement of our rescue service capability. We took the lead in solving the difficulties of the rescue industry in service quality evaluation and real-time tracking, which laid a solid foundation for the Company’s subsequent business expansion.

3. TAIPING INTERCHANGE OPERATION

To maintain the safe operation of the Taiping Interchange, we carried out daily inspection for the entire road section and organized maintenance and repair works. The Group focused on reducing unnecessary works, completing the organization and implementation of necessary works and strictly controlling daily management expenses. The main operating measures are as follows:

(1) As of the end of December 2022, the Taiping Interchange recorded operating income of approximately RMB97.31 million and an average daily traffic flow of 74,000 vehicles, representing a year-on-year decrease of 17%.

(2) According to our annual maintenance and repair plan, we had 21 planned projects in total, including 8 projects extended from the previous year and 13 new projects.

4. OTHER BUSINESSES

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

FINANCIAL REVIEW (2021 FIGURES HAVE BEEN RESTATED)

The Group’s Annual Results for the year ended 31 December 2022

For the year ended 31 December 2022, operating income of the Group amounted to RMB5,819,528,000 (2021: RMB6,271,137,000), representing a year-on-year decrease of RMB451,609,000 or 7%; gross profit amounted to RMB181,571,000 (2021: RMB407,586,000), representing a year-on-year decrease of RMB226,015,000 or 55%. The year-on-year change in operating income and gross profit was mainly due to year-on-year decreases in the passenger volume of the transportation business and the customer flow of the expressway service zones under normalized epidemic prevention and control, affecting revenue and gross profit.

For the year ended 31 December 2022, the Group realized net loss attributable to shareholders of the parent company (the “Shareholders”) of RMB150,423,000 (2021: Net loss attributable to shareholders of the parent company of RMB220,312,000), representing a year-on-year decrease in loss of RMB69,889,000; basic loss per share was RMB0.19 (2021: basic loss per share of RMB0.28), representing a year-on-year decrease in loss of RMB0.09 per share. The decrease in loss was mainly due to the increase in investment income as a result of the transfer of 100% equity interests in Guangdong Province Transportation Engineering Company Limited (“Transportation Engineering”), a wholly-owned subsidiary of the Company, and the promotion of “one policy for one enterprise” for road transportation business, which achieved remarkable results in cost reduction and efficiency improvement for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

SEGMENT INFORMATION

Operating Income

Operating income of the Group was primarily derived from the expressway service zones operation business and

the road passenger transportation and auxiliary business. Operating income of the Group in 2022 amounted to RMB5,819,528,000 (2021: RMB6,271,137,000), representing a year-on-year decrease of RMB451,609,000 or 7%.

Operating income by business segments:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zones operation business	3,788,823	65%	3,726,307	59%
Road passenger transportation and auxiliary business	1,916,269	33%	2,346,181	38%
Operation of Taiping Interchange	97,309	2%	121,446	2%
Other Businesses	17,127	0%	77,203	1%
Total	5,819,528	100%	6,271,137	100%

1. Expressway Service Zones Operation Business

The expressway service zones operation business recorded operating income of RMB3,788,823,000 in 2022 (2021: RMB3,726,307,000), representing a year-on-year increase of RMB62,516,000 or 2%. Of which:

- (1) For energy business, the operating income amounted to RMB3,137,105,000 in 2022 (2021: RMB2,886,182,000), representing a year-on-year increase of RMB250,923,000 or 9%, which was mainly due to the year-on-year increase in the scale of oil stations and the rise in oil prices.
- (2) For retail business, the operating income amounted to RMB342,493,000 in 2022 (2021: RMB432,554,000), representing a year-on-year decrease of RMB90,061,000 or 21%, which was mainly due to a year-on-year decrease in sales volume of the stores of retail business as a result of normalized epidemic prevention and control, resulting in a decrease in revenue.
- (3) For merchant solicitation business, the operating income amounted to RMB227,731,000 in 2022 (2021: RMB302,940,000), representing a year-

on-year decrease of RMB75,209,000 or 25%, which was mainly due to the fact that under the impact of the pandemic, there were more vacant shops due to the exit of merchants or non-renewal of leases upon expiration, resulting in a year-on-year decrease in revenue.

- (4) For advertising business, the operating income amounted to approximately RMB81,494,000 in 2022 (2021: RMB104,631,000), representing a year-on-year decrease of RMB23,137,000 or 22%, 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 RMB1,916,269,000 in 2022 (2021: RMB2,346,181,000), representing a year-on-year decrease of RMB429,912,000 or 18%, which was mainly attributable to the decrease in passenger traffic of the transportation business under the impact of various transportation methods and the normalization of epidemic prevention and control, resulting in a year-on-year decrease in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

3. Operation of Taiping Interchange

Taiping Interchange recorded operating income of approximately RMB97,309,000 in 2022 (2021: RMB121,446,000), representing a year-on-year decrease of RMB24,137,000 or 20%, which was mainly due to a year-on-year decrease of 17% in daily traffic.

4. Other Businesses

Other Businesses recorded operating income of RMB17,127,000 in 2022 (2021: RMB77,203,000), representing a year-on-year decrease of RMB60,076,000 or 78%, which was mainly due to a decrease in the existing business volume of material logistics.

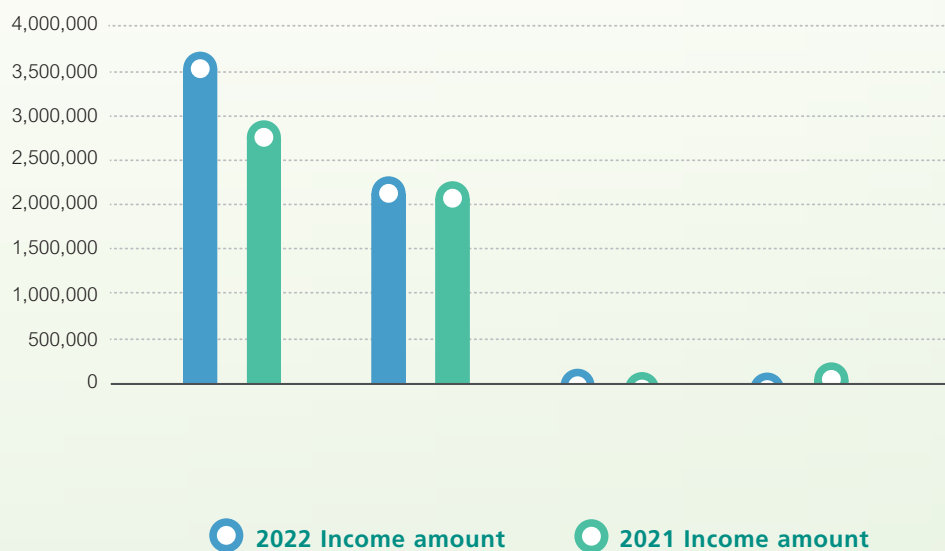
Gross profit

The gross profit of the Group in 2022 was RMB181,571,000 (2021: RMB407,586,000), representing a year-on-year decrease of RMB226,015,000 or 55%, with a gross profit margin of 3.12% (2021: 6.50%).

Gross profit by business segments:

	For the year ended 31 December 2022		For the year ended 31 December 2021	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zones operation business	350,402	193%	483,569	119%
Road passenger transportation and auxiliary business	(240,368)	(132%)	(175,497)	(43%)
Operation of Taiping Interchange	70,812	39%	98,127	24%
Other Businesses	725	0%	1,387	0%
Total	181,571	100%	407,586	100%

Operating Income



MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

1. Expressway Service Zones Operation

The expressway service zones operation business recorded gross profit of RMB350,402,000 in 2022 (2021: RMB483,569,000), representing a year-on-year decrease of RMB133,167,000 or 28%, and the gross profit margin was 9% (2021: 13%). Of which:

- (1) The energy business generated gross profit of RMB350,937,000 in 2022 (2021: RMB365,369,000), representing a year-on-year decrease of RMB14,432,000 or approximately 4%. The gross profit margin was 11% (2021: 13%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to the decrease in differences between purchasing and selling prices of oil products, and the year-on-year increases in labor cost and depreciation and amortization due to an addition of oil stations.
- (2) The retail business generated gross profit of RMB12,000 in 2022 (2021: RMB40,735,000), representing a year-on-year decrease of RMB40,723,000 or 100%. The gross loss margin was 0% (2021: gross profit margin of 9%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to the significant decrease in revenue due to the impact of the pandemic.

- (3) The merchant solicitation business generated gross loss of RMB42,840,000 in 2022 (2021: gross profit of RMB27,200,000), representing a year-on-year decrease of RMB70,040,000 or 258%. The gross loss margin was 19% (2021: gross profit margin of 9%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to the impact of the pandemic, more vacant shops and less income.
- (4) The advertising business generated gross profit of RMB42,293,000 in 2022 (2021: RMB50,265,000), representing a year-on-year decrease of RMB7,972,000 or 16%. The gross profit margin was 52% (2021: 48%). The lower gross profit was mainly due to a decrease in operating income.

2. Road Passenger Transportation and Auxiliary Business

Road passenger transportation and auxiliary business generated gross loss of RMB240,368,000 in 2022 (2021: gross loss of RMB175,497,000), representing a year-on-year increase of RMB64,871,000 or 37%, and the gross loss margin was 13% (2021: gross loss margin of 7%). The year-on-year increases in the gross profit and gross profit margin were mainly due to a decrease in the passenger flow, resulting in a decrease in revenue year-on-year.

3. Taiping Interchange Operation

Taiping Interchange operation generated gross profit of RMB70,812,000 in 2022 (2021: RMB98,127,000), representing a year-on-year decrease of RMB27,315,000 or 28%. The gross profit margin was 73% (2021: 81%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to a year-on-year decrease in daily traffic due to the impact of the pandemic resulting in a decrease in toll revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

4. Other Businesses

Other businesses generated gross profit of RMB725,000 in 2022 (2021: RMB1,387,000), representing a year-on-year decrease of RMB662,000 or 48%. The gross profit margin was 4% (2021: 2%). The year-on-year decreases in the gross profit and gross profit margin were mainly due to the decrease in material logistics business due to the decrease in inventory business.

ADMINISTRATIVE AND R&D EXPENSES

In 2022, the Group incurred administrative and research and development expenses of RMB584,393,000 in total (2021: RMB612,161,000), representing a year-on-year decrease of RMB27,768,000 or 5%, which was mainly attributable to the promotion of “one policy for one enterprise” for road transportation business during the year and the remarkable effect of cost control measures for the year.

FINANCE EXPENSES

In 2022, the Group incurred finance expenses of RMB218,674,000 (2021: RMB228,476,000), representing a year-on-year decrease of RMB9,802,000 or 4%.

OTHER INCOME

In 2022, the Group incurred other income of RMB478,220,000 (2021: RMB322,342,000), representing a year-on-year increase of RMB155,878,000 or 48%, which was mainly due to a year-on-year increase in subsidies for operation.

INVESTMENT GAIN/(LOSS)

In 2022, the Group incurred investment gain of RMB236,041,000 (2021: investment loss of RMB7,379,000), representing a year-on-year increase of income of RMB243,420,000 or a change of 3,299%, which was mainly due to the investment income generated from the transfer of equity in Transportation Engineering for the year.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses of the Group in 2022 was RMB8,330,000 (2021: credit impairment losses of RMB4,044,000), representing a year-on-year increase of RMB4,286,000 or 106%, which was mainly attributable to a year-on-year increase in receivables aging over two years resulting in a year-on-year increase in the provision for credit impairment losses for the period.

IMPAIRMENT LOSSES OF ASSETS

Impairment losses of assets of the Group in 2022 was RMB49,770,000 (2021: RMB19,517,000), representing a year-on-year increase of RMB30,253,000 or 155%, which was mainly due to the effects of a year-on-year increase in the provision for goodwill impairment of transportation units for the year.

GAINS ON DISPOSAL OF ASSETS

In 2022, the Group incurred gains on disposal of assets of RMB26,512,000 (2021: RMB5,344,000), representing a year-on-year increase of RMB21,168,000 or 396%, which was mainly due to the impact of a year-on-year increase in disposal of idle assets for the year.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

NON-OPERATING INCOME AND EXPENDITURE

The net amount of non-operating income and expenditure in 2022 incurred a net income of RMB18,312,000 (2021: a net income of RMB2,180,000), representing a year-on-year increase in net income of RMB16,132,000 or 740%, which was mainly due to a year-on-year increase in government grants and a year-on-year decrease in losses on destruction and retirement of non-current assets.

LIQUIDITY AND CAPITAL STRUCTURE

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards the use of funds. The Group satisfied its requirements for cash in respect of its payment obligations under contracts 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 2022, the balance of bank and financial institution facilities available to the Group amounted to RMB2,819,500,000, which provided sufficient protection for the Group's operating loans, ensuring repayment of principal and interest without risk of default.

Items	31 December 2022	31 December 2021
	RMB'000	RMB'000
Borrowings (banks and other financial institutions)	2,384,127	3,148,951
Less: Cash and cash equivalents	945,099	1,249,782
Net debt	1,439,028	1,899,169
Total liabilities	6,733,847	7,801,241
Total shareholders' equity	2,481,755	2,753,208
Total equity	3,920,783	4,652,377
Total assets	9,215,602	10,554,449
Gearing ratio	36.70%	40.82%
Asset to liability ratio	73.07%	73.91%

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liabilities/Total assets

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

CASH FLOWS

In 2022, 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. Cash and cash equivalents of the Group 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		
	2022	2021	Change
	RMB'000	RMB'000	RMB'000
Cash generated from/(used in)			
Operating activities	810,837	906,376	(95,539)
Investing activities	63,274	(422,248)	485,522
Financing activities	(1,179,417)	(470,915)	(708,502)

OPERATING ACTIVITIES

The Group's net cash inflow from operating activities amounted to RMB810.837 million in 2022 (2021: net cash inflow of RMB906.376 million), representing a year-on-year decrease of net cash inflow of RMB95.539 million, which was mainly due to a year-on-year decrease in cash received from sales of goods and rendering of labor services as a result of a year-on-year decrease in revenue for the year.

INVESTING ACTIVITIES

In 2022, the net cash inflow from investing activities was RMB63.274 million (2021: net cash outflow of RMB422.248 million), representing an increase in net cash inflow of RMB485.522 million, which was mainly attributable to a year-on-year increase in cash received from disposal of subsidiaries due to the transfer of 100% equity interest in Transportation Engineering in the year, and the strengthening of investment scale control to reduce the acquisition and construction of fixed assets including vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

FINANCING ACTIVITIES

The net cash outflow from financing activities in 2022 was RMB1,179.417 million (2021: net cash outflow of RMB470.915 million), representing an increase of RMB708.502 million in net cash outflow, which was mainly due to a year-on-year increase in debt repayment expenses.

BORROWINGS

As of 31 December 2022, outstanding loans of the Group amounted to RMB2,384.127 million (31 December 2021: RMB3,148.951 million), comprising (i) unsecured short-term loans of RMB598.646 million (31 December 2021: RMB574.685 million); (ii) secured short-term loans of RMB145.392 million (31 December 2021: RMB181.216 million); (iii) pledged short-term loans of RMB6.000 million (31 December 2021: nil); (iv) unsecured long-term loans of RMB824.447 million (31 December 2021: RMB1,003.242 million); (v) secured long-term loans of RMB343.358 million (31 December 2021: RMB360.528 million); (vi) pledged long-term loans of RMB17.520 million (31 December 2021: RMB35.830 million); (vii) financing leases payable of RMB448.764 million (31 December 2021: RMB602.577 million); and (viii) bonds payable of nil (31 December 2021: RMB390.873 million). As of 31 December 2022, 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 46%.

MATERIAL SUBSEQUENT EVENTS

Nil.

MAJOR INVESTMENTS HELD

Nil.

MAJOR ACQUISITIONS, DISPOSALS AND ESTABLISHMENT OF NEW COMPANIES

On 10 August 2022, the Company and Guangdong Litong Development and Investment Company Limited ("Guangdong Litong") entered into the Equity Transfer Agreement in relation to the Equity Transfer, pursuant to which the Company conditionally agreed to sell, and Guangdong Litong conditionally agreed to acquire, 100% equity interest in Guangdong Province Transportation Engineering Company Limited ("Transportation Engineering"), a wholly-owned subsidiary of the Company, at a total consideration of RMB216,637,157.08. Upon completion of the Equity Transfer, the Company will cease to hold any interest in Transportation Engineering, whose financial results will no longer be consolidated into the consolidated financial statements of the Company. Please refer to the announcement dated 10 August 2022 of the Company for details.

On 4 November 2022, the Company, as the transferee, and Guangzhou Liyun Investment and Development Company Limited (廣州利運投資發展有限公司) ("Liyun Investment"), as the transferor, entered into the Equity Transfer contract, pursuant to which, the Company will acquire the entire equity interest in Meizhou Yueyun Investment Company Limited (梅州市粵運投資有限公司) from Liyun Investment at a total consideration of RMB18,862,800. Please refer to the announcement dated 4 November 2022 of the Company for details.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

MAJOR PROPERTIES HELD FOR INVESTMENT

Set out below are the major properties held for investment by the Group as at 31 December 2022:

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. 1-2 office, 1/F, King's Court, No. 65, 67, 69, 71, 73, 75, Wai Ching Street, Jordan Road, Kowloon, Hong Kong	Operating lease	Short-term (within 10 years)
Underground Shop, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon	Underground Shop, Hang On Building, 159A Sai Yeung Choi Street North, Mongkok, Kowloon	Operating lease	Short-term (within 10 years)
Apartment of Drivers	Interchange between Fuqianxi Road and Huancheng Road, Qujiang District, Shaoguan City	Operating lease	Short-term (within 10 years)
Passenger Traffic Center Building in Lianzhou	No. 136, Beihu Road, Lianzhou City	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 2022, fixed assets at the net value of approximately RMB260,807,000 (31 December 2021: RMB337,250,000) and land use rights at the net value of approximately RMB116,905,000 (31 December 2021: RMB139,146,000) of the Group were pledged as security for borrowings. As at 31 December 2022, transportation vehicles at the net value of approximately RMB265,510,000 (31 December 2021: RMB366,182,000) 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 2022, 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 2022, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

POTENTIAL RISK EXPOSURE

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

Major risk exposures to the Group include:

1. Competition from other modes of Transportation

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

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

2. Fluctuations of fuel prices

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

3. Operation safety

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

The Group has established a more comprehensive production safety management system, the safety indicators of the Group are much better than the evaluation standards in the industry and are maintained at a good level. Together with centralized management of insurance, sufficient insurance coverage will be provided to vehicles and personnel, the scope of coverage will be expanded to enhance protective ability and control economic losses arising from safety incidents effectively.

The Group has also comprehensively promoted the application of “four-in-one” intelligent control system in road transportation segment to facilitate the continuous decline in numbers of illegal and non-compliant acts and unscrupulous driving of our drivers; It could enhance the safe behaviors of drivers, increase the supervision capacity and efficiency of fundamental safety, as well as incident control level, and strengthen the support of intelligent control system to safety production.

4. Inclement weather and natural disasters

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

5. Policy risk

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

MANAGEMENT DISCUSSION AND ANALYSIS

(all amounts are presented in RMB unless otherwise stated)

6. Operational risk

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

7. Epidemic disease

Due to the highly concentrated nature of the travel service business, it is vulnerable to the impact of the disease outbreaks, which affects the travel needs of travelers. In 2022, various local epidemic cases have been confirmed in Guangdong Province, and each local government carried out different levels of travel restrictions and control for epidemic prevention and control, which resulted in a decrease in the routes and actual carriage rate of the Group's road passenger transportation and auxiliary business, exerting certain negative impacts on the Company's business.

SIGNIFICANT INVESTMENT PLANS IN 2023

For significant investment and business development plans in 2023, please refer to Chairman's Statement in this annual report. The financing arrangements required by the Group will be obtained through various means such as self-funding and bank loans.

FIVE-YEAR FINANCIAL SUMMARY

(Amounts are presented in RMB' 000)

For the year ended 31 December	2022	2021 (restated)	2020	2019	2018 (restated)
Operating income	5,819,528	6,271,137	5,585,541	6,657,213	6,531,848
Total profit	(18,030)	(241,874)	(238,597)	497,308	496,613
Income tax expenses	(190,950)	(81,467)	(76,577)	(132,225)	(146,820)
Net (loss)/profit	(208,980)	(323,341)	(315,174)	365,084	349,793
Profit and loss attributable to minority interests	58,557	103,029	85,981	(60,114)	(49,772)
Net profit attributable to shareholders of the Company	(150,423)	(220,312)	(229,193)	304,970	300,021

ASSETS AND LIABILITIES

As at 31 December	2022	2021 (restated)	2020	2019	2018 (restated)
Total assets	9,215,602	10,554,449	11,052,730	11,095,005	10,512,947
Total liabilities	6,733,847	7,801,241	7,902,617	7,608,084	7,006,458
Net assets	2,481,755	2,753,208	3,150,113	3,486,922	3,506,489

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

DIRECTORS

As at the date of this report, the Company has four executive Directors, two non-executive Directors and four independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Guo Junfa (郭俊發), aged 59, is the secretary of the Party committee of the Company, an executive Director and the chairman of the Company and concurrently acts as the assistant to the general manager of Guangdong Provincial Communication Group Company Limited (“**GCGC**”), the controlling shareholder of the Company. Mr. Guo previously served as an executive Director of the Company from June 2007 to December 2007, an executive Director of the Company from December 2012 to June 2019, and a non-executive Director of the Company from June 2019 to July 2019. Mr. Guo served as a director and the general manager of GD-HK Company (a subsidiary of the Company), a director and the chairman of the board of several subsidiaries of the Company (including GDHK Company, Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Guangzhou) (廣東粵利佳客運有限公司(廣州)) and Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Hong Kong) (廣東粵利佳客運有限公司(香港)) and he also served as a director of Gang Tong (HK) Motor Transport Company Limited (a subsidiary of the Company). He served as the vice secretary of the discipline inspection committee and the head of the supervision and audit department of GCGC from January 2018 to July 2020; and the vice secretary of the inspection and audit committee of GCGC from July 2020 to September 2021. Other major work experience of Mr. Guo includes, among others, serving as an officer, a chief officer of the education department of Department of Communications of Guangdong Province, the director of the Foreign Economic Division, the director of the Loan Office of World Bank of the Department of Communications of Guangdong Province (廣東省交通廳世界銀行貸款辦公

室) and the director of the Technology Education Division, during which he participated in the high-end talents class of the Organization Department of the Provincial Committee to receive training in Canada for a year. Mr. Guo holds an on-job postgraduate from Guangdong Academy of Social Sciences (廣東省社科院), an executive master’s degree in business administration (EMBA) from South China University of Technology (華南理工大學), and he is a senior economist and a senior political worker.

Mr. Zhu Fang (朱方), aged 50, is the deputy secretary of the Party committee, an executive Director and the general manager of the Company. Mr. Zhu previously served as an officer of the Audit Department of Guangdong Province, a staff member of the investment fund department of Guangdong Investment and Development Company (廣東投資開發公司), the deputy manager and manager of the capital operation department of Guangdong Guangye Investment Group Co., Ltd. (廣東廣業投資集團有限公司), the deputy general manager and head of the financial department of Dongguan Jiufeng Energy Co., Ltd. (東莞九豐能源有限公司), a member of the Party committee and the deputy general manager of Guangdong Guangye Investment Group Co., Ltd. (廣東廣業投資集團有限公司), a member of the Party committee, a director and the deputy general manager of Nanyue Transportation Investment and Construction Co., Ltd. (南粵交通投資建設有限公司). Mr. Zhu holds an on-the-job postgraduate degree from Guangdong Academy of Social Sciences (廣東省社科院) and the title of auditor.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Huang Wenban (黃文伴), aged 50, is as a member of the Party committee, an executive Director and the chief accountant of the Company. Main positions previously held by Mr. Huang include: an accountant of Kwong Fat Transport Limited (廣發運輸有限公司), the finance manager of Guangdong Vehicles Transportation Group Company Limited Transportation Branch (廣東省汽車運輸集團有限公司貨運分公司), the deputy business supervisor of the financial audit department of GCGC and the manager of the finance department, a member of the Party committee, the chief accountant and a director of Kee Kwan Motor Road Limited (岐關車路有限公司), director, the chief accountant and a member of the Party committee of Guangdong Gongbei Vehicles Transportation Company Limited (廣東省拱北汽車運輸有限公司). Mr. Huang holds a bachelor's degree in economics from the Xi'an Highway University (西安公路交通大學) and a master of business administration from Jinan University (暨南大學), and obtained a doctoral degree of management in accounting from Dalian University of Technology (大連理工大學). He has obtained the professional qualification as a senior economist.

Mr. Hu Xianhua (胡賢華), aged 48, is a member of the Party committee, an executive Director and the deputy general manager of the Company. Mr. Hu previously served as the chairman of the supervisory committee of the Company. Other major working experiences of Mr. Hu include, among others, serving in the finance division of Guangzhou Bonded Zone Guangda Technology Co., Ltd. (廣州保稅區廣大科技有限公司), manager of the finance department of Guangshan Highway Huizhou Section Co. Ltd. (廣汕公路惠州段有限公司), project manager of Xin Yue Company Limited (新粵有限公司), serving in Guangdong Nan Yue Logistics Company Limited (廣東南粵物流股份有限公司) (and was temporarily dispatched to engage in audit work in the financial audit department of GCGC during his service period), grade one staff member (一級職員) of the financial audit department and the audit and supervision department, deputy business supervisor and business supervisor of the audit and supervision department as well as the dispatched supervisory committee chairman of GCGC. Mr. Hu is a graduate of Wuhan University (武漢大學) with major in auditing and has obtained a bachelor's degree in economics and possesses the title of senior accountant.

NON-EXECUTIVE DIRECTORS

Mr. Chen Min (陳敏), aged 59, is a non-executive Director of the Company, currently serving as the general legal counsel of GCGC, as well as the director of Guangdong Province Communications Planning & Design Institute Co., Ltd (廣東省交通規劃設計研究院股份有限公司, an associate of GCGC) and the director and vice chairman of Poly Changda Engineering Company Limited (保利長大工程有限公司). Mr. Chen previously served as the deputy general manager of the Company. Other major past working experiences of Mr. Chen include, among others: contract team leader of Guang-Shen-Zhu Expressway General Contracting Group (廣深珠高速公路總承包集團); manager of engineering department, deputy chief economist and chief economist of Guangdong Highway Engineering Construction Group Co., Ltd. (廣東省公路工程建設集團有限公司); director, deputy general manager, chief economist and general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建設集團有限公司), head and deputy head of the legal affairs department of GCGC, as well as a director of Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司, a subsidiary of GCGC, a company listed on the Shenzhen Stock Exchange, A share stock code 000429, B share stock code 200429). Mr. Chen graduated from Changsha Jiaotong College (長沙交通學院) majoring in highway and city road and obtained a bachelor's degree of engineering. Mr. Chen also holds a qualification certificate of legal adviser to enterprises and possesses qualifications as a senior economist as well as cost engineer.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Chen Chuxuan (陳楚宣), aged 55, is a non-executive Director of the Company. Mr. Chen currently serves as the deputy chief accountant and head of the strategy development department of GCGC. Mr. Chen Chuxuan has served as a Supervisor of the Company from March 2009 to December 2012 and the chairman of the Supervisory Committee from April 2009 to December 2012. Other major past working experiences of Mr. Chen Chuxuan include, among others: the accountant of the second branch office of the Guangdong Provincial Highway Engineering Company (廣東省公路工程公司); head of the operations and finance department of the Technology Development Branch of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限技術開發分公司); the chief accountant of the third branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限分公司); the chief accountant of Guangdong Guanyue Highway & Bridge Company Limited (廣東冠粵路橋有限公司); the chairman of the external supervisory committee of GCGC. From March 2008 to March 2009, he was assigned to the State-owned Assets Supervision and Administration Commission of Guangdong Province acting as the deputy head of the office of the supervisory committee. Mr. Chen graduated from the faculty of engineering and financial accounting of Changsha Communications University (長沙交通學院) with a bachelor's degree, and graduated from Jinan University (暨南大學) with a master's degree in accounting. Mr. Chen is a senior accountant and a senior economist.

expert on significant administrative policies of Guangzhou and argumentation expert on consultation of significant administrative decisions of Shaoguan City. Mr. Su has served in Hunan University of Finance and Economics (湖南財經學院) and Hunan University (湖南大學) engaging in teaching and scientific research. Mr. Su has obtained a bachelor's degree in economics, a master's degree in management and a doctoral degree in economics from Hunan University of Finance and Economics (湖南財經學院), Shaanxi University of Finance (陝西財經學院) and Economics and Fujian Normal University (福建師範大學), respectively.

Ms. Huang Yuan (黃媛), aged 46, is an associate professor and teacher of doctoral students in the School of Accounting and Finance of the Hong Kong Polytechnic University, she is also concurrently the director of the master programme in professional accounting in the School of Accounting and Finance. She obtained a bachelor's degree and a master's degree in economics from the School of Economics of Wuhan University (武漢大學經濟學院), and obtained a doctoral degree in business administration from The Hong Kong University of Science and Technology. Dr. Huang is a lecturer in the courses of financial accounting, management accounting, financial management and accounting research methods for undergraduates and postgraduate students in master and doctoral programmes, many of her research projects receive funding from the University Grants Committee in Hong Kong, and the research results have been published in a number of international renowned journals.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Su Wujun (蘇武俊), aged 58, is a professor of Guangdong University of Finance & Economics (廣東財經大學), and he once was concurrently an expert consultant on legislation of the Standing Committee of the People's Congress of Guangdong Province (廣東省人大常委會), an evaluation expert of the "Zhujiang Talent Plan – Entrepreneur Leaders (珠江人才計劃 – 創業領軍人才)" of Guangdong Province, chairman of the Education Association of Guangdong Province (廣東省教育會), argumentation

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Shen Jialong (沈家龍), aged 43, is a professor grade senior engineer, a national registered consultant engineer and a national registered cost engineer. He is currently the chief engineer of Guangdong Xinyi Engineering Consulting Co., Ltd. (廣東信怡工程諮詢有限公司), and the head of the consulting department of Guangdong Petroleum and Chemical Industry Association (廣東省石油和化學工業協會). After graduation in 2015, he has been dedicating long-term efforts in consulting work on the planning, research feasibility and energy saving of projects in the energy, petrochemical, chemical industry, light industry and pharmaceutical sectors, and is now a listed evaluation and review expert for the Technology Department of Guangdong Province (廣東省科技廳), Guangdong Gas Association (廣東省石油燃氣協會), Guangdong Energy Conservation Association (廣東省節能協會), Guangdong Petroleum and Chemical Industry Association (廣東省石油和化學工業協會), Guangzhou Municipal Industry and Information Technology Bureau (廣州市工信局), Department of Science and Technology of Guangdong Province (廣州市科技廳) and Guangzhou Municipal Public Resources Exchange Centre (廣州市公共資源交易中心). Mr. Shen graduated from South China University of Technology (華南理工大學) and obtained a bachelor's degree and master's degree.

Mr. Zhang Xiangfa (張祥發), aged 47, is a senior partner/chairman of the board of Beijing Dentons Law Offices LLP (Guangzhou) (北京大成(廣州)律師事務所), and a registered foreign lawyer of Wong Poon Chan Law & Co., a law firm in Hong Kong. Mr. Zhang Xiangfa graduated from the Faculty of Foreign Languages of South China Normal University (華南師範大學) with a bachelor's degree in English and obtained a master's degree in international law from Sun Yat-Sen University (中山大學), he is the deputy director of the One Belt One Road Professional Committee of the Law Society of Guangzhou (廣州律協一帶一路專業委員會), and a pioneer in the Pool of Leading Talents of Foreign Lawyers of the Law Society of Guangdong Province (廣東省律協涉外律師領軍人才庫). Mr. Zhang Xiangfa served as a teacher for higher education in Jiaying University (廣東嘉應學院), and he has been a practicing lawyer in both Mainland China and Hong Kong after obtaining the legal practitioner qualification as a professional lawyer with in-depth knowledge on the legal rules of both places. He has accumulated abundant experience in providing legal services for a large volume of offshore IPOs (in US and Hong Kong) of China enterprises and cross-border financing, merger and acquisitions.

SUPERVISORS

As at the date of this report, the Company has seven Supervisors, including two independent Supervisors (namely, Mr. Duan Xinhong and Ms. Meng Xue), three Supervisors representing the staff of the Company (namely, Mr. Zhen Jianhui, Ms. Li Xiangrong and Ms. Lian Yuebin) and two Supervisors appointed by the Shareholders of the Company (namely, Mr. Zhou Yihua and Mr. Wang Qingwei)

Mr. Zhou Yihua (周熠華), aged 45, is a Supervisor and the chairman of the supervisory committee of the Company. Major working experiences of Mr. Zhou include: serving as staff, supervisor and deputy manager of the financial management department of Guangdong Meihe Expressway Co., Ltd. (廣東梅河高速公路有限公司), manager of the financial management department of Guangdong Pingxing Expressway Co., Ltd. (廣東平興高速公路有限公司), deputy head of the financial management department of Guangdong Communications Industry Investment Co., Ltd. (廣東交通實業投資有限公司), and manager of the financial management department, deputy chief accountant and chief account of Kee Kwan Motor Road Company Limited (岐關車路有限公司). He graduated from Jiangxi University of Finance and Economics (江西財經大學) and obtained a bachelor's degree, postgraduate qualification and a master's degree in accounting and the qualification of an intermediate accountant. He also serves concurrently as supervisor and chairman of the supervisory committee of Guangdong Union Electronic Services Co., Ltd. (廣東聯合電子服務股份有限公司), Guangdong Province Road & Bridge Construction Development Company Limited (廣東省路橋建設發展有限公司), Guangdong Litong Development and Investment Co., Ltd. (廣東利通發展投資有限公司) and Guangdong Urban Transportation Investment Co., Ltd. (廣東城市交通投資有限公司).

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Wang Qingwei (王慶偉), aged 49, is a Supervisor of the Company and is currently a dispatched supervisor of GCGC. Other major working experiences of Mr. Wang include, among others, deputy director of the financial audit department of the Second Branch of Guangdong Guanyue Highway & Bridge Company (廣東冠粵路橋公司二分公司) and head of the financial audit department of Guangdong Guanyue Highway & Bridge Company Limited (廣東冠粵路橋公司). Mr. Wang is a university graduate of the School of Adult Education of Peking University (北京大學成人教育學院) majoring in international economics and trade, and has obtained a master's degree in professional accounting from the School of Management in Jinan University (暨南大學管理學院), and holds the title of senior accountant. Mr. Wang also serves concurrently as a supervisor of Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司), Guangdong Litong Development and Investment Co., Ltd. (廣東利通發展投資有限公司) and Guangdong Urban Transportation Investment Co., Ltd. (廣東城市交通投資有限公司).

Mr. Duan Xinhong (段昕宏), aged 48. Mr. Duan has been engaged in financial standardization consulting work on the listing, merger and acquisition of enterprises for a long period of time, and is currently the general manager of Wuhan Wopu Management Consulting Co., Ltd. (武漢沃浦管理諮詢有限公司). Mr. Duan has served as the auditor of China Railway Siyuan Survey and Design Group Co., Ltd. (中鐵第四勘察設計院集團公司), head of management accounting of Dongfeng Cummins Engine Co., Ltd. (東風康明斯發動機有限公司), finance manager of Wuhan Kaidi Blue Sky Science Technology Co., Ltd. (武漢凱迪藍天科技有限公司), financial controller of Beijing Huayang Energy Group (北京華陽能源集團), chief financial officer of Wuhan Twin-Tigers Coatings Group Co., Ltd. (武漢雙虎塗料集團有限公司) and general manager of Wuhan Haorui Tianzhi Asset Management Co., Ltd. (武漢浩睿天智資產管理有限公司). Since 2013, Mr. Duan has been serving as the general manager of Wuhan Wopu Management Consulting Co., Ltd. (武漢沃浦管理諮詢有限公司). Mr. Duan possesses the qualifications or titles of certified public accountant in the PRC, certified tax accountant in the PRC, international certified internal auditor, legal counsel of the PRC, certified

asset appraiser of the PRC and auditor of the PRC. Mr. Duan graduated from Wuhan University (武漢大學) in 1998 and obtained a bachelor's degree in economics. Mr. Duan is the sole author of published works, including Financial Thinking of Managers (《管理者的財務思維》), Financial Standards for Listing of Enterprises (《企業上市財務規範》) and Bona Fide Budget Management (《坦誠預算管理》) which are published and distributed by Posts & Telecom Press Co., Ltd. (中國人民郵電出版社).

Ms. Meng Xue (蒙雪), aged 48, has been engaged in teaching, scientific research and practical work of laws for a long period of time. She is currently an associate professor of Guangzhou Sport University (廣州體育學院) and part-time practicing lawyer of Guangdong United Intellectus Law Firm (廣東智洋律師事務所). Ms. Meng has been teaching in Guangzhou Sport University (廣州體育學院) since 2001, where she has served as a lecturer and is currently an associate professor. Ms. Meng has been serving as a part-time practicing lawyer in Guangdong United Intellectus Law Firm (廣東智洋律師事務所) since 2010. Ms. Meng graduated from Huaihua University (懷化學院) as a junior college student in 1995 and obtained a master's degree in laws from Zhongnan University of Economics and Law (中南財經政法大學) in 2000.

Mr. Zhen Jianhui (甄健輝), aged 51, is a Supervisor and a deputy manager at the discipline inspection and audit department of the Company. Mr. Zhen is also currently a supervisor and/or the chairman of the supervisory committee of several subsidiaries, associates and entrusted management companies of the Group. Mr. Zhen Jianhui joined GVTG in September 1997, and previously served as accountant of the finance department, the chief accountant of the financial audit department and deputy manager of the supervision and audit department of GVTG. He was also previously a deputy manager at the finance department of Kee Kwan Motor Road Company Limited (岐關車路有限公司) and primarily in charge of the internal audit. Mr. Zhen graduated from Guangdong Xinhua College Institute of Education (廣東新華教育學院) with a college diploma in accounting and had obtained the professional title of an accountant.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Ms. Li Xiangrong (李向榮), aged 51, is a Supervisor, deputy secretary of the discipline inspection committee, secretary of the Party branch of the discipline inspection and audit department and a manager of the discipline inspection and audit department of the Company. Ms. Li joined the Company in August 2009, and previously served as the deputy director, the director and the deputy manager of the auditing and supervision department and deputy chief economist of the Company. Ms. Li once was concurrently a supervisor and/or the chairman of the supervisory committee of several subsidiaries and associate company of the Group. Ms. Li's other main work experiences include, among others, serving as cashier of the finance department of Zhuzhou Qingyun Decoration Co., Ltd. (株洲慶雲裝飾有限公司), director of the finance department of Zhuzhou Qingyun Real Estate Co., Ltd. (株洲慶雲房地產有限公司), the financial chief staff of the finance department, the manager of the auditing and supervisory department and a supervisor of Hunan Jinde Development Co., Ltd. (湖南金德發展股份有限公司). Ms. Li obtained her bachelor's degree in political laws from the Correspondence College of the Party School of the CPC Central Committee (中共中央黨校函授學院), and owns a number of qualifications or certificates such as senior accountant, certified tax agent, international certified internal auditor and international certification in risk management assurance.

Ms. Lian Yuebin (練越斌), aged 54, is a Supervisor and the deputy manager of the Communist Party union working department of the Company. She has been serving as the deputy manager of the Communist Party union working department of the Company since January 2013. Other key positions previously held by Ms. Lian include, among others, office cadre, Party branch secretary and secretary of the Youth League committee of Kwong Fat Transport Limited (廣發運輸有限公司), deputy secretary and secretary of Youth League committee of Guangdong Vehicles Transportation Group Company Limited (廣東省汽車運輸集團有限公司), the deputy general manager and the chairman of the labor union of Guangdong Yueyun Hotel (廣東悅運酒店), the deputy general manager and the chairman of the labor union of the repair factory of GVTG and the deputy manager of the Communist Party union working department and the office director of the labor union of GVTG. Ms. Lian graduated from Guangdong Provincial Committee Party School (廣東省委黨校) in Economic Management and Jinan University (暨南大學) in Chinese Language and Literature and holds the titles of senior political worker and economist.

OTHER SENIOR MANAGEMENT

Ms. Cao Zhiying (曹植英), aged 52, is a member of the Party committee and secretary of the committee for discipline inspection of the Company. Ms. Cao served at the Company from January 2018. Her other major work experience include, among others, assistant engineer, deputy director of revenue center and deputy manager of toll management department of Guangzhou-Shenzhen-Zhuhai Expressway Co., Ltd. (廣深珠高速公路有限公司), surveillance center manager of Guangdong Humen Bridge Co., Ltd. (廣東虎門大橋有限公司), operation and management department head of Guangdong Provincial Highway Construction Co., Ltd. (廣東省公路建設有限公司), Party branch secretary, deputy general manager and labor union chairman of Humen Erqiao Branch of Guangdong Provincial Highway Construction Co., Ltd. Ms. Cao graduated successively from South China University of Technology (華南理工大學) and Jinan University (暨南大學), majoring semiconductor physics and devices and business administration, respectively with a bachelor degree in engineering and a master degree in business administration. Ms. Cao holds a senior engineer title.

Mr. Xu Dongpeng, aged 53, is a member of the Party committee and deputy general manager of the Company. Mr. Xu's other major work experience include, among others, an accountant of Guangdong Foundation Engineering Group Co., Ltd. (廣東省基礎工程公司); an accountant of Guangmei Food Co., Ltd. (廣美食品有限公司); an accountant of Guangdong Provincial Shipping Research Institute (廣東省航運研究所); an accountant of the finance and audit department of Guangdong Expressway Co., Ltd. (廣東省高速公路有限公司), manager of the finance department of Guangdong Kaiyang Expressway Co., Ltd. (廣東開陽高速公路有限公司), manager of the finance department of Guangdong Yuzhan Expressway Co., Ltd. (廣東渝湛高速公路有限公司), director of the finance department and director of the land acquisition department of Guangqing Expressway Expansion Project Management Office (廣清高速公路擴建工程管理處), deputy director of Guangqing Expressway Expansion Project Management Office (廣清高速公路擴建工程管理處), general manager of Guangdong Shenshan Expressway East Section Co., Ltd. (廣東深汕高速公路東段有限公司), secretary of the Party branch of Guangdong Kaiyang Expressway Project Expansion Management Office (廣東開陽高速公路項目擴建工程管理處), secretary of the Party branch of Kaiyang Expansion Management Office (開陽擴建管理處), general manager of

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Guangdong Kaiyang Expressway Co., Ltd. (廣東開陽高速公路有限公司), the secretary of the Party branch of Kaiyang Expansion Management Office (開陽擴建管理處) and general manager of Guangdong Guanghui Expressway Co., Ltd. (廣東廣惠高速公路有限公司); full-time external director of Guangdong Litong Real Estate Investment Co., Ltd. (廣東利通置業投資有限公司) (convener), Guangdong Expressway Co., Ltd. (廣東省高速公路有限公司) and Guangdong Nanyue Transportation Investment and Construction Co., Ltd. (廣東省南粵交通投資建設有限公司). Mr. Xu graduated from Lanzhou University (蘭州大學) with a bachelor's degree in administrative management, and has the qualifications of accountant and senior political worker.

Mr. Qin Jinsong, aged 53, is the deputy general manager of the Company. Mr. Qin has served as a teacher of the First Education and Training Center of Baling Petrochemical Company (巴陵石油化工公司第一教育培訓中心), a teacher of the Mathematics Department of Hunan Yueyang Normal College (湖南岳陽師範專科學校), a staff member of the business department, a head of the investment and operation department and a manager of the investment

and operation department of Guangdong Nanyue Logistics Co., Ltd. (廣東南粵物流股份有限公司), an executive director and general manager of Guangdong Weisheng International Freight Forwarding Co., Ltd. (廣東威盛國際貨運代理有限公司), a manager of the Taiping Interchange Network Charging Project Department of Guangdong South China Logistics Enterprise Limited (廣東南粵物流股份有限公司), manager of the investment development department of Guangdong South China Logistics Enterprise Limited (廣東南粵物流股份有限公司) (concurrently serving as the chairman of Guangdong Oriental Thought Technology Company Limited (廣東東方思維科技有限公司)), manager of the investment development department of Guangdong Yueyun Transportation Company Limited (廣東粵運交通股份有限公司), secretary of the Party committee, chairman and general manager of Qingyuan Yueyun Automobile Transportation Co., Ltd. (清遠市粵運汽車運輸有限公司). Mr. Qin has successively obtained a bachelor's degree in mathematics and a bachelor's degree in science from Peking University (北京大學), an postgraduate degree in finance and a master's degree in economics from Hunan University (湖南大學), and has the qualification of senior economist.

CORPORATE GOVERNANCE REPORT

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

The Company has complied with all code provisions except for code provisions B.2.2, C.1.6 and C.2.1 of the Corporate Governance Code (“**Corporate Governance Code**”) set out in Appendix 14 to the Listing Rules for the year ended 31 December 2022.

Code provision B.2.2 provides that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. The Company’s articles of association also stipulate that the directors and supervisors elected at general meeting shall be for a term of three years. As approved by the Company’s shareholders at the 2018 annual general meeting held on 17 June 2019, the term of the seventh session of Board and the seventh session of the Supervisory Committee of the Company has expired on 17 June 2022. The election of the members of the eighth session of the Board and the shareholder representative supervisors and employee representative supervisors of the eighth session of the Supervisory Committee of the Company was completed on 31 August 2022, resulting in a temporary deviation of the Company from code provision B.2.2 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules. Nevertheless, the Company believe that the postponement of the re-election of the Board did not cause any negative impact on the formulation and implementation of the Company’s strategy and the operation of the Company. The Company has re-complied with code provision B.2.2 of the Corporate Governance Code.

Code provision C.1.6 provides that independent non-executive directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. Generally, they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders. During the reporting period, due to the travel restrictions imposed as a response to the pandemic, non-executive directors and independent non-executive directors did not attend the general meetings held during the financial years, which constitutes a deviation from code provision C.1.6. Notwithstanding the deviation, the board is of the view that those non-executive directors and independent non-executive directors who were absent from the general meetings has gained personal understandings of and provided their views on proposals tabled at the general meetings either at the board meetings or in the circulars dispatched to the shareholders. With the travel restrictions lifted, the non-executive directors and independent non-executive directors will attend so long as their schedule allows and devote more time to the general meetings in the future.

Pursuant to code provision C.2.1, the role of chairman and the chief executive should be separate and should not be performed by the same individual. For the period from 20 April 2022 to 7 August 2022, Mr. Guo Junfa, Chairman of the Board, acted as the acting general manager of the Company in order to fill the vacancy as soon as possible as Mr. Tang Yinghai has resigned as the General Manager of the Company due to work relocation. During the period when Mr. Guo Junfa, Chairman of the Board, acted as the acting general manager of the Company, although deviating from code provision C.2.1 of the Listing Rules, Mr. Guo Junfa provided solid and continuous leadership to the Group with his extensive experience and knowledge in management and the support of our management. Moreover, under the supervision of other existing members of the Board, the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. As such, the Board was of the view that the deviation from code provision C.2.1 of the Corporate Governance Code was appropriate in the circumstances. In addition, on 8 August 2022, the Board of the Company appointed Mr. Zhu Fang as the general manager of the Company. The roles of chairman and the chief executive of the Company have since been performed by different persons. The Company has complied with the requirement of code provision C.2.1.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

1. COMPOSITION OF THE BOARD OF DIRECTORS

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

Executive Directors: Mr. Guo Junfa, Mr. Zhu Fang, Mr. Huang Wenban and Mr. Hu Xianhua

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

Independent Non-executive Directors: Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa

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

The Board considers that during the reporting period, the composition of the Board with four executive Directors, two non-executive Directors and four independent non-executive Directors is reasonably balanced. The two non-executive Directors and four independent non-executive Directors have participated actively in the formulation of the Company’s policies to represent the interests of Shareholders as a whole.

According to Rule 3.10A of the Listing Rules of Hong Kong, independent non-executive Directors should represent at least one third of the board of listed companies, according to which the Company has appointed adequate number of independent non-executive Directors. The Board has received the annual confirmation of each of the independent non-executive Directors’ independent capacity for the year 2022 and has recognized the independency of each of the independent non-executive Directors.

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

All Directors sitting on the Board were appointed for a term of office until the expiration of eighth session of the Board and are eligible for re-election upon the expiry of their terms.

CORPORATE GOVERNANCE REPORT

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

Mr. Tang Yinghai has resigned as an executive Director of the seventh session of the Board and the General Manager of the Company due to work relocation. Following Mr. Tang Yinghai's resignation as an executive Director, Mr. Tang has also ceased to be members of the Strategy Committee and Compliance Committee of the seventh session of the Board of the Company, and an authorized representative of the Company. In accordance with the Listing Rules, the Company shall appoint two authorized representatives as primary channels of communication between the Company and the Stock Exchange of Hong Kong Limited. Accordingly, the Company appointed Mr. Huang Wenban as an authorized representative of the Company in succession to Mr. Tang Yinghai. The resignation of Mr. Tang Yinghai and the appointment of Mr. Huang Wenban as an authorized representative aforementioned were effective from 20 April 2022. Please refer to the announcement published by Company on 20 April 2022 for details.

Mr. Yao Hanxiong has resigned as an executive Director of the seventh session of the Board and the Deputy General Manager of the Company due to work relocation. Following Mr. Yao's resignation as an executive Director, Mr. Yao has also ceased to be a member of the Compliance Committee of the Company. The resignation of Mr. Yao Hanxiong aforementioned was effective from 20 April 2022. Please refer to the announcement published by the Company on 20 April 2022 for details.

Mr. Hu Xianhua has resigned as a Supervisor of the seventh session of the Supervisory Committee and chairman of the Supervisory Committee of the Company due to work relocation, with effect from 25 April 2022. Please refer to the announcement published by the Company on 25 April 2022 for details.

Mr. Jin Wenzhou, Ms. Lu Zhenghua, Ms. Wen Huiying and Mr. Zhan Xiaotong have resigned their positions as independent non-executive directors of the seventh session of the Board of the Company and their positions at the committees under the seventh session of the Board, with effect from 31 August 2022. Please refer to the relevant announcement published by the Company on 31 August 2022 for details.

Mr. Dong Yihua and Mr. Lin Hai have resigned their positions as independent supervisors of the seventh session of the Supervisory Committee of the Company, with effect from 31 August 2022. Please refer to the relevant announcement published by the Company on 31 August 2022 for details.

At the 2022 First Extraordinary General Meeting convened on 31 August 2022, the Company elected and appointed the directors of the eighth session of the Board and the shareholder representative supervisors and independent supervisors of the eighth session of the Supervisory Committee of the Company, and re-appointed the authorized representative, members and chairmen of the Board committees, chairman of the Board and general manager etc. of the Company at the Board meeting held immediately after the 2022 First Extraordinary General Meeting on the same day. Please refer to the relevant circular and announcement published by the Company on 12 August 2022 and 31 August 2022 for details.

On 7 September 2022, each of Ms. Li Xiangrong, Mr. Zhen Jianhui and Ms. Lian Yuebin has been re-elected by the meeting of the employee representatives of the Company as the employee representative supervisor of the eighth session of the Company with effect from 7 September 2022. Please refer to the relevant announcement published by the Company on 7 September 2022 for details.

At the meeting of the Supervisory Committee convened on 7 September 2022, Mr. Zhou Yihua has been appointed as the chairman of the eighth session of the Supervisory Committee of the Company with effect from 7 September 2022. Please refer to the relevant announcement published by the Company on 7 September 2022 for details.

Due to work relocation, Mr. Su Huacai has tendered his resignation to the Board from his position as an executive Director of the eighth session of the Board, with effect from 30 December 2022. Please refer to the relevant announcement published by the Company on 30 December 2022 for details.

CORPORATE GOVERNANCE REPORT

2. RECORD OF ATTENDING BOARD MEETINGS AND GENERAL MEETINGS

Apart from the regular Board meetings, the Board met on other occasions when a board-level decision on a particular matter was required. The Chairman also had meetings with the independent non-executive Directors, without the presence of the other Directors, to consider issues. For the year ended 31 December 2022, the Company held a total of 17 Board meetings with an average attendance rate of 100%. The Directors received details of agenda items and minutes of the committee meetings in advance of each Board meeting. The Company kept detailed minutes for the business considered and approved on such meetings. The minutes are filed and kept by the Secretary to the Board.

The Secretary to the Board is responsible for distributing detailed documents to the Directors prior to the Board meeting to ensure that the Directors are able to make informed decisions regarding the matters discussed in the meetings. All Directors have access to the advice and services of the Secretary to the Board with a view to ensuring that the Board procedures and all applicable laws and regulations are followed.

For the year ended 31 December 2022, the Company held four general meetings.

The table below sets forth the details of attendance records of the Directors at Board meetings in the year of 2022

	Board meetings attended/to be attended	General meetings attended/to be attended
Executive Directors		
Mr. Guo Junfa (Chairman) (Note)	13/13	4/4
Mr. Tang Yinghai (Resigned as Director effective from 20 April 2022)	4/4	N/A
Mr. Zhu Fang (Appointed as Director on 31 August 2022)	6/6	0/2
Mr. Yao Hanxiong (Resigned as Director effective from 20 April 2022)	4/4	N/A
Mr. Huang Wenban	17/17	1/4
Mr. Su Huacai (Appointed as Director on 31 August 2022, and resigned as Director effective from 30 December 2022)	6/6	1/2
Mr. Hu Xianhua (Appointed as Director on 31 August 2022)	6/6	2/2
Non-executive Directors		
Mr. Chen Min (Note)	13/13	0/4
Mr. Chen Chuxuan (Note)	13/13	0/4
Independent Non-executive Directors		
Mr. Jin Wenzhou (Resigned as Director effective from 31 August 2022)	11/11	0/2
Ms. Lu Zhenghua (Resigned as Director effective from 31 August 2022)	11/11	0/2
Ms. Wen Huiying (Resigned as Director effective from 31 August 2022)	11/11	0/2
Mr. Zhan Xiaotong (Resigned as Director effective from 31 August 2022)	11/11	0/2
Mr. Su Wujun (Appointed as Director on 31 August 2022)	6/6	0/2
Ms. Huang Yuan (Appointed as Director on 31 August 2022)	6/6	0/2
Mr. Shen Jialong (Appointed as Director on 31 August 2022)	6/6	0/2
Mr. Zhang Xiangfa (Appointed as Director on 31 August 2022)	6/6	0/2

Note:

Mr. Guo Junfa served as assistant general manager of GCGC. Mr. Chen Min served as the general counsel of GCGC, and Mr. Chen Chuxuan served as the vice chief accountant and the head of the strategic development department of GCGC. Therefore, in 2022, as each of them during their term of office as director was deemed to have a material interest in the below connected transactions agreements and the transactions thereunder, respectively, and as such they had abstained from voting at the following Board meetings held to approve the related connected transactions agreements and respective transactions contemplated thereunder and were not counted for in the quorum present at the meetings:

- (1) At the extraordinary board meeting held on 10 August 2022, Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution in respect of the Equity Transfer Agreement entered into between the Company and Guangdong Litong Development and Investment Company Limited (廣東利通發展投資有限公司) in relation to the Equity Transfer, pursuant to which the Company has conditionally agreed to sell, and Guangdong Litong has conditionally agreed to acquire, 100% equity interest in Transportation Engineering, a wholly-owned subsidiary of the Company, at a total consideration of RMB216,637,157.08. The Equity Transfer transactions were considered and approved by the Shareholders at the extraordinary general meeting convened by the Company on 20 October 2022. For details, please refer to the announcement dated 10 August 2022, the circular dated 28 September 2022 and the announcement dated 20 October 2022 of the Company.

At the extraordinary board meeting convened on 17 October 2022, Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution on the matters in respect of the renewal of the Tai Ping Interchange Master Agreement and the Information Systems Services Master Agreement commencing on 1 January 2023 and ending on 31 December 2025 and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2025). Such renewal of the Tai Ping Interchange Master Agreement and the Information Systems Services Master Agreement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2025) were considered and approved at the Board meeting convened by the Company on 17 October 2022. For details, please refer to the announcement of the Company dated 17 October 2022.

- (2) At the extraordinary board meeting held on 17 October 2022, Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution on the matters in respect of (1) the renewal of the First Right of Operation Agreement and the Rescue Services Entrustment Master Agreement between the Group and GCGC for a term of three years commencing on 1 January 2023 and ending on 31 December 2025 and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2025), and (2) the revision of the proposed annual cap for transactions contemplated under the Rescue Services Entrustment Master Agreement for the year ended 31 December 2022. Matters in relation to such renewal of the First Right of Operation Agreement and the Rescue Services Entrustment Master Agreement and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2025) and the revision of proposed annual cap for transactions contemplated under such entrustment master agreement for the year ended 31 December 2022 were considered and approved by the Shareholders at the extraordinary general meeting convened by the Company on 30 November 2022. For details, please refer to the announcement dated 17 October 2022, the circular dated 10 November 2022 and the announcement dated 30 November 2022 of the Company.
- (3) At the extraordinary board meeting held on 4 November 2022, Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution in respect of the Equity Transfer Contract entered into between the Company and Liyun Investment, pursuant to which, the Company shall acquire 100% equity interest in Meizhou Yueyun Investment Company Limited (梅州市粵運投資有限公司) at a total consideration of RMB18,862,800. The entering of the Equity Transfer Contract and the transactions contemplated thereunder were considered and approved at the Board meeting convened by the Company on 4 November 2022. For details, please refer to the announcement of the Company dated 4 November 2022.
- (4) At the extraordinary board meeting held on 30 December 2022, Mr. Guo Junfa, Mr. Chen Min and Mr. Chen Chuxuan abstained from voting on, and were not counted in the quorum present at the meeting for considering the resolution on the matters in respect of the Lease Agreements entered into between Zhuhai Gongyun Coach Terminal Company Limited (珠海市拱運汽車客運站有限公司), a wholly-owned subsidiary of the Company, and Guangdong Gongbei Vehicles Transportation Company Limited (廣東省拱北汽車運輸有限責任公司) and Kee Kwan Motor Road Company Limited (岐關車路有限公司), wholly-owned subsidiaries of GCGC, and the transactions contemplated under such lease agreements (including the proposed annual caps). For details, please refer to the announcement dated 30 December 2022 of the Company.

CORPORATE GOVERNANCE REPORT

3. RESPONSIBILITY AND OPERATION OF THE BOARD

The Directors shall perform their duties in accordance with the relevant laws and regulations in a diligent manner. Board members connectively and individually accept the responsibility for the management and control of the Company for the interests of the Shareholders.

The main duties of the Board (among others) are: determining the business strategy of the Company, approving the operating plans and investment proposals of the Company, making out annual financial budget of the Company, bringing out profit distribution plan of the Company, ensuring and implementing prudent and effective internal control system as well as overseeing the performance of the management, convening general meetings and executing the resolutions passed in general meetings of the Company. The interests of Shareholders' and the Company are the primary concern for every member of the Board.

Moreover, the Board is also responsible for reporting an accurate and objective assessment of the Company's performance and prospects. The Directors acknowledge their responsibilities for the preparation of the Group's financial statements, ensure that the financial statements are prepared in accordance with the requirements of laws and regulations and applicable accounting standards, give a true and fair view of the Company's financial position on a going concern basis, and ensure the timely publication of the Group's financial statements. The Directors are also responsible for the disclosure of inside information announcements.

The independent non-executive Directors appointed by the Company have professional backgrounds in energy, accounting, finance and law with extensive and professional experience. The participation of the independent non-executive Directors in the Board brings independent judgment on issues relating to the Group's strategies, performance, conflicts of interest, connected transactions, significant events and management system, and also provides professional advice for the long-term stable development of the business of the Group in order to ensure that the interests of all Shareholders of the Company have been duly considered.

The Articles of Association explicitly provides the rights of the Directors, including the right to attend, receive notices of, and to vote in Board meetings and the rules of procedure for the Board meetings were specifically formulated and implemented to regulate the conduct and procedures of the Board meetings.

The division of power between the Board and management strictly complies with the Company's Articles of Association and relevant regulations. The management is responsible for implementing the policies and strategies of the Board, and is delegated with the daily operations and administration of the Company, ensuring the effective operation and sustainable development of the Group.

4. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the securities transactions of Directors and Supervisors for the year ended 31 December 2022. The Company had made specific enquiries of all Directors and Supervisors and each of the Directors and Supervisors have confirmed that they had complied with the required standard as set out in the Model Code for the year ended 31 December 2022.

5. DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

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

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

Name of Directors	Reading materials	Participation in training
Mr. Guo Junfa	√	√
Mr. Tang Yinghai (Resigned as Director effective from 20 April 2022)	√	
Mr. Zhu Fang (Appointed as Director on 31 August 2022)	√	√
Mr. Yao Hanxiong (Resigned as Director effective from 20 April 2022)	√	
Mr. Huang Wenban	√	√
Mr. Su Huacai (Resigned as Director effective from 30 December 2022)	√	√
Mr. Hu Xianhua (Appointed as Director on 31 August 2022)	√	√
Mr. Chen Min	√	√
Mr. Chen Chuxuan	√	√
Mr. Jin Wenzhou (Resigned as Director effective from 31 August 2022)	√	
Ms. Lu Zhenghua (Resigned as Director effective from 31 August 2022)	√	
Ms. Wen Huiying (Resigned as Director effective from 31 August 2022)	√	
Mr. Zhan Xiaotong (Resigned as Director effective from 31 August 2022)	√	
Mr. Su Wujun (Appointed as Director on 31 August 2022)	√	√
Ms. Huang Yuan (Appointed as Director on 31 August 2022)	√	√
Mr. Shen Jialong (Appointed as Director on 31 August 2022)	√	√
Mr. Zhang Xiangfa (Appointed as Director on 31 August 2022)	√	√

CORPORATE GOVERNANCE REPORT

6. COMMITTEES OF THE BOARD

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

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

(1) Audit and Corporate Governance Committee

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

In the year of 2022, 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 2022 and recommended their adoption by the Board.

In the year of 2022, 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 auditing departments of the Company and the external auditors and the report by the Company on risk management and internal auditing as well as reviewing the internal audit plan of the Company, ensuring the efficiency of the business operation of the Company and achieving the goal and strategy of the Company.

CORPORATE GOVERNANCE REPORT

On 31 December 2022, the Audit and Corporate Governance Committee of the eighth session of the Board of the Company consisted of two independent non-executive directors (namely Mr. Su Wujun and Mr. Shen Jialong) and one non-executive director (namely Mr. Chen Chuxuan). Mr Su Wujun is the chairman of the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee members' attendance records of the Audit and Corporate Governance Committee's meetings for the year ended 31 December 2022 are as follow:

Committee members	Number of Meetings entitled to attend	Attendance	Attendance rate
Mr. Su Wujun	0	0	N/A
Mr. Chen Chuxuan	2	2	100%
Mr. Shen Jialong	0	0	N/A
Ms. Lu Zhenghua	2	2	100%
Mr. Jin Wenzhou	2	2	100%

Note:

- (1) For the year ended 31 December 2022, the Audit and Corporate Governance Committee convened a total of two meetings.
- (2) Mr. Su Wujun, Mr. Shen Jialong and Mr. Chen Chuxuan were appointed as the members of the Audit and Corporate Governance Committee of the eighth session of the Board of the Company on 31 August 2022, with Mr. Su Wujun being the chairman of the committee.
- (3) Ms. Lu Zhenghua and Mr. Jin Wenzhou had resigned from all their positions in the Group on 31 August 2022, including the members of the Audit and Corporate Governance Committee under the seventh session of the Board.

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. In 2022, the Audit and Corporate Governance Committee reviewed and monitored the training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements and employees and directors' compliance with code of conduct applicable to them. In addition, the Audit and Corporate Governance Committee has reviewed the disclosures in the Corporate Governance Report of the Company for the year ended 31 December 2022 as per its responsibilities, and reviewed the corporate governance of the Company.

CORPORATE GOVERNANCE REPORT

(2) Remuneration Committee

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

On 31 December 2022, the Remuneration Committee of the eighth session of the Board of the Company consisted of two independent non-executive directors (namely Mr. Zhang Xiangfa and Mr. Su Wujun) and one non-executive director (namely Mr. Chen Chuxuan). Mr. Zhang Xiangfa is the chairman of the Remuneration Committee.

The Remuneration Committee members' attendance records of the Remuneration Committee's meetings for the year ended 31 December 2022 are as follow:

Committee members	Number of Meetings entitled to attend	Attendance	Attendance rate
Mr. Zhang Xiangfa	0	0	N/A
Mr. Su Wujun	0	0	N/A
Mr. Chen Chuxuan	3	3	100%
Mr. Zhan Xiaotong	3	3	100%
Ms. Lu Zhenghua	3	3	100%

Note:

- (1) For the year ended 31 December 2022, the Remuneration Committee convened a total of three meetings. The Remuneration Committee reviewed matters such as the remuneration policy and structure of the Company, the remuneration packages of individual directors and senior management, the performance of executive directors and the service contracts of the executive directors of the eighth session of the Board of the Company in 2022.
- (2) Mr. Zhang Xiangfa, Mr. Su Wujun and Mr. Chen Chuxuan were appointed as the members of the Remuneration Committee of the eighth session of the Board of the Company on 31 August 2022, with Mr. Zhang Xiangfa being the chairman of the committee.
- (3) Mr. Zhan Xiaotong and Ms. Lu Zhenghua had resigned from all their positions in the Group on 31 August 2022, including the members of the Remuneration Committee of the seventh session of the Board.

(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.

Factors to be considered by the Nomination Committee of the Company in searching for and screening candidates for directorship are set out as follows:

- (1) the composition and diversity of the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service;
- (2) candidates' commitment in devoting sufficient time to the Board and diligent discharge of duties;
- (3) potential or actual conflict of interest if the candidates were to be appointed; and
- (4) length of the service and independence of the candidates to be re-elected as independent non-executive directors.

Procedures to be followed by the Nomination Committee of the Company in proposing nominees for directorship are set out as follows:

- (1) The Nomination Committee shall conduct personal interviews with candidates who possess adequate qualifications for holding the office of director and background check (if necessary);
- (2) The Nomination Committee shall evaluate the candidates based on the written information provided by the candidates, board diversity policy of the Company and the personal interviews conducted;
- (3) The Nomination Committee shall meet to discuss the nomination, put it to vote and submit the resolution to the Board for further action;
- (4) The Board appoints directors as per the resolutions of the general meetings and the Board.

On 31 December 2022, the Nomination Committee of the eighth session of the Board of the Company consisted of one executive director (namely Mr. Guo Junfa) and two independent non-executive directors (namely Ms. Huang Yuan and Mr. Zhang Xiangfa). Mr. Guo Junfa is the chairman of the Nomination Committee.

CORPORATE GOVERNANCE REPORT

The Nomination Committee members' attendance records of the Nomination Committee's meetings for the year ended 31 December 2022 are as follow:

Committee members	Number of Meetings entitled to attend	Attendance	Attendance rate
Mr. Guo Junfa	3	3	100%
Ms. Huang Yuan	0	0	N/A
Mr. Zhang Xiangfa	0	0	N/A
Mr. Zhan Xiaotong	3	3	100%
Ms. Lu Zhenghua	3	3	100%

Note:

- (1) For the year ended 31 December 2022, the Nomination Committee convened a total of three meetings to review the structure, size and composition of the Board (including skills, knowledge and experience), consider and make recommendations to the Board on the appointment or re-appointment of directors and the appointment of the chief executives, and assess the independence of independent non-executive directors.
- (2) Mr. Guo Junfa, Ms. Huang Yuan and Mr. Zhang Xiangfa were appointed as the members of the Nomination Committee of the eighth session of the Board of the Company on 31 August 2022, with Mr. Guo Junfa being the chairman of the committee.
- (3) Mr. Zhan Xiaotong and Ms. Lu Zhenghua had resigned from all their positions in the Group on 31 August 2022, including the members of the Nomination Committee of the seventh session of the Board.

(4) Strategy Committee

On 31 December 2022, the Strategy Committee consisted of Mr. Guo Junfa (the chairman of the Strategy Committee) and Mr. Zhu Fang as executive directors, and Mr. Su Wujun as independent non-executive director.

The Strategy Committee established according to the Company's management and control requirements is mainly responsible for researching and making recommendations on the long-term development strategy and major investment decisions of the Company. In 2022, the Strategic Committee held a total of 1 meeting.

(5) Compliance Committee

On 31 December 2022, the Compliance Committee consisted of Mr. Zhu Fang (the chairman of the Compliance Committee), Mr. Huang Wenban and Mr. Hu Xianhua as executive directors.

The Compliance Committee established according to the Company's management and control requirements is mainly responsible for supervising the compliance of the connected transactions of the Group, and making relevant recommendations in relation to the improvements to the Board.

7. BOARD DIVERSITY

The Company is committed to providing equal opportunities to and does not discriminate against candidates for directorship on grounds of gender, family status, disability, nationality, race, ethnicity, age, or any other factor.

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

Currently, the Company already has one female director sitting on the Board and has achieved gender diversity on the Board level. Nonetheless, the Board has set down its goals to appoint more females in the coming future as Board members as part of its effort to achieve diversity, subject to our business development needs and merits of the candidates. The Nomination Committee will continue to monitor and actively consider different aspects of diversity in the boardroom, and recommend further actions or plan to the Board when necessary.

8. STAFF DIVERSITY

The Group operates in a industry which traditionally had a high concentration of male employees in the talent pool. As at 31 December 2022, the Group had 17,073 employees, among which, the female ratio (defined as the percentage of female employees within the total number of employees) was less than 25%. In spite of the characteristics of the industry, in view of the low female ratio in the staff, the Group has taken and continues to take steps to promote gender diversity at all levels. The include providing equal opportunities to candidates based on their merits, skills and work experience with no regard to their gender and more attention on compatibility between candidates' values and corporate culture. The Group does not discriminate on the grounds of gender, cultural backgrounds, nationality or ethnics. The Group has zero-tolerance policy towards child labor and force labor. The Group is also committed to creating a female-friendly environment and culture at the workplace, offering caregivers more flexibility in terms of work hours. The Group will continue to increase the female ratio in our workforce, and provide equal opportunities for career development and advancement.

CORPORATE GOVERNANCE REPORT

SUPERVISORY COMMITTEE

As at 31 December 2022, the supervisory committee of the Company (the “**Supervisory Committee**”) comprised seven members, including two independent Supervisors (namely Mr. Duan Xinhong and Ms. Meng Xue), two shareholder representative Supervisors (namely Mr. Zhou Yihua 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 2022, 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 2022, the Supervisory Committee held a total of three meetings with an average attendance rate of 100%.

FEES OF THE EXTERNAL AUDITOR

The Company has appointed BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the independent auditor of the Company. The fees for the audit and non-audit services provided by the above auditor to the Group for the year ended 31 December 2022 amounted to RMB5,545,000 (tax included), of which RMB4,602,000 was audit service fees, and RMB943,000 was non-audit service fees (including interim review fees and professional service fees relating to the circular in respect of major transaction).

The statement of the Company’s auditor concerning its responsibilities in the financial statements of the Company is set out in the Auditors’ Report of this annual report.

The Company has received the confirmation of independence from the external auditor. The Board and the Audit and Corporate Governance Committee have no disagreement in respect of the appointment of external auditor.

COMPANY SECRETARY

As at 31 December 2022 and the date of this report, Ms. Zhang Li served as the company secretary of the Company and was responsible for, amongst other things, ensuring that the Group complied with all obligations imposed by the Listing Rules and the Code on Takeovers and Mergers and Share Buy-backs.

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

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

GENERAL MEETINGS

1. SHAREHOLDERS' RIGHTS

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

2. THE 2021 ANNUAL GENERAL MEETING HELD ON 10 JUNE 2022

On 10 June 2022, the Company held the 2021 Annual General Meeting, at which the Shareholders considered and approved six ordinary resolutions as follows:

- (1) the Directors' Report for the year ended 31 December 2021;
- (2) the Supervisors' Report for the year ended 31 December 2021;
- (3) the Auditor's Report and audited financial statements for the year ended 31 December 2021;
- (4) the proposal on appropriation of profits for the year ended 31 December 2021;
- (5) appointment of BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the auditor of the Company, and grant of the authorization to the Board to determine its remuneration; and
- (6) grant of the authorization to the Board to determine the remuneration of the Directors, Supervisors and management.

All resolutions proposed to the Shareholders had been passed. The full text of the aforesaid resolutions and the voting results had been published on the websites of the Company and the Stock Exchange.

3. EXTRAORDINARY GENERAL MEETINGS

On 31 August 2022, the Company held the 2022 first extraordinary general meeting, at which the Shareholders considered and approved three ordinary resolutions as follows:

- (1) election of Directors of the eighth session of the Board of the Company;
- (2) election of shareholder representative Supervisors and independent Supervisors of the eighth session of the Supervisory Committee of the Company; and
- (3) grant of the authorization to the Board to determine the remuneration of Directors and Supervisors.

All resolutions proposed to the Shareholders had been passed. The full text of the aforesaid resolutions and the voting results had been published on the websites of the Company and the Stock Exchange.

On 20 October 2022, the Company held the 2022 second extraordinary general meeting, at which the independent Shareholders considered and approved the matter in relation to the Company's disposal of 100% equity interest in Transportation Engineering, a wholly-owned subsidiary of the Company, to Guangdong Litong Development and Investment Company Limited.

The aforesaid resolution proposed to the Shareholders had been passed. The full text of such resolution and the voting results had been published on the websites of the Company and the Stock Exchange.

CORPORATE GOVERNANCE REPORT

On 30 November 2022, the Company held the 2022 second extraordinary general meeting, at which the independent Shareholders considered and approved three ordinary resolutions as follows:

- (1) the transactions under the Subcontracting Arrangements entered into between the Company and Guangdong Provincial Communication Group Company Limited pursuant to the First Right of Operation Agreement and the annual caps for the three years ending 31 December 2025;
- (2) the renewal of the Rescue Services Entrustment Master Agreement entered into between the Company and Guangdong Provincial Communication Group Company Limited and the transactions thereunder (including the annual caps for the three years ending 31 December 2025); and
- (3) the revision of the annual cap of the transactions under the Rescue Services Entrustment Master Agreement for the year ended 31 December 2022.

All resolutions proposed to the Shareholders had been passed. The full text of the resolutions and the voting results had been published on the websites of the Company and the Stock Exchange.

4. THE 2022 ANNUAL GENERAL MEETING WILL BE HELD ON 15 JUNE 2023

The Company's annual general meeting (the "AGM") will be held on Thursday, 15 June 2023. 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 2022 AGM:

Deadline for lodging transfer documents for registration	4:30 p.m. Friday, 9 June 2023
Closure of register of members	Monday, 12 June 2023 to Thursday, 15 June 2023
Record date	Thursday, 15 June 2023

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 2022 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by the abovementioned deadlines.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL

1. MANAGEMENT SYSTEM AND STRUCTURE

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

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

The Audit and Corporate Governance Committee reviews half-yearly the operation of the risk management and internal control systems. The committee listened to the report on risk management and internal audit work of the Company for the periods ended 31 December 2021 and 30 June 2022, respectively, at two meetings of the Audit and Corporate Governance Committee held in 2022, and reviewed and reported the effectiveness of the internal control systems of the Company to the Board.

Having considered the resources, qualifications of the staff and staff training of the Company's accounting and financial reporting functions as well as internal control functions, the Directors considered that the Company had well-established internal control systems in place to monitor and control the Company's business and prevent potential risks, which were adequate and effective.

2. FINANCIAL CONTROL

According to actual operating environment and business conditions, the Company focused its efforts on the development of the overall risk management system in respect of its financial control and carried out strict and effective control and management in combination of external auditor and internal financial risk control.

The Company is responsible for the truthfulness and completeness of the financial statements. In addition, the Company has engaged external auditors with good reputation and strong professionalism through public tender to audit its financial statements. The auditor has issued standard unqualified audit reports over the years.

The auditor engaged by the Company conducted the audit in accordance with the professional standards, and proposed management recommendations on their observations during the course of audit. With these management recommendations, the Company took measures to improve business operation, enhance risk control and prevent risk.

The Company attaches great importance to its financial internal control, formulates an optimized financial rule and system and developed a financial system mechanism. The Company fully implements the financial control requirements through various aspects such as risk identification, risk measurement and risk control.

Through comprehensive budget management, the Group arranges to make adjustments to its operation plan in due time by comparing its operating results with the budget targets in order to improve the operational efficiency of its funds and reduce its operation and management risks. The Company carries out various processes towards investment projects, such as feasibility studies, tender and settlement upon completion to strictly control the lawfulness and reasonableness of fund usage. It also established a specific ledger in order to control the budget of fund management and its usage.

3. LEGAL AFFAIRS MANAGEMENT AND COMPLIANCE CONTROL

In the ordinary course of the Company's operations, external expansion and information disclosure, the Company strictly abides by relevant laws and regulations and regulatory requirements to have legal affairs management and compliance and regulation go through all processes of the Company from decision, execution to supervision and cover or even permeate all procedures and all aspects of the Company's operation and management. In addition to engagement of its standing legal advisors, the Company also has in place a legal affairs department and designated legal personnel to provide compliance opinions on its significant operation decisions and the entering into of contracts. In 2022, the legal review rate of business contracts, management rules and major events was 100%. With regards to significant investment and operation decisions, the Group engages specialized legal advisor to perform due diligence with the aim of giving legal opinions so as to ensure compliance with laws and regulations of the Company's operation and management, safety of its assets, truthfulness and completeness of its financial reports and the relevant information.

CORPORATE GOVERNANCE REPORT

4. RISK MANAGEMENT

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

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

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

5. INTERNAL AUDIT

In 2022, the Company continued to put greater efforts on audit and supervision by focusing on the development strategy and risk management and control needs of the Company, which completed 112 audit items in aggregate for the year. The audit covers the areas of examination by the Supervisory Committee, economic responsibility audit, specific audit and internal control appraisal. By these measures the Company achieved full monitor on its units and promoted the standardized management of its units. The Company strengthened the development and implementation of its internal control system. It formulated and issued *Operational Procedures for Investigation and Handling of Clues on Illegal Operation and Investment of Guangdong Yueyun Transportation Company Limited* (《廣東粵運交通股份有限公司違規經營投資問題線索查處工作操作規程》), *Operational Procedures for Interviewing Responsibilities for Illegal Operation and Investment of Guangdong Yueyun Transportation Company Limited (Trial)* (《廣東粵運交通股份有限公司違規經營投資責任約談工作操作規程(試行)》) and *Notice on Further Clarifying the Relevant Work of Investigating the Responsibility for Illegal Operation and Investment of Guangdong Yueyun Transportation Company Limited* (《關於進一步明確廣東粵運交通股份有限公司違規經營投資的責任追究有關工作的通知》), having further strengthened the accountability of illegal operation and investment. For the sake of exerting the healthy internal audit supervision, service and evaluation functions, the Company put efforts on audit rectification, consolidated the operation of audit results, incorporated units that did not conduct a rectification into the annual result appraisal and reported the issues identified during the audit, while underperformed individuals shall be accounted for.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

In respect of any disclosable and significant event (including inside information of the Company), the Company will make accurate and complete information disclosure through the publication of announcements, notices, circulars, interim and annual reports in a timely manner on the websites of the Stock Exchange and the Company, pursuant to the disclosure requirements under the Listing Rules. This is to ensure the right to information of the Shareholders; meanwhile, the Directors believe that transparency will enable the Shareholders and investors to make the best investment decisions. The Company also uses voluntary announcements to disclose the latest business development of the Group.

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

DIRECTORS' REPORT

The Board presents the Directors' Report for the year ended 31 December 2022 together with the audited financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the travel services business. The Company is an investment holding company and details of the principal activities of its principal subsidiaries are set out in Note VII to the financial statements.

BUSINESS REVIEW

A fair review of the Group's business, which includes a performance analysis of the Group during the year, a description of the principal risks and uncertainties facing the Group, events that have significant effects on the Group, and indication of likely future development in the Group's business, is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Investment Value of the Company" of this annual report.

RESULTS AND CONSOLIDATED FINANCIAL STATEMENTS

The Group's results for the year ended 31 December 2022 are set out in the consolidated income statement. The financial highlights of the Group for the year ended 31 December 2022 are set out on pages 5 to 6 in this annual report, and the results and financial position for the year ended 31 December 2022 prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant regulations (the "ASBE") are set out on pages 100 to 115 in the audited financial statements of this annual report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the year ended 31 December 2022 as well as the last five financial years are set out on page 41 in this annual report.

DIVIDEND POLICY

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

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

DIVIDEND

Given the recorded loss in the Company's results due to the impact of COVID-19 pandemic during the year, and taking into account numerous factors including the growth of the Company and our shareholders' interests, the Board did not recommend the payment of any dividend for the year ended 31 December 2022.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2022, the Group's five largest suppliers accounted for 73% of the Group's total purchases, and the Group's five largest customers accounted for 11% of the Group's total sales.

For the year ended 31 December 2022, the largest supplier of the Group accounted for 34% of the Group's total purchases. For the year ended 31 December 2022, the largest customer of the Group accounted for 5% of the Group's total sales.

In 2022, none of the Directors, the Supervisors or their respective associates or any Shareholders of the Company who, to the best knowledge of the Directors, held more than 5% of the issued share capital of the Company, had any interest in the five largest suppliers or the five largest customers of the Group during the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2022 and details of the distributable reserves of the Company as at 31 December 2022 are set out in Note V 41 to the financial statements prepared in accordance with the ASBE.

STATUTORY RESERVE FUNDS

Details of the statutory reserve funds are set out in Note V 40 to the financial statements prepared in accordance with the ASBE.

DIRECTORS' REPORT

INVESTMENT PROPERTIES AND FIXED ASSETS

Particulars of the movements in investment properties and fixed assets of the Group and the Company during the year ended 31 December 2022 are set out in Notes (V) 10 and 11 to the financial statements.

RELATIONSHIP WITH EMPLOYEES

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

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

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

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

RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

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

ENVIRONMENTAL POLICY AND PERFORMANCE

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

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

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

For details about the environmental policies and performance of the Group, please refer to the "2022 Environmental, Social and Governance Report" issued by the Company at the same time of the publication of the 2022 annual report of the Company. The Company's 2022 Environmental, Social and Governance Report was published in electronic form only under the Information Disclosure section of the Company's website at <http://www.gdyueyun.com> and is also available on the website of HKEX at www.hkexnews.hk. If you wish to receive a printed copy of the Company's 2022 Environmental, Social and Governance Report, you may submit your request to zqb@gdyueyun.com.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Company is a joint stock limited company established under the Company Law of the People's Republic of China. The Group is principally engaged in the travel services business. The Group is required to comply with the Company Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Road Transportation Safety Law of the People's Republic of China, the Tendering and Bidding Law of the People's Republic of China and all other applicable laws and regulations during our normal operating activities. There was no material breach nor non-compliance with the applicable laws and regulations by the Group for the year ended 31 December 2022. The Company and its subsidiaries have obtained all significant licenses, approvals and permits for the operation of business from relevant regulatory authorities.

As the Company is listed on the Stock Exchange, and the Group operates cross-border transportation business between Guangdong Province and Hong Kong, as far as the Board and management are aware, for the year ended 31 December 2022, the Group has also complied with the Listing Rules, Hong Kong Companies Ordinance, the Securities and Futures Ordinance and applicable laws and regulations in Hong Kong.

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

COMPETING INTEREST

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

DIRECTORS' REPORT

DIRECTORS AND SUPERVISORS

The Directors who were under current term of office during the year ended 31 December 2022 and up to the date of this report are as follows:

Name	Date of Appointment as Director	Date of Resignation as Director
Executive Director		
Mr. Guo Junfa	11 November 2021	N/A
Mr. Zhu Fang	31 August 2022	N/A
Mr. Huang Wenban	22 December 2020	N/A
Mr. Hu Xianhua	31 August 2022	N/A
Mr. Su Huacai	31 August 2022	30 December 2022
Mr. Yao Hanxiong	18 December 2012	20 April 2022
Mr. Tang Yinghai (appointed as non-executive Director on 6 June 2012, and re-designated as executive Director on 18 December 2012)	6 June 2012	20 April 2022
Non-executive Directors		
Mr. Chen Min	7 June 2016	N/A
Mr. Chen Chuxuan	17 June 2019	N/A
Independent Non-executive Directors		
Mr. Su Wujun	31 August 2022	N/A
Ms. Huang Yuan	31 August 2022	N/A
Mr. Shen Jialong	31 August 2022	N/A
Mr. Zhang Xiangfa	31 August 2022	N/A
Mr. Jin Wenzhou	4 April 2014	31 August 2022
Ms. Lu Zhenghua	7 June 2016	31 August 2022
Ms. Wen Huiying	15 August 2018	31 August 2022
Mr. Zhan Xiaotong	15 August 2018	31 August 2022

The Supervisors who were under current term of office during the year ended 31 December 2022 and up to the date of this report are as follows:

Name	Date of Appointment as Supervisor	Date of Resignation as Supervisor
Mr. Zhou Yihua	31 August 2022	N/A
Mr. Hu Xianhua	7 June 2016	25 April 2022
Mr. Wang Qingwei	7 June 2016	N/A
Mr. Duan Xinhong	31 August 2022	N/A
Ms. Meng Xue	31 August 2022	N/A
Mr. Dong Yihua	7 June 2016	31 August 2022
Mr. Lin Hai	7 June 2016	31 August 2022
Mr. Zhen Jianhui	15 April 2014	N/A
Ms. Li Xiangrong	7 June 2016	N/A
Ms. Lian Yuebin	15 August 2017	N/A

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

During the period of their current term of office as independent non-executive Directors, Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa provided the Board with objective opinions and independent guidance, which indicated that they possessed the required experience and independence to discharge their responsibilities. The Board has evaluated and reviewed their annual confirmation of independence pursuant to the independence criteria as set out in Rule 3.13 of the Listing Rules, which confirmed that they have complied with the independence requirement.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT

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

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

As at 31 December 2022, the interests of Directors, Supervisors and Chief Executive in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

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

DIRECTORS' REPORT

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2022 was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors, Supervisors or senior management officers of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

REMUNERATION OF THE DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and Supervisors of the Company and the five highest paid individuals of the Group are set out in Note X 5 to the financial statements prepared in accordance with the ASBE. There were no arrangements under which a Director or Supervisor had waived or agreed to waive any remuneration in respect of the year ended 31 December 2022. Pursuant to E.1.5 of the CG Code, the range of remuneration of the members of the senior management (including the executive Directors) as of 31 December 2022 is set out below:

Range of Remuneration (RMB)	Number of persons
Below 300,000	10
300,000 to 500,000	7
500,000 to 700,000	1

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

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

As at 31 December 2022, no Director or Supervisor had entered into any service contract with the Company or any of its subsidiaries that is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

Other than the service contracts with the Company, none of the Directors or Supervisors had any material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2022.

PERMITTED INDEMNITY PROVISIONS

In 2022, the Company had made an appropriate insurance arrangement in respect of costs associated with legal proceedings that may be brought against its Directors, Supervisors and senior management arising from negligence in the course of performing their duties.

BOARD COMMITTEES

The Company has established the Audit and Corporate Governance Committee, the Remuneration Committee, the Nomination Committee, the Strategy Committee and the Compliance Committee. For details regarding the board committees, please refer to the relevant contents of the section headed Corporate Governance Report as set out in this annual report.

CONTINUING CONNECTED TRANSACTIONS

1. Pursuant to Chapter 14A of the Listing Rules, details of the following continuing connected transactions of the Group for the year ended 31 December 2022 which are required to be disclosed in the annual report of the Company are described below:

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

	Annual Caps of Transactions Amount:
<p>(a) On 15 September 2005, the Company and GCGC (the controlling shareholder of the Company) entered into a first right of operation agreement (the “First Right of Operation Agreement”), pursuant to which the Group has been granted preferential rights of operation by GCGC. When exercising such preferential rights, members of the Group entered into individual agreements with owners of each of the expressways, which were companies under GCGC. As the term of individual agreements entered into pursuant to the First Right of Operation Agreement would remain valid beyond 31 December 2019, the annual caps were renewed for three years until 31 December 2022 upon approval by the extraordinary general meeting held on 30 December 2019.</p>	<p>For the years ending 31 December 2020, 2021 and 2022, the annual caps of transactions shall be RMB265,930,000, RMB280,937,000 and RMB288,739,000, respectively.</p>

Please refer to the announcements dated 27 September 2019 and 30 December 2019 and the circular dated 14 November 2019 of the Company for details.

DIRECTORS' REPORT

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

	Annual Caps of Transaction Amount
(b) On 30 December 2014, the Company and Guangdong Humen Bridge Company Limited (" Humen Bridge Company ", an associate of GCGC and therefore a connected person of the Company under Chapter 14A of the Listing Rules) entered into an entrusted operation management contract (the " Entrusted Operation Management Contract "). On 27 December 2017, the Company and Humen Bridge Company entered into a new entrusted operation management contract (the " Taiping Interchange Management Contract "), pursuant to which the Company engaged Humen Bridge Company in providing certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange for the period from 1 January 2018 to 31 December 2020. The term may be automatically renewed for approximately three years upon expiry on 31 December 2020 subject to compliance with the relevant requirements under the Listing Rules if there is no objection from any parties. As the term of the Taiping Interchange Management Contract expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023. The term may be automatically renewed for three years upon expiry on 31 December 2023 subject to compliance with the relevant requirements under the Listing Rules if there is no objection from any parties.	The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were RMB4,800,000, RMB4,800,000 and RMB4,800,000.

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

Annual Caps of Transaction Amount

- (c) On 26 February 2015, The Motor Transport Company of Guangdong and Hong Kong Limited ("**GD-HK Company**", a non – wholly-owned subsidiary of the Company) and Weisheng Transportation Enterprises Company Limited ("**Weisheng**", a subsidiary of GCGC and a connected person of the Company under Chapter 14A of the Listing Rules) entered into the GDHK Transportation Branch Outsourcing Agreement. As the term of the GD-HK Transportation Branch Outsourcing Agreement expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023.

The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were HK\$15,290,000, HK\$15,290,000 and HK\$15,290,000.

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

- (d) On 26 February 2015, GD-HK Company and Weisheng entered into the Weisheng Bus Outsourcing Agreement, pursuant to which Weisheng outsourced the operation of Weisheng Bus to GD-HK Company. As the term of the Weisheng Bus Outsourcing Agreement expired on 31 December 2020, the parties agreed to renew the agreement for three additional years from 1 January 2021 to 31 December 2023.

The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 were HK\$7,490,000, HK\$7,490,000 and HK\$7,490,000.

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

- (e) On 9 August 2006, the Company and GCGC entered into a Taiping Interchange repair services master agreement (the "**Taiping Interchange Master Agreement**"), pursuant to which members of the GCGC provide repair and renovation services for the Taiping Interchange to the Group pursuant to the execution agreements under the Taiping Interchange Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the agreement shall be automatically renewed unless a notice of non-renewal was given by either party to the other party at least three months prior to the expiry of such initial term. The Taiping Interchange Master Agreement expired on 31 December 2019, the parties had agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.

The annual caps of transactions for the years ended 31 December 2020, 2021 and 2022 are RMB34,600,000, RMB24,600,000 and RMB14,600,000.

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

DIRECTORS' REPORT

Annual Caps of Transaction Amount

- (f) On 30 September 2013, the Company and GCGC entered into a rescue services entrustment master agreement (the "**Rescue Services Entrustment Master Agreement**"), pursuant to which the Group provides rescue services to members of the GCGC pursuant to the execution agreements under the Rescue Services Entrustment Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the agreement shall be automatically renewed unless a notice of non-renewal was given by either party to the other party at least three months prior to the expiry of such initial term. The term of the Rescue Services Entrustment Master Agreement expired on 31 December 2019, the parties agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.

The annual caps for transactions for the years ended 31 December 2020, 2021 and 2022 are RMB86,958,000, RMB86,202,000 and RMB136,000,000, respectively.

Please refer to the announcements dated 27 September 2019 and 17 October 2022 and the circular dated 10 November 2022 of the Company for details.

- (g) On 30 September 2013, the Company and GCGC entered into an information system services master agreement (the "**Information System Services Master Agreement**"), pursuant to which members of the GCGC will provide the Group with information system services, including the construction of information systems, maintenance of information systems, software development and other information technology related services pursuant to the execution agreements under the Information System Services Master Agreement, for an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Information System Services Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The term of the Information System Services Master Agreement expired on 31 December 2019, the parties to the Information System Services Master Agreement agreed to renew the agreement for a further term of three years commencing on 1 January 2020 and ending on 31 December 2022.

The annual caps of transactions for the years ended 31 December 2020, 2021 and 2022 are RMB6,200,000, RMB7,100,000 and RMB7,200,000, respectively.

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

Annual Caps of Transaction Amount

- (h) On 13 August 2018, the Company (as lessee) and Guangdong Litong Properties Investment Company Limited (“**GD Litong**”) (as lessor) entered into a New Property Leasing Framework Agreement for regulating the existing and future leasing agreements between the Group and GD Litong. The Group may extend, revise or renew the existing leasing contracts with GD Litong from time to time within the term of the New Property Leasing Framework Agreement. The Property Leasing Framework Agreement was expired on 31 December 2020, the parties had agreed to renew the agreement for a further term of three years commencing on 1 January 2021 and ending on 31 December 2023.
- The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 are RMB28,360,000, RMB3,290,000 and RMB3,400,000.

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

- (i) On 5 July 2021, the Group and GCGC entered into the Transportation Service Framework Agreement, pursuant to which, the Group (as trustee) will provide GCGC and GCGC Group with vehicle rental, provincial and municipal charter and other relevant transportation services. The Transportation Service Framework Agreement commences from 5 July 2021 and ends on 31 December 2023, which, subject to compliance with the relevant requirements under the Listing Rules, may be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such term.
- The annual caps of transactions for the years ended 31 December 2021, 2022 and 2023 are RMB21,740,000, RMB22,240,000 and RMB22,840,000.

Please refer to the announcement dated 5 July 2021 of the Company for details.

- (j) On 28 December 2021, the Company’s wholly-owned subsidiary Zhuhai Gongyun Coach Terminal Company Limited (珠海市拱運汽車客運站有限公司) (“**Zhuhai Gongyun**”) (as lessee), and GCGC’s wholly-owned subsidiary Kee Kwan Motor Road Company Limited (岐關車路有限公司) (“**Kee Kwan**”) (as lessor) entered into a property lease agreement, pursuant to which Zhuhai Gongyun leased a commercial premise from Kee Kwan at an aggregate monthly rent and fees of RMB30,370.68 (tax inclusive) for a lease term commencing on 1 January 2022 and expiring on 31 December 2024.
- The rent and fees payable by Zhuhai Gongyun to Kee Kwan for the year ended 31 December 2022, 2023 and 2024 are RMB364,448.16, RMB364,448.16 and RMB364,448.16, respectively.

DIRECTORS' REPORT

2. The Company's independent non-executive Directors, Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa have reviewed the above continuing connected transactions as set out in items (a) to (j) and confirmed that such transactions:
- (1) have been entered in the ordinary and usual course of business of the Company;
 - (2) are conducted on normal commercial terms or on terms no less favourable to the Company than terms provided to or available from (as appropriate) independent third parties;
 - (3) are conducted in accordance with the relevant agreements and the relevant terms are fair and reasonable and in the interest of the shareholders as a whole; and
 - (4) are subject to internal control procedures established by the Company which are sufficient and effective.
3. The following table sets out the relevant annual caps and the actual transaction amounts of continuing connected transactions of the Company for the year ended 31 December 2022.

For the year ended 31 December 2022			
No.	Transactions	Transactions amount RMB	Maximum annual amount RMB
1	Management fees paid by the Group for toll fee collection services provided to the Company by Guangdong Humen Bridge Company	4,800,000.00	4,800,000.00
2	Services fees paid by the Group for repairment and single-project renovation services of the Taiping Interchange Bridge provided by GCGC and its subsidiaries	2,453,081.17	14,600,000.00
3	Services fees paid by the Group for information systems services provided by GCGC and its subsidiaries	2,226,999.08	7,200,000.00
4	Income from providing rescue services to GCGC and its subsidiaries by the Group	88,319,593.37	136,000,000.00
5	Contracting fees payable by the Group for expressway services zones operation rights granted by GCGC and its subsidiaries	190,340,185.57	288,739,000.00
6	Leasing commercial premises by the Group from Guangdong Litong Properties Investment Company Limited for office use, renting vehicles and leasing commercial premises from Kee Kwan Motor Road Company Limited, leasing parking lot from Kee Kwan Motor Road Company Limited Zhuhai Company leasing commercial premises from Gongbei Vehicles Transportation Company Limited	936,853.40	3,654,500.00
7	Total amount of freight transportation outsourcing income from Weisheng Freight Company Limited ("Weisheng Freight") and the freight transportation outsourcing disbursements paid by the Group on behalf of Weisheng Freight	9,783,924.45	HK\$15,290,000.00 (equivalent to RMB13,080,595.00)

For the year ended 31 December 2022

No.	Transactions	Transactions amount RMB	Maximum annual amount RMB
8	Contracting fees paid by the Group for Passenger transportation outsourcing expense to Weisheng Freight and the disbursements paid by Weisheng Freight on behalf of the Group	2,879,589.52	HK\$7,490,000.00 (equivalent to RMB6,407,695.00)
9	Income from providing vehicle rental, provincial and municipal charter and other relevant transportation services for GCGC and its subsidiaries by the Group	8,367,052.05	22,240,000.00

4. The Company has followed the pricing policies and guidelines as disclosed in the relevant announcements and circulars when determining the prices and terms of the continuing connected transactions conducted during the year ended 31 December 2022.
5. The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

In respect of the continuing connected transactions, the Company's auditor confirmed that:

- (1) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Board;
- (2) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- (3) nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the annual caps disclosed in the previous announcements made by the Company in respect of each of the disclosed continuing connected transactions.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

For the year ended 31 December 2022, the Group carried out the following one-off connected transactions which are subject to reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules:

On 10 August 2022, the Company and Guangdong Litong entered into the Equity Transfer Agreement in relation to the Equity Transfer, pursuant to which the Company conditionally agreed to sell, and Guangdong Litong conditionally agreed to acquire, 100% equity interest in Transportation Engineering, a wholly-owned subsidiary of the Company, at a total consideration of RMB216,637,157.08. Upon completion of the Equity Transfer, the Company will cease to hold any interest in Transportation Engineering, whose financial results will no longer be consolidated into the consolidated financial statements of the Company. Please refer to the announcement dated 10 August 2022 of the Company for details.

On 4 November 2022, the Company, as the transferee, and Liyun Investment, as the transferor, entered into the Equity Transfer contract, pursuant to which, the Company will acquire the entire equity interest in Meizhou Yueyun Investment Company Limited (梅州市粵運投資有限公司) from Liyun Investment at a total consideration of RMB18,862,800. Please refer to the announcement dated 4 November 2022 of the Company for details.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Company which occurred during the ordinary course of business of the Company are contained in the Note X to consolidated financial statements, and whether such transactions fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules are specifically explained therein. Details of such related party transactions constituting "continuing connected transactions" or "connected transactions" under the Listing Rules have been set out in the sections headed "Continuing Connected Transactions" and "Connected Transactions" above, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had 17,073 employees (31 December 2021: 20,917) and the staff costs (including remuneration of Directors) of the Group was RMB1,819,000,000 (2021: RMB1,984,000,000) for the year ended 31 December 2022.

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.

EMPLOYEE TRAINING

The Group has always attached great importance to the training and development of human resources, and strived to provide various trainings to management staff and employees. We have faithfully implemented budgeted standard for training and development expenses and its implementation plan of the Group. During the year, the Company carried out a total of 82 online job training programs with 13,652 person-time participated in and 225,258 class hours in total. During the year, the Company carried out a total of 346 offline training programs with 36,218 person-time participated in and 56,138 class hours in total. Among which, 45 were management skills training programs, representing 13% of the total number of training programs; 69 were general skills training programs, representing 20% of the total number of training programs; 190 were professional skills training programs, representing 55% of the total number of training programs; and 42 were other skills training programs, representing 12% of the total number of training programs. In the self-evaluation of internal and external training results, the overall satisfaction rate of the trainees was more than 90% or reached the satisfaction level.

In 2022, the Company continued to strengthen the professional training of financial staff of the Group and improved the business quality of financial management staff at all levels. The training method was a combination of internal training and external training. The training contents include training of financial sharing cost control system, the continued education of financial staff, newly revised and implemented accounting standards, new taxation policies, comprehensive budget management and financial analysis.

EMPLOYEE PENSION SCHEME

Details of the Company's employee pension scheme are set out in Note V 34 to the financial statements prepared in accordance with the ASBE.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2022, 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 2022.

CORPORATE BONDS

Details of the bonds issued and payable by the Company are set out in Note V 31 to the financial statements prepared in accordance with the ASBE.

DONATIONS

Donations of RMB500 was made by the Group during the year ended 31 December 2022.

AUDITOR

On 25 June 2021, as approved at the 2020 annual general meeting, the Company appointed BDO CHINA SHU LUN PAN Certified Public Accountants LLP to replace KPMG Huazhen LLP as the auditor of the Company. BDO CHINA SHU LUN PAN Certified Public Accountants LLP has audited the Group's financial statements for 2021 and 2022 which were prepared in accordance with the ASBE. The Company will propose a resolution at the annual general meeting to be held on 15 June 2023 to appoint BDO CHINA SHU LUN PAN Certified Public Accountants LLP as the auditor of the Company.

DIRECTORS' REPORT

SHARE CAPITAL

Details of the share capital of the Company are set out in Note V 36 to financial statements prepared in accordance with the ASBE.

PRE-EMPTIVE RIGHTS

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

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

To the best knowledge of the Directors, as at 31 December 2022, Shareholders who had interests or short positions in the shares and underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of shareholder	Class of shares	Number of shares/ underlying shares held (Note 1)	Capacity	Approximate percentage in relevant class of share capital (%)	Approximate percentage in total share capital (%)
GCGC	Domestic shares	592,847,800	Beneficial owner	100	74.12
China Petrochemical Corporation	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
China Petroleum & Chemical Corporation	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
Sinopec Sales Company Limited	H shares	33,570,000 (Note 2)	Interests of controlled corporation	16.22	4.20
Sinopec (Hong Kong) Limited	H shares	33,570,000	Beneficial owner	16.22	4.20
Pope Asset Management, LLC	H shares	22,314,247	Investment manager	10.78	2.79
Shah Capital Management	H shares	18,040,000	Investment manager	8.71	2.26

(1) The number of H shares are based on records filed by the shareholders and enquiries made by the Company with the shareholders, taking into account the issue of bonus shares by the Company in 2015.

- (2) Sinopec (Hong Kong) Limited is a wholly-owned subsidiary of Sinopec Sales Company Limited and China Petroleum & Chemical Corporation holds as to 70.42% of Sinopec Sales Company Limited while China Petrochemical Corporation holds as to 68.31% of China Petroleum & Chemical Corporation. Accordingly, China Petrochemical Corporation, China Petroleum & Chemical Corporation and Sinopec Sales Company Limited are deemed to be interested in 33,570,000 H shares of the Company held by Sinopec (Hong Kong) Limited respectively.

Save as disclosed above, as at 31 December 2022, the Company was not aware of any other interests or short positions in the shares or underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

SUBSTANTIAL SHAREHOLDERS WITH A SHAREHOLDING OF 10% OR MORE IN THE COMPANY

The shareholding structure of the Company as at 31 December 2022 is as follows:

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

GCGC is a controlling shareholder of the Company. Its legal representative is Deng Xiao Hua and its registered capital as at 31 December 2022 was RMB26,800,000,000. It is principally engaged in the investment, construction and management of expressways in Guangdong Province, as well as logistics and transportation business.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of the Directors, as required by the Listing Rules, the percentage of public float exceeds 25% of the shares in issue of the Company as at the date of this report.

DIRECTORS' REPORT

MATERIAL LITIGATION OR ARBITRATION

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

The Company has brought legal proceedings before the Guangzhou Intermediate People's Court against Tangshan Shuihou Steel Rolling Mill No.1 (唐山市稅後軋鋼一廠), Tangshan Xingye Industrial & Trading Group Co., Ltd. (唐山興業工貿集團有限公司) and Tangshan Kaiping District Xingye Steel Rolling Mill (唐山市開平區興業軋製廠) to recover the sum paid in advance by the Company to purchase steel products in the amount of RMB472,397,000 together with compensation for breach of contract. The Company has applied to the court for a charging order against the defendants' assets. The Guangzhou Intermediate People's Court gave its judgment on 7 June 2011, pursuant to which the defendants had to repay the prepayments of the Company with a penalty of RMB477,490,263.25 in total. On 12 July 2011, the Guangzhou Intermediate People's Court issued a certificate of judgment 《(裁判文書生效證明)》 to confirm that the relevant ruling became effective on 30 June 2011. The Company has applied to the court for filing and executing the certificate which is currently being executed by the court. The obligor, Tangshan Xingye Industrial & Trading Group Co., Ltd. has filed for bankruptcy petition to Tangshan Kaiping District People's Court due to insolvency, and the court has decided to accept the bankruptcy petition filed by it on 28 February 2014. In March 2015, receiver of Tangshan Xingye Industry & Trade Group Co., Ltd informed the Company that Tangshan Kaiping District People's Court has accepted the merger and bankruptcy case of seven related enterprises including Tangshan Shuihou Steel Rolling Mill No.1, Tangshan Xingye Industrial & Trading Group Co., Ltd. and Tangshan Kaiping District Xingye Steel Rolling Mill. Guangzhou Intermediate People's Court later ruled that the above case was closed as the parties subject to enforcement were insolvent enterprises under the joint bankruptcy case in the course of execution of the above case. The Company continued to strengthen its effort to recover the aforesaid defaulted prepayments. In 2015 and 2019, the Company received three sets of properties as set-off of the debt from the partners of Tangshanshi Kaipingqu Xingye Zhazhichang amounting to RMB3,424,779.00 and RMB5,301,120.45 allocated from the bankruptcy of Tangshan Xingye Gongmao Jituan Co., Ltd., respectively. The balance of the prepayment defaulted by Tangshan Xingye Group to the Company is currently RMB468,764,363.80, which has been fully provided for impairment with net book value of zero. As the possibility of recovering the relevant amounts is uncertain, the Company has written off such prepayments. Please refer to the announcement published by Company on 9 December 2022 for details.

On behalf of the Board

Guo Junfa

Chairman of the Board

Guangzhou, the PRC

17 March 2023

SUPERVISORS' REPORT

Dear Shareholders:

In 2022, based on the principle of safeguarding the interest of all Shareholders, the Supervisory Committee lawfully performed its supervisory functions in accordance with the relevant requirements under the Company Law, the Articles of Association and the Hong Kong Stock Exchange. The Supervisory Committee monitored the Company's production and operation activities, financial position and the performance by the Directors and senior management members of their duties, providing strong support for the Company's standardized operations. We hereby present the tasks carried out by the Supervisory Committee of the Company for the year:

I. CONVENING SUPERVISORY COMMITTEE MEETINGS

In 2022, the Supervisory Committee of the Company had convened three meetings of the Supervisory Committee: the fifth meeting and the sixth meeting of the seventh session and the first meeting of the eighth session of the Supervisory Committee. The meeting was convened and held in compliance with the Company Law and the Articles of Association. The resolutions of the meeting were legal and valid.

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

1. considered and approved Annual Work Report of the Supervisory Committee for 2021;
2. considered and approved Work Plan of the Supervisory Committee for 2022;
3. considered and approved Supervision and Inspection Report of the Company for 2021;
4. elected Mr. Zhou Yihua as the chairman of the Supervisory Committee of the Company.

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

1. Annual Report 2021;
2. Final Accounts Report 2021;
3. Budget Report 2022;
4. Proposal on Appropriation of Profits 2021;

SUPERVISORS' REPORT

5. Proposal on Application for Integrated Financial Institution Facilities (Borrowings);
6. Annual Report 2021 for Corporate Bonds;
7. Debt Risk Analysis Report 2021;
8. Status on Completion of Investment 2021 and Investment Plan 2022;
9. Remuneration and Reward Plan 2021;
10. Internal Control Appraisal Report 2021;
11. Internal Audit Plan 2022;
12. Proposal on Convening 2021 Annual General Meeting;
13. 2021 Meeting Minutes of the Remuneration Committee of the Board;
14. 2021 Meeting Minutes of the Audit and Corporate Governance Committee of the Board;
15. Proposal on 2022 KPI Target for ESG Management;
16. Proposal for Authorizing the Board of Directors to Determine the Remuneration of Directors and Supervisors of the Company at the 2021 Annual General Meeting;
17. Authorizing any Executive Director and/or the Company Secretary of the Company to Make Arrangements for, and Cope with, at his/her Discretion, the Formalities or Other Matters Relating to the Above-mentioned Board Resolutions in Accordance with Applicable Laws and Regulations;
18. Interim Report 2022 of the Company;
19. Half-yearly Report 2022 for Corporate Bonds.

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

In 2022, members of the Supervisory Committee of the Company attended various meetings relating to major business operations and decision making of the Company, such as meetings of the party committee, the Board and general manager office, they have also reviewed and monitored the voting procedures for major decisions and resolutions, and examined the lawful operation of the Company.

Regarding the Company's major investments, significant capital flows, financial position and other significant events which require shareholder notification, the Supervisory Committee conducted investigation and survey activities and one specific review during the reporting period, involving the Company and its subsidiaries.

III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON RELATED MATTERS OF THE COMPANY

(I) THE OPERATION OF THE COMPANY ACCORDING TO THE LAWS

In 2022, the procedures for convening board meetings and the process for passing resolutions complied with laws and regulations. The Board was able to strictly execute each of the resolutions and authorizations given at the general meetings. Directors and the management of the Company were able to perform their duties in accordance with the resolutions of the general meetings. The Supervisory Committee was not aware of any violation of the laws, regulations and the Articles of Association or other matters which will damage the interest of the Company and the Shareholders in the course of performing corporate duties by Directors and senior management of the Company.

(II) CONNECTED TRANSACTIONS

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

(III) FINANCIAL AUDIT OF THE COMPANY

BDO CHINA SHU LUN PAN Certified Public Accountants LLP has audited the financial report of the Company for the year of 2022, and has issued a standard unqualified audit report. As confirmed by the Supervisory Committee, BDO CHINA SHU LUN PAN Certified Public Accountants LLP's audit report fairly reflects the financial position and operating results of the Company and is truthful and objective.

Zhou Yihua

Chairman of the Supervisory Committee

Guangzhou, the PRC

17 March 2023

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2023] No. ZM10067

To the shareholders of Guangdong Yueyun Transportation Company Limited:

I. OPINION

We have audited the accompanying financial statements of Guangdong Yueyun Transportation Company Limited (the "Company"), which comprise the consolidated and company balance sheets as at 31 December 2022, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of the Company as at 31 December 2022, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

II. BASIS FOR OPINION

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

III. KEY AUDIT MATTERS

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

We identify the following key audit matters during our audit:

Impairment of accounts receivable

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

The Key Audit Matter

At 31 December 2022, the Company and its subsidiaries' (the "Group") gross accounts receivable totalled RMB443.85 million, with loss allowance for accounts receivable of RMB76.76 million

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

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

According to the past experience of the Group, the loss patterns for different customers are significantly different. Therefore, when calculating the loss allowance based on aging information, the receivables are segmented into road transportation and other service, expressway service zone operation and construction materials supply.

We identified loss allowance for accounts receivable as a key audit matter because accounts receivable and loss allowance are material to the Group and because the recognition of expected credit losses is inherently subjective and requires the exercise of significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess the loss allowance for accounts receivable included the following:

- Obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, segmentation of accounts receivable, estimate of expected credit losses and making related allowances;
- Assessing whether the Group's accounting policy on estimation of loss allowance complies with the accounting standards;
- Obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the management, including the basis of the segmentation of the accounts receivable based on credit risk characteristics, and the historical default data involved in management's estimated loss rate;
- Assessing the appropriateness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
- Assessing whether accounts receivable were correctly categorised in the accounts receivable aging report by comparing a sample of individual items with the underlying supporting documents including contracts, goods delivery notes, sales invoices and other supporting documents.

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2023] No. ZM10067

III. KEY AUDIT MATTERS (CONTINUED)

Recognition of government subsidies

Refer to note III 26 significant accounting policies and accounting estimates and V 35,44,49 and 56 to the financial statements.

The Key Audit Matter

The Group obtains various subsidies from government authorities in connection with its passenger transportation business. These subsidies principally comprise vehicles related subsidies, fuel subsidies and subsidies for public bus operations. Specific conditions are generally attached to the subsidies which are subject to formal application and approval procedures.

Management evaluates, on a periodic basis, whether the Group has complied with the relevant conditions attached to each subsidy and whether reasonable assurance has been obtained that the subsidies will be received, in order to determine the timing and amounts of subsidies to be recognised.

Management further assesses the terms and designated usage of each subsidy and classifies them either as asset related subsidies or subsidies to compensate for expenses incurred. Asset related subsidies are recognised as deferred income and are amortised over the useful lives of the related assets on a reasonable and systematic manner as other income. Subsidies to compensate for expenses or losses already incurred are offset against related expenses directly, or included in other income or non-operating income when the subsidies are received or when reasonable assurance has been obtained that the subsidies will be received.

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

How the matter was addressed in our audit

Our audit procedures to assess the recognition of government subsidies included the following:

- Inspecting, on a sample basis, documentation relating to the subsidies given by government authorities and identifying the specific conditions attached to the respective subsidies and respective application and approval procedures;
- Obtaining an understanding of the basis of management's judgement about whether the conditions attached to the subsidies have been met and whether reasonable assurance has been obtained that the subsidies will be received and evaluating, on a sample basis, management's judgement by examining the terms of the underlying documentation and by examining the information used by management to form such judgements, which included analyses of relevant operation data, application and approval documents and other correspondence with the government authorities;
- Assessing, on a sample basis, the classification of subsidies with reference to the terms of the underlying documentation;
- In respect of asset related subsidies, recalculating, on a sample basis, the amortisation charge for the current year and comparing our calculations with the amounts recorded by the Group;
- In respect of subsidies to compensate for expenses or losses incurred recorded during the current year, comparing, on a sample basis, costs actually incurred with the descriptions of expenses for which the subsidies are to compensate in the relevant documents and correspondence from the government authorities to assess whether the criteria for offsetting against related expenses, or including in other income or non-operating income have been met; and
- Inspecting bank-in slips, on a sample basis, for the subsidies which were received during the current year.

III. KEY AUDIT MATTERS *(CONTINUED)*

Impairment of vehicle asset groups

Refer to note III 21 significant accounting policies and accounting estimates and notes V 11,12,13,14,16 and 17 to the financial statements.

The Key Audit Matter

As of 31 December 2022, the non-current assets related to vehicles operation of the Group mainly include fixed assets, construction in progress, intangible assets, long-term deferred expenses, right-of-use assets and goodwill allocated ("vehicle asset groups").

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

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

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

How the matter was addressed in our audit

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

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

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2023] No. ZM10067

III. KEY AUDIT MATTERS (CONTINUED)

Impairment of vehicle asset groups (Continued)

Refer to note III 21 significant accounting policies and accounting estimates and notes V 11,12,13,14,16 and 17 to the financial statements. (Continued)

The Key Audit Matter

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

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

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

How the matter was addressed in our audit

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

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

IV. OTHER INFORMATION

The Company's management is responsible for the other information. The other information comprises all the information included in 2022 annual report of the Company, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

AUDITOR'S REPORT

Xin Kuai Shi Bao Zi [2023] No. ZM10067

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

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (4) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

BDO CHINA Shu Lun Pan
Certified Public Accountants LLP

Certified Public Accountant of China
Jiang Gan (Engagement Partner)

Certified Public Accountant of China
Wang Yaohua

Shanghai • China

17 March 2023

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

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

	Note V	31 December 2022	31 December 2021 (Restated, note VI.2)	1 January 2021 (Restated, note VI.2)
Assets				
Current Assets:				
Cash at bank and on hand	1	958,576,522.33	1,286,000,859.99	1,257,450,810.09
Financial assets held for trading	2	6,703,831.00	–	–
Bills receivable		–	–	300,000.00
Accounts receivable	3	367,089,918.68	378,590,943.97	397,134,363.09
Prepayments	4	197,186,479.92	168,113,324.84	202,559,081.83
Other receivables	5	583,927,507.55	498,008,067.64	529,245,803.49
Inventories	6	104,752,877.67	105,222,645.32	116,442,130.05
Non-current assets due within one year		–	–	609,548.93
Other current assets	7	37,568,737.29	57,678,454.81	51,823,992.50
Total current assets		2,255,805,874.44	2,493,614,296.57	2,555,565,729.98
Non-current assets:				
Long-term equity investments	8	330,963,888.37	327,134,876.10	359,966,325.61
Investments in other equity instruments	9	3,774,048.22	4,224,048.22	4,224,048.22
Investment properties	10	252,249,332.12	150,589,454.52	89,597,709.57
Fixed assets	11	2,936,259,591.76	3,500,238,445.97	3,874,231,471.39
Construction in progress	12	39,634,094.62	68,174,239.36	111,025,507.16
Right-of-use assets	13	1,974,043,927.79	2,114,567,301.83	2,191,785,806.40
Intangible assets	14	876,386,375.75	943,013,418.70	1,041,430,160.18
Development expenditure	15	8,228,268.61	3,809,761.79	–
Goodwill	16	26,928,052.71	79,157,674.71	98,674,211.85
Long-term deferred expenses	17	273,840,261.44	292,490,425.67	254,043,775.78
Deferred tax assets	18	123,924,039.55	264,796,763.44	269,416,097.10
Other non-current assets	19	113,564,341.80	312,637,972.17	213,542,862.16
Total non-current assets		6,959,796,222.74	8,060,834,382.48	8,507,937,975.42
Total assets		9,215,602,097.18	10,554,448,679.05	11,063,503,705.40

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

	Note V	31 December 2022	31 December 2021 (Restated, note VI.2)	1 January 2021 (Restated, note VI.2)
Liabilities and shareholders' equity				
Current liabilities:				
Short-term loans	20	750,037,827.58	755,901,358.75	593,611,398.50
Bills payable	21	68,660,943.50	1,318,800.00	–
Accounts payable	22	571,212,763.22	648,328,265.32	678,605,751.61
Advances from customers	23	100,265,629.12	104,758,388.69	104,125,802.87
Contract liabilities	24	41,035,825.07	57,235,918.46	54,113,548.27
Employee benefits payable	25	236,847,771.07	213,863,529.35	217,651,415.55
Taxes payable	26	60,075,732.33	79,015,059.36	102,923,419.87
Other payables	27	691,116,164.00	725,310,610.04	810,322,809.50
Non-current liabilities due within one year	28	1,027,975,915.81	1,014,008,729.14	532,304,104.16
Other current liabilities	29	19,500,000.00	35,000,000.00	–
Total current liabilities		3,566,728,571.70	3,634,740,659.11	3,093,658,250.33
Non-current liabilities:				
Long-term loans	30	489,194,107.59	1,136,438,363.52	1,316,819,266.63
Bonds payable	31	–	–	392,533,626.17
Lease liabilities	32	1,846,526,980.15	2,059,766,502.67	2,141,386,286.24
Long-term payables	33	143,631,667.20	195,830,684.95	79,084,738.67
Long-term employee benefits payable	34	173,180,918.62	183,373,836.55	193,500,687.52
Deferred income	35	452,021,471.51	520,671,034.97	610,531,662.58
Deferred tax liabilities	18	62,562,904.22	70,419,505.38	75,395,451.85
Total non-current liabilities		3,167,118,049.29	4,166,499,928.04	4,809,251,719.66
Total liabilities		6,733,846,620.99	7,801,240,587.15	7,902,909,969.99

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

CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2022

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

	Note V	31 December 2022	31 December 2021 (Restated, note VI.2)	1 January 2021 (Restated, note VI.2)
Liabilities and shareholders' equity <i>(continued)</i>				
Shareholders' equity				
Share capital	36	799,847,800.00	799,847,800.00	799,847,800.00
Capital reserve	37	18,675,842.63	30,822,841.46	29,418,822.42
Other comprehensive income	38	(36,126,897.89)	(38,549,691.47)	(32,525,484.69)
Specific reserve	39	27,978,954.27	22,981,970.80	19,891,553.86
Surplus reserve	40	241,393,938.42	228,567,221.55	212,973,127.89
Retained earnings	41	646,279,200.57	816,260,050.18	1,052,166,279.23
Total equity attributable to shareholders of the Company		1,698,048,838.00	1,859,930,192.52	2,081,772,098.71
Non-controlling interests		783,706,638.19	893,277,899.38	1,078,821,636.70
Total shareholders' equity		2,481,755,476.19	2,753,208,091.90	3,160,593,735.41
Total liabilities and shareholders' equity		9,215,602,097.18	10,554,448,679.05	11,063,503,705.40

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

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

COMPANY BALANCE SHEET

As at 31 December 2022

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

	Note XIV	31 December 2022	31 December 2021
Assets			
Current Assets:			
Cash at bank and on hand		531,227,776.24	636,649,721.64
Accounts receivable	1	27,975,868.99	90,406,318.06
Prepayments		5,121,036.63	4,211,060.82
Other receivables	2	178,668,377.93	203,110,653.19
Inventories		134,966.64	130,282.04
Other current assets		486,590.25	292,401.24
Total current assets		743,614,616.68	934,800,436.99
Non-current assets:			
Long-term receivables		48,000,000.00	48,000,000.00
Long-term equity investments	3	1,830,255,438.19	1,812,300,670.05
Investments in other equity instruments		927,412.45	1,377,412.45
Fixed assets		5,095,017.01	6,217,973.63
Construction in progress		5,712,168.63	5,284,368.63
Right-of-use assets		8,344,507.31	15,037,084.26
Intangible assets		48,455,713.46	62,849,982.54
Long-term deferred expenses		1,066,860.20	1,843,440.42
Deferred tax assets		–	138,859,680.71
Total non-current assets		1,947,857,117.25	2,091,770,612.69
Total assets		2,691,471,733.93	3,026,571,049.68

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

COMPANY BALANCE SHEET (Continued)

As at 31 December 2022

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

	31 December 2022	31 December 2021
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	6,555,928.47	49,506,088.13
Contract liabilities	6,285,758.15	24,536,630.18
Employee benefits payable	20,988,812.60	20,908,754.97
Taxes payable	5,460,961.31	5,445,435.04
Other payables	451,940,601.97	414,878,749.68
Non-current liabilities due within one year	257,379,425.10	430,717,503.04
Total current liabilities	748,611,487.60	945,993,161.04
Non-current liabilities:		
Long-term loans	148,000,000.00	463,138,000.00
Lease liabilities	1,153,930.10	8,033,355.20
Total non-current liabilities	149,153,930.10	471,171,355.20
Total liabilities	897,765,417.70	1,417,164,516.24
Shareholders' equity		
Share capital	799,847,800.00	799,847,800.00
Capital reserve	117,238,669.53	128,513,590.23
Surplus reserve	248,671,931.53	229,114,461.18
Retained earnings	627,947,915.17	451,930,682.03
Total shareholders' equity	1,793,706,316.23	1,609,406,533.44
Total liabilities and shareholders' equity	2,691,471,733.93	3,026,571,049.68

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	2022	2021 (Restated, note VI.2)
I. Total operating income		5,819,527,628.66	6,271,136,635.85
Including: operating income	42	5,819,527,628.66	6,271,136,635.85
II. Total operating costs		6,538,542,251.76	6,811,937,263.17
Including: Operating costs	42	5,637,956,633.84	5,863,550,559.42
Taxes and surcharges		40,035,405.71	42,736,368.79
Selling and distribution expenses		57,482,937.78	65,013,168.21
General and administrative expenses		577,049,112.20	608,226,781.02
Research and development expenses		7,344,118.46	3,934,235.67
Financial expenses	43	218,674,043.77	228,476,150.06
Add: Other income	44	478,219,655.11	322,342,057.53
Investment income	45	236,040,737.83	(7,378,606.14)
Including: Income from investments in associates and joint ventures		(11,543,318.18)	(6,270,385.62)
Accrual of credit losses	46	(8,330,315.73)	(4,044,565.04)
Impairment losses	47	(49,770,139.60)	(19,516,537.14)
Gains from asset disposals	48	26,512,000.24	5,344,335.22
III. Operating profit		(36,342,685.25)	(244,053,942.89)
Add: Non-operating income	49	30,980,518.15	16,598,331.76
Less: Non-operating expenses	50	12,668,188.21	14,418,692.98

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

CONSOLIDATED INCOME STATEMENT (Continued)

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	2022	2021 (Restated, note VI.2)
IV. Loss before income tax		(18,030,355.31)	(241,874,304.11)
Less: Income tax expenses	51	190,950,427.14	81,467,084.79
V. Net loss		(208,980,782.45)	(323,341,388.90)
(1) Net loss classified by continuity of operations			
1. Net loss from continuing operations		(208,980,782.45)	(323,341,388.90)
2. Net loss from discontinued operations		-	-
(2) Net loss classified by ownership			
Attributable to:			
1. Shareholders of the Company		(150,423,379.26)	(220,312,135.39)
2. Non-controlling interests		(58,557,403.19)	(103,029,253.51)
VI. Other comprehensive income, net of tax	38	8,539,739.47	(8,915,488.28)
Other comprehensive income (net of tax) attributable to shareholders of the Company		2,422,793.58	(6,024,206.78)
(1) Items that will not be reclassified to profit or loss		(5,924,552.02)	(4,060,421.31)
1. Remeasurement of defined benefit plan		(5,924,552.02)	(4,060,421.31)
(2) Items that may be reclassified subsequently to profit or loss		8,347,345.60	(1,963,785.47)
1. Translation differences arising from translation of foreign currency financial statements		8,347,345.60	(1,963,785.47)
Other comprehensive income (net of tax) attributable to non-controlling interests		6,116,945.89	(2,891,281.50)
VII. Total comprehensive income		(200,441,042.98)	(332,256,877.18)
Attributable to:			
Shareholders of the Company		(148,000,585.68)	(226,336,342.17)
Non-controlling interests		(52,440,457.30)	(105,920,535.01)
VIII. Earnings per share:			
(1) Basic earnings per share (RMB/share)	52	(0.19)	(0.28)
(2) Diluted earnings per share (RMB/share)	52	(0.19)	(0.28)

For a business involving entities under common control which occurred in this year, the net loss of the investees before being consolidated was RMB2,910,714.79 and the net profit in the previous year was RMB17,948.63.

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

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

COMPANY INCOME STATEMENT

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note XIV	2022	2021
I. Operating income	4	118,942,605.83	191,275,152.28
Less: Operating costs	4	48,761,643.31	94,294,041.88
Taxes and surcharges		340,104.45	463,850.76
Selling and distribution expenses		98,071.38	103,122.49
General and administrative expenses		69,490,424.55	83,106,774.19
Research and development expenses		3,600,423.95	–
Financial expenses		21,505,572.64	29,464,074.78
Add: Other income		94,413.32	28,597.45
Investment income	5	360,664,963.14	188,947,844.62
Including: Income from investments in associates and joint ventures		18,238,956.33	20,779,699.08
Accrual of credit losses		(1,466,500.03)	(2,291,061.59)
Impairment losses		–	(16,503,505.24)
II. Operating profit		334,439,241.98	154,025,163.42
Add: Non-operating income		152,449.48	1,312,880.26
Less: Non-operating expenses		157,307.26	47,650.85
III. Profit before income tax		334,434,384.20	155,290,392.83
Less: Income tax expenses		138,859,680.71	(650,543.72)
IV. Net profit		195,574,703.49	155,940,936.55
1. Net profit from continuing operations		195,574,703.49	155,940,936.55
2. Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax		–	–
VI. Total comprehensive income		195,574,703.49	155,940,936.55

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

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2022

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

Items	Note V	2022	2021 (Restated, note VI.2)
I. Cash flows from operating activities			
Proceeds from sale of goods and rendering of services		6,284,168,225.93	6,822,127,809.15
Tax refunds received		71,041,658.14	–
Cash received relating to other operating activities		365,220,859.33	351,454,046.74
Sub-total of cash inflows		6,720,430,743.40	7,173,581,855.89
<hr/>			
Payment for goods and services		3,727,820,724.33	3,706,622,242.24
Payment to and for employees		1,797,652,947.01	2,002,559,849.54
Payment of various taxes		268,155,843.83	288,319,979.61
Payment relating to other operating activities		115,963,741.51	269,704,136.03
Sub-total of cash outflows		5,909,593,256.68	6,267,206,207.42
Net cash inflow from operating activities		810,837,486.72	906,375,648.47
<hr/>			
II. Cash flows from investing activities			
Investment returns received		450,000.00	609,548.93
Proceeds from investment income		45,681,709.80	17,286,787.31
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		52,529,592.78	89,906,124.43
Net cash received from disposal of subsidiaries and other business entities	54	232,473,734.48	–
Cash received relating to other investing activities		16,092,000.00	–
Sub-total of cash inflows		347,227,037.06	107,802,460.67
<hr/>			
Payment for acquisition of fixed assets, intangible assets and other long-term assets		248,738,105.17	507,006,531.87
Payment for acquisition of investments		35,214,977.15	23,044,400.00
Sub-total of cash outflows		283,953,082.32	530,050,931.87
Net cash inflow/(outflow) from investing activities		63,273,954.74	(422,248,471.20)

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

CONSOLIDATED CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	Note V	2022	2021 (Restated, note VI.2)
III. Cash flows from financing activities			
Proceeds from borrowings		1,337,683,245.02	1,492,095,786.02
Cash received from other financing activities		18,000,000.00	205,634,297.93
Sub-total of cash inflows		1,355,683,245.02	1,697,730,083.95
<hr style="border-top: 1px dashed #000;"/>			
Repayments of borrowings		1,948,592,056.02	1,489,651,850.33
Payment for profit distributions or interest		180,498,726.36	181,492,771.40
Including: Profits paid to non-controlling shareholders by subsidiaries		68,891,862.33	58,562,054.51
Payments relating to other financing activities		406,009,655.66	497,500,272.81
Sub-total of cash outflows		2,535,100,438.04	2,168,644,894.54
Net cash outflow from financing activities		(1,179,417,193.02)	(470,914,810.59)
<hr style="border-top: 1px dashed #000;"/>			
IV. Effect of foreign exchange rate changes on cash and cash equivalents		622,280.89	(5,242,185.63)
<hr style="border-top: 1px dashed #000;"/>			
V. Net (decrease)/increase in cash and cash equivalents	54	(304,683,470.67)	7,970,181.05
Add: Cash and cash equivalents at the beginning of the year	54	1,249,782,490.33	1,241,812,309.28
<hr style="border-top: 1px dashed #000;"/>			
VI. Cash and cash equivalents at the end of the year	54	945,099,019.66	1,249,782,490.33

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

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

COMPANY CASH FLOW STATEMENT

For the year ended 31 December 2022

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

Items	2022	2021
I. Cash flows from operating activities		
Proceeds from sale of goods and rendering of services	170,060,664.65	190,153,249.24
Tax refunds received	858,645.64	–
Cash received relating to other operating activities	58,064,817.08	77,025,670.97
Sub-total of cash inflows	228,984,127.37	267,178,920.21
Payment for goods and services	83,336,034.79	53,245,535.78
Payment to and for employees	45,051,059.21	49,544,934.78
Payment of various taxes	3,353,070.21	4,069,355.58
Payment relating to other operating activities	193,310,054.43	149,976,691.02
Sub-total of cash outflows	325,050,218.64	256,836,517.16
Net cash (outflow)/inflow from operating activities	(96,066,091.27)	10,342,403.05
II. Cash flows from investing activities		
Investment return received	450,000.00	–
Proceeds from investment income	167,951,861.30	186,435,493.88
Cash received relating to other investing activities	216,637,157.08	–
Sub-total of cash inflows	385,039,018.38	186,435,493.88
Payment for acquisition of fixed assets, intangible assets and other long-term assets	16,098.91	2,180,080.83
Payment for acquisition of investments	27,252,000.00	21,212,800.00
Sub-total of cash outflows	27,268,098.91	23,392,880.83
Net cash inflow from investing activities	357,770,919.47	163,042,613.05

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

COMPANY CASH FLOW STATEMENT (Continued)

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	2022	2021
III. Cash flows from financing activities		
Proceeds from borrowings	190,000,000.00	163,000,000.00
Cash received from other financing activities	159,862,734.79	–
Sub-total of cash inflows	349,862,734.79	163,000,000.00
Repayments of borrowings	675,251,500.00	276,784,500.00
Payment for profit distributions or interest	35,768,066.39	39,850,911.07
Payments relating to other financing activities	5,969,942.00	43,432,839.10
Sub-total of cash outflows	716,989,508.39	360,068,250.17
Net cash outflow from financing activities	(367,126,773.60)	(197,068,250.17)
IV. Effect of foreign exchange rate changes on cash and cash equivalents	–	–
V. Net decrease in cash and cash equivalents	(105,421,945.40)	(23,683,234.07)
Add: Cash and cash equivalents at the beginning of the year	636,649,721.64	660,332,955.71
VI. Cash and cash equivalents at the end of the year	531,227,776.24	636,649,721.64

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

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2022

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

Items	2022									
	Attributable to shareholders of the Company						Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve					
I. Balance as at 31 December 2021 (Restated, note VI.2)	799,847,800.00	30,822,841.46	(38,549,691.47)	22,981,970.80	228,567,221.55	816,260,050.18	1,859,930,192.52	893,277,899.38	2,753,208,091.90	
II. Balance as at 1 January 2022	799,847,800.00	30,822,841.46	(38,549,691.47)	22,981,970.80	228,567,221.55	816,260,050.18	1,859,930,192.52	893,277,899.38	2,753,208,091.90	
III. Changes in equity for the year	-	(12,146,998.83)	2,422,793.58	4,996,983.47	12,826,716.87	(169,980,849.61)	(161,881,354.52)	(109,571,261.19)	(271,452,615.71)	
(I) Total comprehensive income	-	-	2,422,793.58	-	-	(150,423,379.26)	(148,000,585.68)	(52,440,457.30)	(200,441,042.98)	
(II) Shareholders' contributions and reduction	-	(12,146,998.83)	-	-	(6,730,753.48)	-	(18,877,752.31)	8,061,869.84	(10,815,882.47)	
1. Ordinary shares contributed by shareholders	-	-	-	-	-	-	-	8,060,200.00	8,060,200.00	
2. Adjustment for business combination under common control	-	(12,132,046.52)	-	-	(6,730,753.48)	-	(18,862,800.00)	-	(18,862,800.00)	
3. Others	-	(14,952.31)	-	-	-	-	(14,952.31)	1,669.84	(13,282.47)	
(III) Appropriation of profits	-	-	-	-	19,557,470.35	(19,557,470.35)	-	(68,891,862.33)	(68,891,862.33)	
1. Appropriations for surplus reserve	-	-	-	-	19,557,470.35	(19,557,470.35)	-	-	-	
2. Distributions to shareholders	-	-	-	-	-	-	-	(68,891,862.33)	(68,891,862.33)	
(IV) Internal transfer of equity	-	-	-	-	-	-	-	-	-	
(V) Specific reserve	-	-	-	4,996,983.47	-	-	4,996,983.47	3,699,188.60	8,696,172.07	
1. Accrued	-	-	-	29,975,996.30	-	-	29,975,996.30	15,777,347.50	45,753,343.80	
2. Utilised	-	-	-	24,979,012.83	-	-	24,979,012.83	12,078,158.90	37,057,171.73	
IV. Balance as at 31 December 2022	799,847,800.00	18,675,842.63	(36,126,897.89)	27,978,954.27	241,393,938.42	646,279,200.57	1,698,048,838.00	783,706,638.19	2,481,755,476.19	

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

Items	2021									
	Attributable to shareholders of the Company						Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
	Share capital	Capital reserve	Other comprehensive income	Specific reserve	Surplus reserve					
I. Balance as at 31 December 2020	799,847,800.00	18,800,491.50	(32,525,484.69)	19,891,553.86	212,973,127.89	1,052,303,964.69	2,071,291,453.25	1,078,821,636.70	3,150,113,089.95	
Adjustment for business combination under common control (note VI.2)	-	10,618,330.92	-	-	-	(137,685.46)	10,480,645.46	-	10,480,645.46	
II. Balance as at 1 January 2021 (Restated, note VI.2)	799,847,800.00	29,418,822.42	(32,525,484.69)	19,891,553.86	212,973,127.89	1,052,166,279.23	2,081,772,098.71	1,078,821,636.70	3,160,593,735.41	
III. Changes in equity for the year	-	1,404,019.04	(6,024,206.78)	3,090,416.94	15,594,093.66	(235,906,229.05)	(221,841,906.19)	(185,543,737.32)	(407,385,643.51)	
(I) Total comprehensive income	-	-	(6,024,206.78)	-	-	(220,312,135.39)	(226,336,342.17)	(105,920,535.01)	(332,256,877.18)	
(II) Shareholders' contributions and reduction	-	1,404,019.04	-	-	-	-	1,404,019.04	(26,358,139.23)	(24,954,120.19)	
1. Others	-	1,404,019.04	-	-	-	-	1,404,019.04	(26,358,139.23)	(24,954,120.19)	
(III) Appropriation of profits	-	-	-	-	15,594,093.66	(15,594,093.66)	-	(55,234,578.77)	(55,234,578.77)	
1. Appropriations for surplus reserve	-	-	-	-	15,594,093.66	(15,594,093.66)	-	-	-	
2. Distributions to shareholders	-	-	-	-	-	-	-	(55,234,578.77)	(55,234,578.77)	
(IV) Internal transfer of equity	-	-	-	-	-	-	-	-	-	
(V) Specific reserve	-	-	-	3,090,416.94	-	-	3,090,416.94	1,969,515.69	5,059,932.63	
1. Accrued	-	-	-	33,541,902.88	-	-	33,541,902.88	15,948,690.54	49,490,593.42	
2. Utilised	-	-	-	30,451,485.94	-	-	30,451,485.94	13,979,174.85	44,430,660.79	
IV. Balance as at 31 December 2021 (Restated, note VI.2)	799,847,800.00	30,822,841.46	(38,549,691.47)	22,981,970.80	228,567,221.55	816,260,050.18	1,859,930,192.52	893,277,899.38	2,753,208,091.90	

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

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2022

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

Items	2022					Total shareholders' equity
	Share capital	Capital reserve	Specific reserve	Surplus reserve	Retained earnings	
I. Balance as at 31 December 2021	799,847,800.00	128,513,590.23	-	229,114,461.18	451,930,682.03	1,609,406,533.44
II. Balance as at 1 January 2022	799,847,800.00	128,513,590.23	-	229,114,461.18	451,930,682.03	1,609,406,533.44
III. Changes in equity for the year	-	(11,274,920.70)	-	19,557,470.35	176,017,233.14	184,299,782.79
(I) Total comprehensive income	-	-	-	-	195,574,703.49	195,574,703.49
(II) Shareholders' contributions and reduction	-	(11,274,920.70)	-	-	-	(11,274,920.70)
1. Others	-	(11,274,920.70)	-	-	-	(11,274,920.70)
(III) Appropriation of profits	-	-	-	19,557,470.35	(19,557,470.35)	-
1. Appropriation for surplus reserve	-	-	-	19,557,470.35	(19,557,470.35)	-
(IV) Internal transfer of equity	-	-	-	-	-	-
(V) Specific reserve	-	-	-	-	-	-
1. Accrued	-	-	119,420.90	-	-	119,420.90
2. Utilised	-	-	119,420.90	-	-	119,420.90
IV. Balance as at 31 December 2022	799,847,800.00	117,238,669.53	-	248,671,931.53	627,947,915.17	1,793,706,316.23

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

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

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

Legal Representative:

Guo Junfa

The person in charge
of accounting affairs:

Huang Wenban

The head of the
accounting department:

Leng Xuelin

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

I. COMPANY PROFILE

1. Company status

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

I. COMPANY PROFILE *(CONTINUED)*

1. Company status *(Continued)*

The Company and its subsidiaries (the "Group") is a comprehensive transportation service group in Guangdong Province. The principal business of the Group mainly includes expressway service zones operation, road passenger transportation and auxiliary services. In addition, the Group also engaged in construction material supply and logistics service and other business in the reporting period.

The parent of the Company and its ultimate holding company is GCGC. The registered office is 8th floor, No.1731-1735 Airport Road, Guangzhou, the PRC. The legal representative of the Company is Mr. Guo Jun Fa.

This financial statements were approved by the board of directors of the Company on 17 March 2023.

2. Scope of the consolidated financial statements

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

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

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Group have 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 2022, the Group's current liabilities exceeded their current assets by RMB1,310,922,697.26. As at 31 December 2022, the Group have obtained sufficient unutilised general facility granted by financial institutions, and the Group are expected to have sufficient financial support to pay off debts in the next 12 months, so the financial statements are still prepared on the basis of going concern.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group's accounting policies for the recognition and measurement of allowance for expected credit loss for receivables, recognition of cost of inventories, depreciation of fixed assets and right-of-use assets, amortisation of intangible assets, recognition and measurement of government grant and revenue, are adopted according to the specific characteristics of the Group's operations. Please refer to the relevant notes to the accounting policies.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2022, and the consolidated financial performance and financial performance of the Company and the consolidated cash flows and cash flows of the Company for the year then ended.

2. Accounting Period

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

3. Operating cycle

The Group's operating cycle is 12 months.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's overseas subsidiaries choose Hong Kong dollar as their functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to present its financial statements, and the financial statements of foreign subsidiaries have been translated based on the accounting policy as set out in Note III. 9. Foreign Currency Transactions and Translation of Financial Statements denominated in Foreign Currencies".

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

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

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

6. Preparation of consolidated financial statements

1) *Scope of consolidation*

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

2) *Consolidation procedure*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

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

2) Consolidation procedure *(Continued)*

(1) Increase of subsidiaries or business

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

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

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

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

(2) Disposal of subsidiaries

① General treatment methods

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

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

2) Consolidation procedure *(Continued)*

(2) Disposal of subsidiaries *(Continued)*

② Disposal of subsidiaries by stages

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

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

2) Consolidation procedure *(Continued)*

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

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

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

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

7. Classification of joint arrangements and accounting treatment

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

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

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

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

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

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

8. Cash and cash equivalent

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term and highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9. Foreign currency transactions and translation of financial statements denominated in foreign currencies

1) *Foreign currency transactions*

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

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

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

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

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

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For the year ended 31 December 2022

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

10. Financial instruments

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

1) *Classification of financial instruments*

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

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

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

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

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

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For the year ended 31 December 2022
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10. Financial instruments *(Continued)*

1) **Classification of financial instruments** *(Continued)*

At initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This designation is made on an investment-by-investment basis, and the related investment meets the definition of an equity instrument from the issuer's perspective.

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

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

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

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

(1) Financial assets at amortised cost

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

10. Financial instruments *(Continued)*

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

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

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

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

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

10. Financial instruments *(Continued)*

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

(6) *Financial liabilities measured at amortised cost*

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

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

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

(7) *Offsetting*

Financial assets and financial liabilities are generally presented separately in the balance sheet, and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognised amounts;
- the Group intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

10. Financial instruments *(Continued)*

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

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

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

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

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

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

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

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

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

10. Financial instruments *(Continued)*

4) *Derecognition of financial liabilities*

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

10. Financial instruments *(Continued)*

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

The Group recognise loss allowances for expected credit loss ("ECL") on:

- financial assets measured at amortised cost; and
- lease receivables.

Financial assets measured at fair value, including debt investments or equity securities at fair value through profit or loss, equity securities designated at fair value through other comprehensive income and derivative financial assets, are not subject to the ECL assessment.

(1) Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

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

10. Financial instruments *(Continued)*

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

(1) *Measurement of ECLs (Continued)*

Loss allowances for accounts receivable and lease receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for accounts receivable and lease receivables, the Group measures loss allowance at an amount equal to 12-month ECLs for financial instruments which meet the following criteria, and at an amount equal to lifetime ECLs for all other financial instruments:

- If the financial instrument is determined to have low credit risk at the balance sheet date; or
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

(2) *Financial instruments that have low credit risk*

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

10. Financial instruments *(Continued)*

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

(3) *Significant increases in credit risk*

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. Unless the Group is able to obtain reasonable and well-founded information at no cost or effort to demonstrate that credit risk has not increased significantly since the initial recognition, although it exceeded the payment term agreed upon in the contract for 30 days.

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

10. Financial instruments *(Continued)*

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

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

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

(4) *Credit-impaired financial assets*

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

10. Financial instruments *(Continued)*

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

(5) *Presentation of allowance for ECL*

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for the financial assets at amortised cost with a corresponding adjustment to their carrying amount through a loss allowance account.

(6) *Write-off*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(7) *Equity instruments*

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

11. Inventories

1) **Classification and initial recognition**

The Group's inventories are categorised as goods on hand, construction materials, spare parts, low-value consumables and packaging materials.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of processing and other expenditures incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

11. Inventories *(Continued)*

2) **Cost of inventories transferred out**

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

3) **Basis for determining the net realisable value**

At the balance sheet date, inventories are carried at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes.

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

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

4) **Inventory count system**

The Group maintains a perpetual inventory system.

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

(1) Low-value consumables are amortised using one-off write-off method;

(2) Packaging materials are amortised using one-off write-off method.

NOTES TO THE FINANCIAL STATEMENTS

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

12. Contract assets

1) *Recognition and standard of contract assets*

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

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

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

13. Long-term equity investments

1) *Joint control or significant influence criterion*

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

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

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

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

2) **Determination of initial investment cost**

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

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

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

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

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

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

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

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

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

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

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

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

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

Long-term equity investments in associates and joint ventures are accounted for under equity method. Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

The Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. The Group adjusts the carrying amount of the long-term equity investment for changes in shareholders' equity of the investee other than those arising from net profits or losses and other comprehensive income and distributions to shareholders ("other changes in shareholders' equity"), and recognises the corresponding adjustment in shareholders' equity.

In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition.

Unrealised profits and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associates or joint venture, except for the invested or disposed of assets constituted a business. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

The Group discontinues recognising its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

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

(3) Disposal of long-term equity investments

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

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

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

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

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

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

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

14. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, which include a land use right that is leased out, a land use right held for transfer upon capital appreciation and a building that is leased out (including after the completion of self-construction or development activities and buildings under development for future rental purpose).

Subsequently expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Investment properties are accounted for using the cost model. The Group adopts a depreciation or amortisation policy for the investment properties which is consistent with that for buildings or land use rights.

For the impairment of the investment properties, please refer to Note III. 21. Impairment of long-term assets.

When an investment property is sold, transferred, disposed or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss.

15. Fixed assets

1) *Recognition and initial measurement of fixed assets*

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of over one accounting year. A fixed asset is recognised only when:

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

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

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the expenditures will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognised. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

15. Fixed assets (Continued)

2) Depreciation method

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

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

Category	Useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Building and structures	10-60	0-5	1.58-10.00
Building improvements	3-20	0	5.00-33.33
Transportation vehicles	3-8	0-5	11.88-33.33
Machinery and equipment	5-12	0-5	7.92-20.00
Electronic equipment, office equipment and others	3-10	0-5	9.50-33.33

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

3) Disposal of fixed assets

The carrying amount of a fixed asset is derecognised when the fixed asset is on disposal or no future economic benefit is expected to be generated from its use or disposal. When a fixed asset is sold, transferred, disposed or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

16. Construction in progress

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

NOTES TO THE FINANCIAL STATEMENTS

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

17. Borrowing costs

1) *Recognition criteria of capitalisation of borrowing costs*

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

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

2) *Capitalisation period for borrowing costs*

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

Capitalisation shall start when the following conditions are satisfied simultaneously:

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

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

3) *Capitalisation suspension period*

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

NOTES TO THE FINANCIAL STATEMENTS

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

17. Borrowing costs *(Continued)*

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

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

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

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

18. Intangible assets

1) ***Recognition and measurement of intangible assets***

Intangible assets are initially measured at cost, except for the toll bridge franchise operating rights are determined based on the price invested by the shareholders. When an intangible asset with a finite useful life is available for use, its original cost less estimated residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. The Group regards intangible assets with unforeseeable future economic benefits as intangible asset with an indefinite useful life, and such intangible asset is not amortised.

The Group reassesses the useful lives of intangible assets with indefinite useful lives in each accounting period. If there is evidence indicating that the useful life of that intangible asset is finite, the Group estimates its useful life and accounts for it in accordance with the same policy as intangible assets with finite useful lives described above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

18. Intangible assets *(Continued)*

2) *Estimate of useful lives for intangible assets*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

18. Intangible assets *(Continued)*

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

Expenditure on an internal research and development project of the Group is classified into expenditure on the research phase and expenditure on the development phase.

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

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

4) *Criteria for capitalisation of development expenditures*

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

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

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

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

19. Goodwill

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

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

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

20. Long-term deferred expenses

Expenditure incurred with beneficial period over one year is recognised as long-term deferred expenses. Long-term deferred expenses are stated in the balance sheet at cost less accumulated amortisation and impairment losses.

Long-term deferred expenses are amortised using the straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

Category	Amortisation period (years)
Leasehold improvements	5-10
Others	2-23

21. Impairment of long-term assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

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

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

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

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

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

22. Contract liabilities

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

23. Employee benefits

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

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

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

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

2) *Accounting treatment on post-employment benefits*

(1) *Defined contribution plans*

Pursuant to the relevant laws and regulations of the PRC, the Company and its domestic subsidiaries participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Company and its domestic subsidiaries makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions payable are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

Pursuant to the relevant laws and regulations of Hong Kong, subsidiaries of the Company in Hong Kong make contributions to the Mandatory Provident Fund Schemes for all Hong Kong employees at the lower of 5% of the monthly employee benefits or the cap (which is adjusted annually). The contributions are recognised as part of the cost of assets or charged to profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

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

23. Employee benefits *(Continued)*

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

(2) *Defined benefit plans*

The qualified retired employees and early retired employees (until formal retirement) of the Group are entitled to certain amount of allowance for a period of time.

In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.

The Group attributes benefit obligations under a defined benefit plan to periods of service provided by respective employees. Service cost and interest expense on the defined benefit liability are charged to profit or loss or recognised as part of the cost of assets, and remeasurements of the defined benefit liability are recognised in other comprehensive income.

3) **Accounting treatment on termination benefit**

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognised with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

When the provision are not expected to be settled wholly within twelve months after the end of the reporting period, and the financial impact is material, the obligation shall be measured on a discounted basis using an appropriate discount rate.

NOTES TO THE FINANCIAL STATEMENTS

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

24. Provision

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

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

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

When recognising the best estimate amount, the Group takes into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

When all or some of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received, and the amount of reimbursement recognised does not exceed the carrying amount of the provisions.

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

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

25. Revenue

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

1) *Accounting policies on revenue recognition and measurement*

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers. Control over relevant goods or services refers to the ability to direct the use of the goods or services to obtain almost all of the economic benefits from the goods or services.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customers. The Group determines the transaction price in accordance with the terms of the contract and together with its past customary practices. The Group considers the impact of variable consideration, significant financing components in the contract, non-cash consideration, consideration payable to customers and other factors. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term. The Group does not adjust the consideration for any effects of a significant financing component if it expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance;
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

25. Revenue *(Continued)*

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

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation, except that the progress cannot be measured reasonably. The Group considers the nature of the goods or services to determine whether input method or output method shall be adopted to measure the progress towards complete satisfaction of the performance obligation. When the progress of the performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services, that is the customer has an obligation for a payment of goods or services;
- the Group has transferred the legal title of the goods to the customer, that is the customer has legal ownership of the goods;
- the Group has transferred physical possession of the goods to the customer, that is the customer has physical possession of the goods;
- the Group has transferred the significant risks and rewards of ownership of the goods to the customer, that is the customer bears the risks and rewards of the ownership of the goods; and
- the customer has accepted the goods or services.

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

NOTES TO THE FINANCIAL STATEMENTS

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

25. Revenue *(Continued)*

2) ***The following is the description of accounting policies regarding revenue from the Group's principal activities***

(1) Road passenger transportation and auxiliary services

Road passenger transportation and auxiliary services include passenger transportation services and passenger and freight station services.

Passenger transportation services include urban passenger transportation services and public transportation services and those provided in cities in Guangdong Province and cross-border transportation between Guangdong Province and Hong Kong. The Group recognises revenue when transportation services provided to customers are completed.

Passenger and freight station services include services provided to transportation companies for ticket sales, vehicle parking and etc. The Group recognises revenue when the transportation companies has accepted the services and the Group has a present right to payment.

(2) Sales of convenience store goods, petroleum and gasoline

Customers obtain control of convenience store goods, petroleum and gasoline when the goods are delivered to and have been accepted by the customers, customers have a present obligation to payment. Revenue is recognised at that point in time.

(3) Taiping interchange assets operation revenue

Taiping interchange assets operation revenue represents the toll revenue recognised from Taiping interchange franchise operating right. The Group completes the provision of service when vehicle pay the fee and pass through Taiping interchange and revenue is recognised at the same time.

(4) Sales of construction materials

Sales of construction materials is the selling of construction materials. Customers obtain control of construction materials when the goods are delivered to designated locations and accepted. Revenue is recognised at that point in time and the credit term is three months with no cash discount.

For the transfer of construction materials with a right of return, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for the amount expected to be returned, which are estimated based on the historical data. The Group recognises a refund liability based on the amount expected to be returned. An asset is initially measured by reference to the former carrying amount of the product expected to be returned less any expected costs to recover those products (including potential decreases in the value to the Group of returned products).

NOTES TO THE FINANCIAL STATEMENTS

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

26. Government grants

1) *Classification*

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

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

2) *Point of recognition*

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

3) *Accounting treatment*

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value.

A government grant related to an asset is recognised as deferred income and amortised over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognised as deferred income, and included in other income, non-operating income, or offset against related expenses in the periods in which the expenses or losses are recognised. Otherwise, the grant is recognised as other income, non – operating income, or offset against related expenses directly.

A government grant related to the ordinary activities of the Group shall be included in other income or offset against related expenses; a government grant unrelated to the ordinary activities of the Group shall be included in non-operating income.

NOTES TO THE FINANCIAL STATEMENTS

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

27. Deferred tax assets and liabilities

The income tax expenses include current income tax and deferred income tax. Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity.

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

For temporary differences arise from the differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

Under normal circumstances, deferred tax is recognised for all temporary differences. Deferred tax assets for deductible temporary differences are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

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

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

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

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For the year ended 31 December 2022

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

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

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

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

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

- Taxpayers has a legal right to settle current tax assets and liabilities on a net basis; and
- Deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed.

28. Leases

A lease is a contract that conveys the right to use an asset for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of uses; and
- the lessee has the right to direct the use of the asset.

NOTES TO THE FINANCIAL STATEMENTS

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

28. Leases *(Continued)*

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

1) *The Group as a lessee*

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date (less any lease incentives received), plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

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

28. Leases *(Continued)*

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

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

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

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

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

2) *The Group as a lessor*

At the lease inception date, the Group classifies each of its leases as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is an intermediate lessor, it assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

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

28. Leases *(Continued)*

2) *The Group as a lessor (Continued)*

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

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

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

29. Special reserve

The Group provided for safety expense according to the relevant regulations of the "Notice on Printing and Distributing the "Administrative Measures for the Provision and Utilisation of Safety production expenses" (Caiqi [2022] No. 136), issued by the MOF and the Ministry of Emergency Management.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

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

30. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. The Group determines the reporting segment based on the operating segment and considering the principle of materiality.

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

31. Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

32. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. The related parties of the Group also include the joint venture(s) or associate(s) of the other members (including the parent and subsidiaries) in the same group that includes the entity, and the other joint venture(s) or associate(s) of the investors who exercise joint control over the entity, etc. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

33. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

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For the year ended 31 December 2022
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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(CONTINUED)*

33. Significant accounting judgements and estimates *(Continued)*

1) *Loss allowances for accounts receivable*

Loss allowances for accounts receivable are always measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

When estimating lifetime ECLs, significant judgments need to be made on the risk of default, all cash flows expected to be received, etc.

2) *Impairment of assets except for inventories and financial assets*

As described in Note III. 21, assets other than inventories and financial assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably, the recoverable amount was calculated based on the present value of estimated future cash flows. In assessing value in use and the present value of estimated future cash flows, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

Performing impairment test for goodwill requires a calculation of the present value of estimated future cash flows of the asset group or a set of asset groups related to the goodwill, and an estimation of the future cash flows expected to arise from such asset group or such a set of asset groups. It also requires determining a suitable interest rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset.

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

33. Significant accounting judgements and estimates *(Continued)*

3) *Depreciation and amortisation of assets such as investment properties, fixed assets, intangible assets and long-term deferred expenses*

Assets such as investment properties, fixed assets, intangible assets and long-term deferred expenses are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

4) *Deferred tax assets*

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Group exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognised.

5) *Liabilities of retirement benefits*

The Group recognises the defined benefit scheme provided to the retired and early retired employees in the future as a liability. The amount of the expenses and liabilities related to the scheme is calculated and paid based on various assumptions, including the discount rate, the growth rate of the salary during the retirement, the growth rate of medical expenses and other factors. Although management considers these assumptions to be reasonable, actual experience and changes in the assumptions will affect the expenses and liabilities related to the employee retirement benefits – defined benefit scheme of the Group.

34. Changes in significant accounting policies and accounting estimates

There was no change in the Group's significant accounting policies and accounting estimates during the year.

NOTES TO THE FINANCIAL STATEMENTS

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IV. TAXATION

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Cultural construction fee	Income from advertisements (Note 1)	3%
Corporate income tax	Taxable profit (Note 2)	25%,20%
Hong Kong profits tax	Assessable profit (Note 3)	16.5%
Value added tax ("VAT")	Income from sale of goods (Note 4)	13%,9%
VAT	Transportation income (Note 4, Note 5, Note 6)	9%,3% or 1%,0%, exempted
VAT	Income from prior rescue service (Note 5)	6%
VAT	Service income derived from highway facilities and other auxiliary facilities (Note 4)	9%,6%,5%
VAT	Income from toll (Note 6)	3%
City maintenance and construction tax	VAT paid (Note 4, Note 5)	7%,5%
Education surcharge and local education surcharge	VAT paid (Note 4, Note 5)	3%,2%
Land appreciation tax	Appreciation amount on property sold and applicable tax rate	40%,60%
Property tax	The taxable residual value of the property	1.2%
Property tax	Rental income	12%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

IV. TAXATION (CONTINUED)

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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IV. TAXATION (CONTINUED)

2. Tax incentives

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

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

Note 2: Pursuant to Cai shui [2019] No. 13, “The Announcement of implementation on inclusive tax relief policy of Small-scaled minimal profit enterprise” issued by MOF and National Tax Bureau on 17 January 2019, the Small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 25% exemption of taxable income and application of income tax rate as 20%; the Small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of income tax rate as 20%, from 1 January 2019 to 31 December 2021. Pursuant to an announcement [2021] No. 12, “The Announcement on the Implementation of Preferential Income Tax Policies for Small-scaled minimal profit enterprise and Individual Industrial and Commercial Households” issued by MOF and National Tax Bureau on 2 April 2021, for Small-scaled minimal profit enterprise with an annual taxable income amount below RMB1,000,000 (RMB1,000,000 included), on top of the tax relief policies stipulated under “The Announcement of implementation on inclusive tax relief policy of Small-scaled minimal profit enterprise” issued by MOF and National Tax Bureau” (Cai shui [2019] No. 13), the enterprise income tax will be further halved. That is, for Small-scaled minimal profit enterprise whose annual taxable income does not exceed RMB1,000,000, the taxable income is reduced by 12.5%, and the enterprise income tax is paid at the tax rate of 20%, from 1 January 2021 to 31 December 2022.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

IV. TAXATION *(CONTINUED)*

2. Tax incentives *(Continued)*

Note 3: The applicable Hong Kong profits tax rate for the year is 16.5% for the subsidiaries: Yueyun Transportation (HK) Company Limited, The Motor Transport Company of Guangdong and Hong Kong Limited, Gang Tong (HK) Motor Transport Company Limited and Guangdong Yue Li Jia Passenger Transport Company (Hong Kong) (corresponding period in last year: 16.5%).

Pursuant to the Financial Budget Proposal announced by Hong Kong government on 23 February 2022, enterprises registered in Hong Kong are entitled to a one-off preferential tax treatment of 100% exemption of profit tax in 2022 with the maximum of HK\$10,000.

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

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

Note 4: According to “The Announcement on deepening VAT reform” (Announcement [2019] No. 39) issued by MOF, National Tax Bureau and General Administration of Customs, taxpayers of production and living services are allowed to add 10% of the deductible input tax of the current period to offset the tax payable from 1 April 2019 to 31 December 2021. According to “Announcement on clarifying the policy for the deduction of value-added tax in the life service industry” (Announcement [2019] No.87) by MOF and National Tax Bureau, from 1 October 2019 to 31 December 2021, taxpayers of production and living services are entitled to additional 15% on the current period input VAT amount to deduct against the VAT payable amount. Taxpayers shall comply with additional deduction policies of other items set out in “The Announcement on deepening VAT reform” (Announcement [2019] No. 39 issued by MOF, National Tax Bureau and General Administration of Customs).

According to “The Announcement on VAT Policies for Promoting the Bailout and Development of Difficult Industries in the Service Sector” (Announcement [2022] No. 11), “Article 7 of The Announcement on deepening VAT reform” (Announcement [2019] No. 39) issued by MOF, National Tax Bureau and General Administration of Customs and “The Announcement on clarifying the policy for the deduction of VAT in the life service industry” (Announcement [2019] No.87) by MOF and National Tax Bureau, the implementation period of the policy for the additional deduction of VAT in the production and living services industry has been extended to 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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IV. TAXATION *(CONTINUED)*

2. Tax incentives *(Continued)*

According to “The Announcement on further supporting self-employment and employment of retired soldiers” (Cai shui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans, from 1 January 2019 to 31 December 2021, for enterprise which recruits retired soldiers for self-employment and signs a labor contract with them for more than one year and pays social insurance premiums in accordance with the law, the value-added tax, city maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted successively according to the actual number of recruits within three years from the month when the labor contract is signed and social insurance is paid.

According to “The Announcement on Extending the Implementation Period of Some Preferential Tax Policies” issued by the MOF and the State Administration of Taxation (No. 4 of 2022), The announcement clarifies that the implementation period of preferential tax policies stipulated in “The Announcement on further supporting self-employment and employment of retired soldiers” (Cai shui [2019] No.21) by MOF, National Tax Bureau and Department of Veterans and other documents will be extended to 31 December 2023.

Note 5: According to “The Announcement on tax revenue policies for supporting COVID-19 prevention and control” (Announcement [2020] No. 8) issued by MOF and National Tax Bureau, the tax loss carried forward can be extended from 5 years to 8 years for the enterprises affected by the epidemic seriously. According to “The Announcement on VAT Policies for Promoting the Bailout and Development of Difficult Industries in the Service Sector” (Announcement [2022] No. 11) issued by MOF, National Tax Bureau and General Administration of Customs, from 1 January 2022 to 31 December 2022, the income obtained by taxpayers from providing public transportation services will be exempt from value-added tax. The VAT tax that has been collected into the treasury before the announcement is exempted according to regulations can be credited against the VAT tax payable by the taxpayer in subsequent months or refunded to the treasury.

Note 6: According to “The Announcement on Exempting Small-scale VAT Taxpayers from VAT” (Announcement No. 15 [2022] issued by MOF and State Administration of Taxation, from 1 April 2022 to 31 December 2022, the VAT small-scale taxpayers whose taxable sale income subject to 3% tax rate, exempt from VAT; for prepaid VAT items subject to 3% prepaid tax rate, pre-paid value-added tax will be suspended. (Note: From 1 April 2021 to 31 March 2022, small-scale VAT taxpayers whose taxable sale income subject to 3% tax rate, VAT will be taxed at a reduced rate of 1%; for prepaid VAT items subject to 3% prepaid tax rate.)

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Details of cash at bank and on hand

Items	31 December 2022	31 December 2021
Cash on hand	5,013,741.92	6,395,889.83
Deposits with bank	940,085,277.74	1,243,386,600.50
Including: Deposits in GCG Finance (Note 1)	–	185,772.70
Other monetary funds (Note 2)	13,477,502.67	36,218,369.66
Total	958,576,522.33	1,286,000,859.99

Note 1: Deposits in Guangdong Provincial Communication Group Finance Company Limited (“GCG Finance”) refer to deposits in GCG Finance, a wholly-owned subsidiary of GCGC (Note X. 5 and 6). GCG Finance is a company incorporated in the PRC and a non-banking financial institution with the financial institution licence issued by the China Banking Regulatory Commission.

Note 2: The details of other monetary funds that are restricted in use due to mortgage, pledge or freezing are as follows:

Items	31 December 2022	31 December 2021
Performance security deposits	6,975,880.00	5,859,721.17
Pledged loan deposits	–	23,360,000.00
Property maintenance funds	5,714,092.67	5,679,919.92
Tourism quality security deposits	787,530.00	1,318,728.57
Total	13,477,502.67	36,218,369.66

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets held for trading

Items	31 December 2022	31 December 2021
Financial assets at fair value through profit or loss	6,703,831.00	–
Others	6,703,831.00	–
Total	6,703,831.00	–

Note: The financial assets at fair value through profit or loss of the Group are the equity interests of unlisted companies, including Zhaoqing City Zhaoyun Investment Co., Ltd. and Zhaoqing City Xinyun Investment Co., Ltd., held for trading purposes.

3. Accounts receivable

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

Aging	31 December 2022	31 December 2021
Within 3 months (inclusive)	256,831,824.96	255,866,780.91
Over 3 months but within 6 months (inclusive)	21,534,719.15	42,951,643.60
Over 6 months but within 1 year (inclusive)	63,892,660.67	41,151,890.58
Over 1 year but within 2 years (inclusive)	27,413,579.57	57,622,270.46
Over 2 years but within 3 years (inclusive)	33,147,374.06	10,412,048.07
Over 3 years	41,028,732.02	35,961,392.84
Sub-total	443,848,890.43	443,966,026.46
Less: Provision for bad and doubtful debts	76,758,971.75	65,375,082.49
Total	367,089,918.68	378,590,943.97

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

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

Category	31 December 2022					31 December 2021				
	Amount		Provision for bad and doubtful debts		Book value	Amount		Provision for bad and doubtful debts		Book value
	Amount	Percentage (%)	Amount	Provision ratio (%)		Amount	Percentage (%)	Amount	Provision ratio (%)	
Provision for bad debts is made on an individual basis	18,509,243.42	4.17	18,509,243.42	100.00	-	18,509,243.42	4.17	18,509,243.42	100.00	-
Provision for bad debts is made on a collective basis	425,339,647.01	95.83	58,249,728.33	13.69	367,089,918.68	425,456,783.04	95.83	46,865,839.07	11.02	378,590,943.97
Including:										
Aging portfolio	425,339,647.01	95.83	58,249,728.33	13.69	367,089,918.68	425,456,783.04	95.83	46,865,839.07	11.02	378,590,943.97
Total	443,848,890.43	100.00	76,758,971.75		367,089,918.68	443,966,026.46	100.00	65,375,082.49		378,590,943.97

Provision for bad debts is made on an individual basis:

Items	31 December 2022			Reasons for accruing
	Amount	Provision for bad and doubtful debts	Provision ratio(%)	
Shenzhen Hongbao Trading Co., Ltd.	14,264,922.29	14,264,922.29	100.00	Not expected to be recovered
Guangzhou Junfa Trading Co., Ltd.	2,914,775.00	2,914,775.00	100.00	Not expected to be recovered
Zuhai 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
Others	3,237.48	3,237.48	100.00	Not expected to be recovered
Total	18,509,243.42	18,509,243.42		

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For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

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

Provision for bad debts is made on a collective basis:

Items	31 December 2022		Provision ratio(%)
	Amount	Provision for bad and doubtful debts	
Aging portfolio			
Road transportation and other service			
Within 1 year (inclusive)	263,454,098.12	13,172,704.91	5.00
Over 1 year but within 2 years (inclusive)	26,346,383.91	9,221,234.43	35.00
Over 2 years but within 3 years (inclusive)	6,971,980.60	3,485,990.39	50.00
Over 3 years	18,420,922.67	18,420,922.67	100.00
Sub-total	315,193,385.30	44,300,852.40	
Service zone operation			
Within 1 year (inclusive)	76,463,656.17	3,823,182.84	5.00
Over 1 year but within 2 years (inclusive)	1,067,195.66	106,719.57	10.00
Over 2 years but within 3 years (inclusive)	1,659,037.74	497,711.32	30.00
Over 3 years	1,604,414.71	802,207.35	50.00
Sub-total	80,794,304.28	5,229,821.08	
Constructions material supply			
Within 1 year (inclusive)	2,341,450.49	117,072.52	5.00
Over 1 year but within 2 years (inclusive)	–	–	–
Over 2 years but within 3 years (inclusive)	24,516,355.72	7,354,906.72	30.00
Over 3 years	2,494,151.22	1,247,075.61	50.00
Sub-total	29,351,957.43	8,719,054.85	
Total	425,339,647.01	58,249,728.33	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Accounts receivable (Continued)

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

Category	31 December 2021	Charge into income statement	Changes during the year			31 December 2022
			Disposal/ Written-off	Foreign currency financial statement translation differences	Disposal of subsidiaries	
Provision for bad debts is made on an individual basis	18,509,243.42	-	-	-	-	18,509,243.42
Provision for bad debts is made on a collective basis	46,865,839.07	11,275,918.77	70,512.50	209,241.64	30,758.65	58,249,728.33
Total	65,375,082.49	11,275,918.77	70,512.50	209,241.64	30,758.65	76,758,971.75

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

Items	Written-off amount
Accounts receivable of actual written-off	70,512.50

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Prepayments

1) The aging analysis of prepayments is as follows

Aging	31 December 2022			31 December 2021		
	Gross carrying Amount	Percentage (%)	Provision for bad and doubtful debts	Gross carrying Amount	Percentage (%)	Provision for bad and doubtful debts
Within 1 year (inclusive)	184,404,508.75	93.51	-	157,470,985.66	24.73	-
Over 1 year but within 2 years (inclusive)	5,249,250.86	2.66	-	7,719,741.42	1.21	-
Over 2 years but within 3 years (inclusive)	5,020,203.57	2.55	-	2,426,145.89	0.38	-
Over 3 years	2,515,593.24	1.28	3,076.50	469,263,892.17	73.68	468,767,440.30
Total	197,189,556.42	100.00	3,076.50	636,880,765.14	100.00	468,767,440.30

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

Note 2: As at 31 December 2022, individually significant prepayments aged over 3 years mainly include a payment for purchase of materials of RMB468,764,363.80. The Company has filed a lawsuit and prevailed in previous year, and made full provision for the prepayment in previous year in view of the poor financial condition of the debtors. Approved by the board of directors of the Company, the materials prepayments are fully written off in 2022.

5. Other receivables

Items	31 December 2022	31 December 2021
Dividends receivable	-	26,901,744.08
Others	583,927,507.55	471,106,323.56
Total	583,927,507.55	498,008,067.64

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

1) Dividends receivable

(1) Details of dividends receivable

Investees	31 December 2022	31 December 2021
Southern United Assets and Equity Exchange Company Limited	–	25,901,744.08
Shenzhen Yueyun Investment Development Company Limited	–	1,000,000.00
Total	–	26,901,744.08

Note: As at 31 December 2022, the Group has no dividends receivable with aging over more than one year.

2) Others

(1) The aging analysis is as follows:

Aging	31 December 2022	31 December 2021
Within 1 year (inclusive)	364,244,689.39	296,729,037.00
Over 1 year but within 2 years (inclusive)	103,680,807.46	89,041,805.82
Over 2 years but within 3 years (inclusive)	17,428,009.61	19,208,933.94
Over 3 years	208,698,132.31	211,521,700.79
Sub-total	694,051,638.77	616,501,477.55
Less: Provision for bad and doubtful debts	110,124,131.22	145,395,153.99
Total	583,927,507.55	471,106,323.56

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

2) Others (Continued)

(2) Classified disclosure by bad debt provision method

Category	31 December 2022					31 December 2021				
	Gross carrying		Provision for bad and doubtful debts			Gross carrying		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value	Amount	Percentage (%)	Amount	Provision ratio (%)	Book value
Provision for bad debts is made on an individual basis	96,342,450.24	13.88	96,135,339.29	99.79	207,110.95	131,699,130.30	21.36	131,554,844.45	99.89	144,285.85
Provision for bad debts is made on a collective basis	597,709,188.53	86.12	13,988,791.93	2.34	583,720,396.60	484,802,347.25	78.64	13,840,309.54	2.85	470,962,037.71
Including:										
Aging portfolio	121,815,775.08	17.55	13,988,791.93	11.48	107,826,983.15	86,974,416.64	14.11	13,840,309.54	15.91	73,134,107.10
Combination of security deposit and government subsidy	475,893,413.45	68.57	-	-	475,893,413.45	397,827,930.61	64.53	-	-	397,827,930.61
Total	694,051,638.77	100.00	110,124,131.22		583,927,507.55	616,501,477.55	100.00	145,395,153.99		471,106,323.56

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

2) Others (Continued)

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

Provision for bad debts is made on a collective basis:

Items	31 December 2022		Provision ratio(%)
	Other receivables	Provision for bad and doubtful debts	
Provision for bad debts based on aging portfolio			
Within 1 year (inclusive)	86,515,751.38	4,324,683.16	5.00
Over 1 year but within 2 years (inclusive)	15,858,947.18	1,585,894.76	10.00
Over 2 years but within 3 years (inclusive)	8,211,621.43	2,463,486.42	30.00
Over 3 years	11,229,455.09	5,614,727.59	50.00
Sub-total	121,815,775.08	13,988,791.93	
Combination of security deposit and government subsidy	475,893,413.45	-	
Total	597,709,188.53	13,988,791.93	

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

Category	31 December 2021	Charge into income statement	Changes during the year			31 December 2022
			Disposal/ Written-off	Foreign currency financial statement translation differences	Disposal of subsidiaries	
Provision for bad debts is made on an individual basis	131,554,844.45	(3,034,917.49)	32,384,587.67	-	-	96,135,339.29
Provision for bad debts is made on a collective basis	13,840,309.54	89,314.45	1,095.00	63,296.29	3,033.35	13,988,791.93
Total	145,395,153.99	(2,945,603.04)	32,385,682.67	63,296.29	3,033.35	110,124,131.22

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

2) Others (Continued)

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

Items	Amount of written-off
Other receivables of actually written off	32,385,682.67

Details of write-off of significant other receivables:

Name of debtor	Nature of other receivables	Amounts of written off	Reasons of written off	Procedures of written off	Receivables are generated by transactions with related parties
Tangshan Hongda Hot Roll Co., Ltd.	Material receivables	28,175,009.00	Confirmed not to be recovered	Approved by the board of directors	No
Foshan Nanhai Dunda Storage Transportation Co., Ltd.	Material receivables	4,209,578.67	Confirmed not to be recovered	Approved by the board of directors	No
Total		32,384,587.67			

(5) Disclosure of other receivables by nature

Nature	31 December 2022	31 December 2021
Security deposits	76,857,218.97	106,837,116.35
Government grants	318,813,931.23	252,612,009.12
Staff advances	17,881,207.09	15,732,490.24
Insurance compensation relating to traffic accidents	15,035,102.52	10,527,685.49
Payments and receipts on behalf	9,352,625.08	2,718,039.71
Amount due from related parties	77,725,204.56	33,509,203.04
Amount due from third parties	122,619,733.98	120,411,936.99
Others	55,766,615.34	74,152,996.61
Total	694,051,638.77	616,501,477.55

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Inventory

1) Inventory classification

Items	31 December 2022			31 December 2021		
	Book balance	Provision for impairment of inventories	Book value	Book balance	Provision for impairment of inventories	Book value
Raw materials	11,617,023.92	473,003.20	11,144,020.72	15,353,461.50	1,094,158.67	14,259,302.83
Finished goods	91,929,676.32	–	91,929,676.32	89,283,599.37	–	89,283,599.37
Others	1,679,180.63	–	1,679,180.63	1,679,743.12	–	1,679,743.12
Total	105,225,880.87	473,003.20	104,752,877.67	106,316,803.99	1,094,158.67	105,222,645.32

2) Provision for impairment of inventories

Items	31 December 2021	Increase during this year	Decrease during this year	31 December 2022
Raw materials	1,094,158.67	–	621,155.47	473,003.20
Total	1,094,158.67	–	621,155.47	473,003.20

7. Other current assets

Items	31 December 2022	31 December 2021
Deductible input VAT	24,179,157.90	54,983,320.25
Prepaid tax and surcharges	13,389,579.39	2,695,134.56
Total	37,568,737.29	57,678,454.81

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Long-term equity investments

Investee	Book balance as at 31 December 2021	Additional investment	Changes during this year				Book balance as at 31 December 2022	Provision for impairment as at 31 December 2022
			Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declaring cash dividends or profits		
1. Joint ventures								
Guangdong Yuehuahui Business Management Co., Ltd. (Note 1)	7,361,160.67	-	671,690.84	-	-	-	8,032,851.51	-
Zhuhai Yuegong Xinhai Transportation Co., Ltd. (Note 2)	45,642,118.30	27,308,813.37	(25,667,267.40)	(1,109,461.62)	-	-	46,174,202.65	-
Guangdong Zhongyou Top-E Energy Trading Company Limited (Note 3)	37,680,108.44	-	349,392.60	-	-	3,347,211.20	34,682,289.84	-
Guangdong Roadnet Innovalues Media Information Technology Co., Ltd.	3,105,334.23	-	(162,274.34)	-	-	-	2,943,059.89	-
Guangzhou Hehe Intelligent Technology Co., Ltd.	7,510.56	-	(7,510.56)	-	-	-	-	-
Shaoguan Yuehong Bus Station Company Limited	2,862,996.99	-	(278,409.90)	-	-	-	2,584,587.09	-
Sub-total	96,659,229.19	27,308,813.37	(25,094,378.76)	(1,109,461.62)	-	3,347,211.20	94,416,990.98	-
2. Associates								
Southern United Assets and Equity Exchange Co., Ltd.	62,169,306.74	-	15,492,050.88	-	-	16,261,267.49	61,400,090.13	-
Guangdong South Passenger Network Center Company Limited (Note 4)	5,475,353.80	-	2,766,952.82	-	-	-	8,242,306.62	-
Qingyuan Zhongguan Development Co., Ltd.	346,823.50	-	851.38	-	-	-	347,674.88	-
Zhuhai Wandatong Hongkong – Zhuhai-Macau Bridge Port Passenger Service Co., Ltd.	6,288,550.15	-	51,526.79	-	49,793.06	-	6,389,870.00	-
Lufeng Shen-Shan Expressway Services Company Limited	1,255,600.63	-	1,708,718.53	-	-	-	2,964,319.16	-
Heyuan City Yueyun New Energy Co., Ltd.	233,296.01	-	-	-	-	-	233,296.01	233,296.01
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	295,841.73	-	-	-	-	-	295,841.73	-
Guangzhou City Tianhe Coach Terminal Co., Ltd.	31,525,897.17	-	338,637.58	-	-	-	31,864,534.75	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Long-term equity investments (Continued)

Investee	Book balance as at 31 December 2021	Additional investment	Changes during this year					Book balance as at 31 December 2022	Provision for impairment as at 31 December 2022
			Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declaring cash dividends or profits	Others		
2. Associates (continued)									
Guangdong Guangye Yueyun Natural Gas Company Limited	8,734,159.02	-	(2,121,257.04)	-	-	-	-	6,612,901.98	-
CNPC Yueyun Natural Gas Co. Ltd.	11,319,216.44	-	(1,311,138.10)	-	(103,251.97)	-	-	9,904,826.37	-
Shantou City Automobile Passenger Traffic Centre Co., Ltd.	22,572,973.52	-	(1,067,252.07)	-	23,129.36	-	-	21,528,850.81	-
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	-	-	-	-	-	-	-	-	-
Shenzhen Yueyun Investment Development Company Limited	47,553,475.85	-	(901,148.26)	-	4,394.33	-	-	46,656,721.92	-
Hui Ke Tong Technology (Zhuhai) Company Limited	220,019.40	-	(220,019.40)	-	-	-	-	-	-
Express Cross-Border Coach Management Company Limited	-	-	-	-	-	-	-	-	-
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Company Limited	19,899,315.26	6,775,560.00	397.77	-	-	-	2,141,832.61	28,817,105.64	-
Guangdong-Hong Kong-Macao System Technology Co., Ltd.	-	-	-	-	-	-	-	-	-
Shaoguan Libao Technology Company Limited	2,144,957.82	-	649,341.72	-	-	110,000.00	-	2,684,299.54	-
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	930,000.00	-	-	-	-	-	-	930,000.00	930,000.00
Shaoguan City Danxia Mountain Travel Bus Company Limited	10,174,155.88	-	(1,836,602.02)	-	-	-	-	8,337,553.86	-
Shaoguan Huanya Vehicle Rental Co., Ltd.	500,000.00	-	-	-	-	-	-	500,000.00	-
Sub-total	231,638,942.92	6,775,560.00	13,551,060.58	-	(25,935.22)	16,371,267.49	2,141,832.61	237,710,193.40	1,163,296.01
Total	328,298,172.11	34,084,373.37	(11,543,318.18)	(1,109,461.62)	(25,935.22)	19,718,478.69	2,141,832.61	332,127,184.38	1,163,296.01

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For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Long-term equity investments (Continued)

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

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

Note 3: The Group holds 51% equity of Guangdong Zhongyou Top-E Energy Trading Company Limited. According to the company's articles of association of Guangdong Zhongyou Top-E Energy Trading Company Limited, the shareholders of the company exercise their voting rights in proportion to their capital contributions, and the special resolutions of the shareholders' meeting are adopted by voting by shareholders representing more than two thirds of the voting rights. Therefore, Guangdong Zhongyou Top-E Energy Trading Company Limited is a joint venture of the Group.

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

9. Investment in other equity instruments

1) Investment in other equity instruments

Items	31 December 2022	31 December 2021
Zhuhai Gongyun Automobile Transportation Co., Ltd. (Note 1)	2,880,000.00	2,880,000.00
Zhongdao Tourism Industry Development Co., Ltd. (Note 2)	150,000.00	600,000.00
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. (Note 3)	308,228.22	308,228.22
Puning City Yueyun Huazhan Co., Ltd. (Note 3)	309,360.00	309,360.00
Chaozhou Hengan Transportation Co., Ltd.	96,460.00	96,460.00
Chaozhou United Motor Vehicle Business Consulting Service Co., Ltd.	30,000.00	30,000.00
Guangdong South Container Transportation United Company (Note 4)	–	–
Guangzhou Huadu Jindaoda expressway economic development Co., Ltd. (Note 4)	–	–
Total	3,774,048.22	4,224,048.22

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Investment in other equity instruments (Continued)

1) Investment in other equity instruments (Continued)

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

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

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

Note 4: As at 31 December 2022, the Group held 14.11% and 10% equity interests in Guangdong Nanfang Container Transport Co., Ltd. and Guangzhou Huadu Jindaoda Expressway Economic Development Co., Ltd. respectively. Guangdong Nanfang Container Transport Co. has been cancelled and Guangdong Huadu Jindaoda Expressway Economic Development Co., Ltd. has suffered losses all the year round. Therefore, on 31 December 2022, the fair value of the above two other equity instrument investments was zero.

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Investment properties

1) Investment properties using cost measurement model

Items	Buildings	Land use rights	Total
1. Cost			
(1) Balance as at 31 December 2021	161,542,689.35	29,893,851.89	191,436,541.24
(2) Additions during the year	128,505,625.29	1,229,015.81	129,734,641.10
– Transfer from fixed assets	128,230,134.99	–	128,230,134.99
– Foreign currency financial statement translation differences	275,490.30	1,229,015.81	1,504,506.11
(3) Decrease during the year	15,116,924.33	9,874,847.78	24,991,772.11
– Disposals of subsidiaries	15,116,924.33	9,874,847.78	24,991,772.11
(4) Balance as at 31 December 2022	274,931,390.31	21,248,019.92	296,179,410.23
2. Accumulated depreciation or amortisation			
(1) Balance as at 31 December 2021	34,440,870.29	6,406,216.43	40,847,086.72
(2) Additions during the year	17,139,322.73	715,571.62	17,854,894.35
– Accrual or amortization	2,823,735.04	374,381.43	3,198,116.47
– Transfer from fixed assets	14,055,995.55	–	14,055,995.55
– Foreign currency financial statement translation differences	259,592.14	341,190.19	600,782.33
(3) Decrease during the year	13,040,808.37	1,731,094.59	14,771,902.96
– Disposals of subsidiaries	13,040,808.37	1,731,094.59	14,771,902.96
(4) Balance as at 31 December 2022	38,539,384.65	5,390,693.46	43,930,078.11
3. Book value			
(1) As at 31 December 2022	236,392,005.66	15,857,326.46	252,249,332.12
(2) As at 31 December 2021	127,101,819.06	23,487,635.46	150,589,454.52

Note: The remaining period of amortisation of land use rights is 27 to 60 years.

As at 31 December 2022 and 31 December 2021, no investment properties of the Group were pledged for loans.

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Fixed assets

1) Fixed assets and fixed assets liquidation

Items	31 December 2022	31 December 2021
Fixed assets	2,936,259,591.76	3,500,026,141.34
Fixed assets liquidation	–	212,304.63
Total	2,936,259,591.76	3,500,238,445.97

2) Fixed assets

Items	Buildings and structures	Buildings improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Total
1. Cost						
(1) Balance as at 31 December 2021	2,137,767,915.22	270,862,025.94	137,667,156.76	415,495,440.41	3,786,999,319.49	6,748,791,857.82
(2) Additions during the year	62,044,345.90	–	7,296,113.46	17,212,677.09	73,258,254.82	159,811,391.27
– Purchases	7,473,838.52	–	7,039,505.07	15,366,941.01	46,865,864.09	76,746,148.69
– Transfer from construction in progress	51,246,895.94	–	159,515.00	1,215,828.53	7,361,887.63	59,984,127.10
– Foreign currency financial statement translation differences	3,323,611.44	–	97,093.39	629,907.55	19,030,503.10	23,081,115.48
(3) Reductions during the year	153,893,344.89	884,898.47	3,548,255.03	18,496,264.59	391,349,681.67	568,172,444.65
– Disposals or discarding	11,438,169.64	884,898.47	3,548,255.03	17,892,492.76	390,865,255.44	424,629,071.34
– Transfer to investment properties	128,230,134.99	–	–	–	–	128,230,134.99
– Disposals of subsidiaries	14,225,040.26	–	–	603,771.83	484,426.23	15,313,238.32
(4) Balance as at 31 December 2022	2,045,918,916.23	269,977,127.47	141,415,015.19	414,211,852.91	3,468,907,892.64	6,340,430,804.44

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For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Fixed assets (Continued)

2) Fixed assets (Continued)

Items	Buildings and structures	Buildings improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Total
2. Accumulated depreciation						
(1) Balance as at 31 December 2021	590,071,948.56	160,519,050.81	65,804,132.10	275,371,677.83	2,152,823,790.15	3,244,590,599.45
(2) Additions during the year	90,683,433.77	21,821,381.82	11,698,748.84	20,228,500.60	416,515,209.72	560,947,274.75
– Accruals	88,892,139.85	21,821,381.82	11,603,555.83	19,878,691.47	399,802,407.11	541,998,176.08
– Foreign currency financial statement translation differences	1,791,293.92	–	95,193.01	349,809.13	16,712,802.61	18,949,098.67
(3) Reductions during the year	27,388,783.05	884,898.47	1,910,428.63	16,193,694.38	359,163,974.02	405,541,778.55
– Disposals or discarding	4,579,760.43	884,898.47	1,910,428.63	15,745,466.16	358,795,007.52	381,915,561.21
– Transfer to investment properties	14,055,995.55	–	–	–	–	14,055,995.55
– Disposals of subsidiaries	8,753,027.07	–	–	448,228.22	368,966.50	9,570,221.79
(4) Balance as at 31 December 2022	653,366,599.28	181,455,534.16	75,592,452.31	279,406,484.05	2,210,175,025.85	3,399,996,095.65
3. Provision of impairment						
(1) Balance as at 31 December 2021	–	–	–	–	4,175,117.03	4,175,117.03
(2) Balance as at 31 December 2022	–	–	–	–	4,175,117.03	4,175,117.03
4. Book value						
(1) Book value as at 31 December 2022	1,392,552,316.95	88,521,593.31	65,822,562.88	134,805,368.86	1,254,557,749.76	2,936,259,591.76
(2) Book value as at 31 December 2021	1,547,695,966.66	110,342,975.13	71,863,024.66	140,123,762.58	1,630,000,412.31	3,500,026,141.34

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Fixed assets (Continued)

2) Fixed assets (Continued)

Note: As at 31 December 2022, fixed assets of the Group with carrying amount of RMB194,940,126.19 (31 December 2021: RMB317,488,454.17) were pledged for bank loans, among which, RMB173,938,669.96 (31 December 2021: RMB295,746,756.11) were pledged for long-term loans, RMB21,001,456.23 (31 December 2021: RMB21,741,698.06) were pledged for short-term loans and RMB65,866,878.62 (31 December 2021: RMB19,761,962.23) 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 2022, the book value of such buildings and structures was RMB83,312,761.26 (31 December 2021: RMB200,737,595.43).

4) Fixed assets liquidation

Items	31 December 2022	31 December 2021
Transportation vehicles	–	212,304.63
Total	–	212,304.63

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress

1) Construction in progress

Items	31 December 2022	31 December 2021
Construction in progress	39,634,094.62	68,174,239.36
Total	39,634,094.62	68,174,239.36

2) Movements of construction in progress

Items	31 December 2022			31 December 2021		
	Gross carrying amount	Provision for impairment	Book value	Gross carrying amount	Provision for impairment	Book value
Bus station reconstruction	18,491,758.53	451,957.10	18,039,801.43	26,699,743.17	451,957.10	26,247,786.07
Commercial transformation of service zones	9,275,395.64	-	9,275,395.64	5,578,538.12	-	5,578,538.12
Yueyun transportation office Renovation	3,008,368.63	-	3,008,368.63	3,008,368.63	-	3,008,368.63
Digital Media Project	1,169,612.37	-	1,169,612.37	5,723,970.16	-	5,723,970.16
Reconstruction project of "Three Old"	-	-	-	14,878,562.56	-	14,878,562.56
Purchase of vehicles	-	-	-	5,998,000.00	-	5,998,000.00
Others	8,140,916.55	-	8,140,916.55	6,739,013.82	-	6,739,013.82
Total	40,086,051.72	451,957.10	39,634,094.62	68,626,196.46	451,957.10	68,174,239.36

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Construction in progress (Continued)

3) Movements of construction projects in progress

Project name	31 December 2021	Additions during the year	Transfer to fixed assets	31 December 2022
Parking lot project	7,725,781.75	395,845.78	8,121,627.53	-
Purchase of vehicles	5,998,000.00	1,363,887.63	7,361,887.63	-
Commercial transformation of service zones	5,578,538.12	39,284,447.17	35,587,589.65	9,275,395.64
Binhai Bus Terminal Construction Project	3,006,627.19	453,912.53	-	3,460,539.72
Yangchun Bus Terminal Renovation Project	2,308,038.22	625,218.01	2,933,256.23	-
Rain and sewage diversion construction	343,854.32	630,925.36	-	974,779.68
Chaozhou Bus Terminal Construction Project	226,624.00	210,821.00	437,445.00	-
Yangjiang Terminal Driving Training Office Renovation	-	1,078,000.00	-	1,078,000.00
Yangjiang Terminal and bus parking space renovation	-	774,938.19	-	774,938.19
Total	25,187,463.60	44,817,995.67	54,441,806.04	15,563,653.23

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Right-of-use assets

Items	Buildings and structures	Lease of land	Transportation vehicles	Total
1. Cost				
(1) 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) Additions during the year	188,193,720.27	5,090,478.99	736,040.94	194,020,240.20
– Additions of lease	187,250,530.56	5,090,478.99	736,040.94	193,077,050.49
– Foreign currency financial statement translation differences	943,189.71	–	–	943,189.71
(3) Reduction during the year	86,615,378.72	9,926,462.78	40,196,588.50	136,738,430.00
– Disposal	86,615,378.72	9,926,462.78	40,196,588.50	136,738,430.00
(4) Balance as at 31 December 2022	2,741,532,267.22	97,405,028.53	620,469,443.20	3,459,406,738.95
2. Accumulated depreciation				
(1) Balance as at 31 December 2021	959,572,478.01	39,696,778.48	288,288,370.43	1,287,557,626.92
(2) Additions during the year	178,618,638.68	6,592,426.48	72,614,367.50	257,825,432.66
– Accrual	177,991,130.32	6,592,426.48	72,614,367.50	257,197,924.30
– Foreign currency financial statement translation differences	627,508.36	–	–	627,508.36
(3) Reduction during the year	37,695,994.43	9,926,462.78	12,397,791.21	60,020,248.42
– Disposal	37,695,994.43	9,926,462.78	12,397,791.21	60,020,248.42
(4) Balance as at 31 December 2022	1,100,495,122.26	36,362,742.18	348,504,946.72	1,485,362,811.16
3. Book value				
(1) As at 31 December 2022	1,641,037,144.96	61,042,286.35	271,964,496.48	1,974,043,927.79
(2) As at 31 December 2021	1,680,381,447.66	62,544,233.84	371,641,620.33	2,114,567,301.83

Note: As at 31 December 2022, transportation vehicles with carrying amount of RMB265,509,976.62 were pledged for lease (31 December 2021: RMB366,181,756.83).

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets

1) Details of intangible assets

Items	Land use rights	Computer software	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
1. Cost							
(1) Balance as at 31 December 2021	821,062,738.04	101,767,340.58	35,829,161.53	387,478,456.26	317,927,861.19	4,321,958.72	1,668,387,516.32
(2) Additions during the year	3,271,034.10	4,891,351.72	3,317,352.66	-	123,582.00	540,575.19	12,143,895.67
- Purchases	-	4,626,272.47	-	-	123,582.00	540,575.19	5,290,429.66
- Foreign currency financial statement translation differences	3,271,034.10	-	3,317,352.66	-	-	-	6,588,386.76
- Transfer from construction in progress	-	265,079.25	-	-	-	-	265,079.25
(3) Reductions during the year	20,498,027.79	563,076.66	-	-	1,795,464.00	188,679.24	23,045,247.69
- Disposal	15,223,176.00	563,076.66	-	-	1,795,464.00	188,679.24	17,770,395.90
- Disposals of subsidiaries	5,274,851.79	-	-	-	-	-	5,274,851.79
(4) Balance as at 31 December 2022	803,835,744.35	106,095,615.64	39,146,514.19	387,478,456.26	316,255,979.19	4,673,854.67	1,657,486,164.30
2. Accumulated amortization							
(1) 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
(2) Additions during the year	18,446,461.06	12,529,347.98	-	11,315,635.18	22,686,723.94	332,674.08	65,310,842.24
- Accrual	17,033,059.19	12,529,347.98	-	11,315,635.18	22,686,723.94	332,674.08	63,897,440.37
- Foreign currency financial statement translation differences	1,413,401.87	-	-	-	-	-	1,413,401.87
(3) Reductions during the year	10,133,275.66	563,076.66	-	-	1,795,464.00	50,314.56	12,542,130.88
- Disposal	6,550,948.41	563,076.66	-	-	1,795,464.00	50,314.56	8,959,803.63
- Disposals of subsidiaries	3,582,327.25	-	-	-	-	-	3,582,327.25
(4) Balance as at 31 December 2022	186,975,078.33	69,696,304.19	-	302,065,799.33	217,114,522.96	2,291,104.17	778,142,808.98
3. Provision of impairment							
(1) Balance as at 31 December 2021	-	-	-	-	-	-	-
(2) Additions during the year	2,956,979.57	-	-	-	-	-	2,956,979.57
- Accrual	2,956,979.57	-	-	-	-	-	2,956,979.57
(3) Balance as at 31 December 2022	2,956,979.57	-	-	-	-	-	2,956,979.57
4. Book value							
(1) As at 31 December 2022	613,903,686.45	36,399,311.45	39,146,514.19	85,412,656.93	99,141,456.23	2,382,750.50	876,386,375.75
(2) As at 31 December 2021	642,400,845.11	44,037,307.71	35,829,161.53	96,728,292.11	121,704,598.17	2,313,214.07	943,013,418.70

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Intangible assets (Continued)

1) Details of intangible assets (Continued)

Note 1: As at 31 December 2022, land use rights with carrying amount of RMB115,879,308.27 (31 December 2021: RMB138,119,749.90) were pledged for bank loans, among which, RMB80,607,440.30 (31 December 2021: RMB95,210,187.94) were pledged for long-term loans, RMB35,271,867.97 (31 December 2021: RMB42,909,561.96) were pledged for short-term loans. As at 31 December 2022, land use rights with carrying amount of RMB1,025,674.00 (31 December 2021: RMB1,025,674.00) were pledged for long-term payables. As at 31 December 2022, there were no other restriction on the 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, Yangjiang and Meizhou etc. have not yet obtained the certificates of ownership. As at 31 December 2022, the carrying amount of land use rights without certificate of the title for the Group was RMB7,130,970.79 (31 December 2021: RMB7,299,497.59).

Note 3: As at 31 December 2022, land use rights with carrying amount of RMB90,817,804.81 (31 December 2021: RMB93,924,478.99) were obtained through allocation.

15. Development expenditure

Project	31 December 2021	Additions during the year Internal development expenditure	Reductions during the year Recognized as intangible assets	31 December 2022
Video Surveillance Rescue Cloud Service Platform	3,101,047.16	4,998,486.92	–	8,099,534.08
Yuexing platform added chartering business requirements and online car booking information security projects	708,714.63	–	708,714.63	–
Others	–	128,734.53	–	128,734.53
Total	3,809,761.79	5,127,221.45	708,714.63	8,228,268.61

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill

1) Movements of goodwill

Name of investee from which goodwill arising	31 December 2021	Additions during the year Accrual	Reductions during the year Disposal	31 December 2022
Cost				
Heyuan City Yueyun Motor Transportation Co., Ltd.	28,559,728.57	–	–	28,559,728.57
Qingyuan Yueyun Vehicles Transportation Co., Ltd. (Note 1)	35,402,088.43	–	–	35,402,088.43
Guangdong Yueyun Langri Co., Ltd.	23,198,978.67	–	–	23,198,978.67
Guangdong Yangjiang Vehicles Transportation Group Co., Ltd.	7,558,101.69	–	–	7,558,101.69
Yangjiang City Yangzha New Image Public Transportation Co., Ltd.	5,416,461.97	–	5,416,461.97	–
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	–	–	2,100,000.00
Guangdong FLY-E Logistics Technology Co., Ltd.	6,809,901.49	–	–	6,809,901.49
Guangdong Zhong Yue Tong Oil Products Operation Co., Ltd.	1,641,316.22	–	–	1,641,316.22
Zhongshan Yueyun Tongxing Transportation Co. Ltd.	528,466.69	–	–	528,466.69
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	1,402,500.00	–	–	1,402,500.00
Sub-total	112,617,543.73	–	5,416,461.97	107,201,081.76
Provision for impairment				
Heyuan City Yueyun Motor Transportation Co., Ltd.	24,021,500.84	–	–	24,021,500.84
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	–	30,481,922.87	–	30,481,922.87
Guangdong Yueyun Langri Co., Ltd.	–	15,111,950.23	–	15,111,950.23
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	–	1,219,286.93	–	1,219,286.93
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	–	–	2,100,000.00
Guangdong FLY-E Logistics Technology Co., Ltd.	6,809,901.49	–	–	6,809,901.49
Zhongshan Yueyun Tongxing Transportation Co. Ltd.	528,466.69	–	–	528,466.69
Sub-total	33,459,869.02	46,813,160.03	–	80,273,029.05
Book value	79,157,674.71			26,928,052.71

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill (Continued)

2) Information of the goodwill related to asset group or portfolio of asset group

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

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

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill (Continued)

2) Information of the goodwill related to asset group or portfolio of asset group (Continued)

	Note	2022	2021
Heyuan City Yueyun Motor Transportation Co.,Ltd. Vehicle Assets Group (Note 1)	(a)	22,241,351.46	22,241,351.46
Heyuan City Yueyun Motor Transportation Co., Ltd. Bus Station Assets Group	(b)	6,318,377.11	6,318,377.11
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group (Note 2)	(a)	30,481,922.87	30,481,922.87
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Bus Station Assets Group	(b)	4,920,165.56	4,920,165.56
Guangdong Yueyun Langri Co., Ltd. Vehicle Assets Group	(a)	15,111,950.23	15,111,950.23
Guangdong Yueyun Langri Co., Ltd. Bus Station Assets Group	(b)	8,087,028.44	8,087,028.44
Guangdong Yangjiang Vehicles Transportation Co., Ltd. Bus Station Assets Group	(b)	7,558,101.69	7,558,101.69
Yangjiang City Yangzha New Image Public Transportation Co., Ltd. Vehicle Assets Group (Note 3)	(a)	–	5,416,461.97
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group (Note 1)	(a)	2,100,000.00	2,100,000.00
Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Assets Group (Note 1)	(a)	6,809,901.49	6,809,901.49
Zhongyuetong Gas Station Assets Group	(a)	1,641,316.22	1,641,316.22
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	(a)	1,219,286.93	1,219,286.93
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	(b)	183,213.07	183,213.07
Zhongshan Yueyun Tongxing Transportation Co., Ltd. Vehicle Assets Group (Note 1)	(a)	528,466.69	528,466.69
Total		107,201,081.76	112,617,543.73

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill (Continued)

2) Information of the goodwill related to asset group or portfolio of asset group (Continued)

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

For the above mentioned asset groups, the recoverable amount is determined based on the present value of expected future cash flows. The present value of expected future cash flows was projected based on the most recent five-year financial budgets approved by management and a discount rate (weighted average cost of capital) of 12.68%~13.52% (2021: 11.67%~12.49%). The expected growth rate of cash flows beyond the five-year budget period were assumed to be 0%.

As at 31 December 2022, according to the estimated recoverable amount of Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group, Guangdong Yueyun Langri Co., Ltd. Vehicle Assets Group and Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group, the Group made provision of RMB30,481,922.87, RMB15,111,950.23 and RMB1,219,286.93 respectively.

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

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

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill (Continued)

2) Information of the goodwill related to asset group or portfolio of asset group (Continued)

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

	Average income growth rate during the forecast period	Average profit margin during the forecast period
Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group	6.75%	1.50%
Guangdong Yueyun Langri Co., Ltd. Vehicle Assets Group	4.98%	2.55%
Zhongyuetong Gas Station Asset Group	-1.12%	8.47%
Zhaoqing City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group	6.93%	-1.87%

Note 1: At the previous balance sheet date, according to the estimated recoverable amount of Heyuan City Yueyun Motor Transportation Co., Ltd. Vehicle Assets Group, Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. Vehicle Assets Group, Guangdong FLY-E Logistics Technology Co., Ltd. Software Platform Assets Group and Zhongshan Yueyun Tongxing Transportation Co., Ltd. Vehicle Assets Group, the Group made provision of RMB22,241,351.46, RMB2,100,000.00, RMB6,809,901.49 and RMB528,466.69 respectively.

Note 2: In 2021, Qingyuan Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Group, absorbed and merged Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd., and the fleet and related personnel of Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd. have been merged into Qingyuan Yueyun Vehicles Transport Co., Ltd. and is no longer independently accounted for. Therefore, when the Group conducts the goodwill impairment test at the end of the year, the original Qingyuan City Qingxin Zone Yueyun Motor Transportation Co., Ltd. fleet asset group merged into the Qingyuan Yueyun Vehicles Transportation Co., Ltd. Vehicle Assets Group test.

Note 3: Yangjiang City Yangzha New Image Public Transportation Co., Ltd. completed the industrial and commercial cancellation in 2022, which is not included the scope of combination any longer. Therefore, the Group transferred the goodwill of Yangjiang City Yangzha New Image Public Transportation Co., Ltd. Vehicle Assets Group into investment income.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill (Continued)

2) Information of the goodwill related to asset group or portfolio of asset group (Continued)

(b) Bus Station Asset Group

For the above station asset group, the recoverable amount is determined by the fair value less costs of disposal. In the related asset group, the fair value of land and buildings is determined according to the bidding, auction and listing transaction price of similar lots or recent related evaluation reports; the fair value of other assets such as equipment is determined according to the replacement cost method. Disposal costs consider transaction listing costs, intermediary fees, and transaction taxes. As at 31 December 2022, the Group's management's estimation based on the estimation recoverable amount of bus station assets group, no impairment loss was recognized by the Group's management.

17. Long-term deferred expenses

Items	31 December 2021	Additions during the year	Decrease during the year	31 December 2022
Leasehold improvements	276,316,594.82	52,721,394.83	67,371,481.97	261,666,507.68
Others	16,173,830.85	2,111,771.35	6,111,848.44	12,173,753.76
Total	292,490,425.67	54,833,166.18	73,483,330.41	273,840,261.44

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Deferred tax assets and deferred tax liabilities

1) Deferred tax assets that are not offset

Items	31 December 2022		31 December 2021	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for bad and doubtful debts of accounts receivable	27,555,097.82	6,461,019.44	50,506,847.12	12,433,848.41
Provision for bad and doubtful debts of other receivables	38,043,883.70	9,438,578.38	83,784,594.90	20,911,377.01
Provision for impairment of inventories	–	–	34,354.34	8,588.59
Provision for impairment of prepayment	–	–	468,764,363.80	117,191,090.95
Provision for impairment of other non-current assets	930,000.00	232,500.00	8,182,934.64	2,045,733.66
Unrealised profits arising from transactions within the Group	3,358,584.88	839,646.22	3,353,019.80	838,254.95
Deductible tax losses	128,767,938.90	27,461,961.39	159,702,346.97	35,428,153.11
Accrued Expenses	5,852,508.16	1,455,793.78	6,877,249.06	1,710,400.47
Employee benefits payable	20,933,025.54	5,233,256.40	36,532,632.71	9,133,158.51
Amortisation of intangible assets	1,436,460.11	359,115.03	1,596,344.36	399,086.09
Long-term employee benefits payable	20,096,253.39	5,024,063.35	22,749,364.94	5,661,801.87
Depreciation of fixed assets	8,135,236.95	2,033,809.24	7,446,154.76	1,861,538.69
Lease expense	386,301,498.09	96,575,374.54	354,372,755.72	88,593,188.92
Deferred revenue	73,076,359.33	18,219,089.84	99,965,584.85	24,991,396.22
Others	–	–	4,709,117.49	1,177,279.38
Total	714,486,846.87	173,334,207.61	1,308,577,665.46	322,384,896.83

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Deferred tax assets and deferred tax liabilities (Continued)

2) Deferred tax liabilities that are not offset

Items	31 December 2022		31 December 2021	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Assets appreciation	116,413,960.55	29,103,490.13	119,253,712.69	29,813,428.17
Debit difference of long-term equity investments	16,078,348.56	4,019,587.14	16,537,729.88	4,134,432.47
Investment income	4,396,765.36	1,099,191.34	8,280,250.84	2,070,062.71
Government grants	61,150,112.65	15,287,528.16	56,150,112.65	14,037,528.16
Depreciation of fixed assets	252,713,424.69	62,463,275.51	315,200,718.68	77,952,187.26
Total	450,752,611.81	111,973,072.28	515,422,524.74	128,007,638.77

3) Deferred tax assets or liabilities presented on a net basis after offset

Items	31 December 2022		31 December 2021	
	Deferred tax assets and liabilities offset	Balance of deferred tax assets or liabilities after offset	Deferred tax assets and liabilities offset	Balance of deferred tax assets or liabilities after offset
Deferred tax assets	49,410,168.06	123,924,039.55	57,588,133.39	264,796,763.44
Deferred tax liabilities	49,410,168.06	62,562,904.22	57,588,133.39	70,419,505.38

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Deferred tax assets and deferred tax liabilities (Continued)

4) Details of unrecognized deferred tax assets

Items	31 December 2022	31 December 2021
Deductible temporary differences	283,299,134.41	159,091,549.20
Deductible tax losses	1,628,348,652.16	1,099,451,116.81
Total	1,911,647,786.57	1,258,542,666.01

Note: As certain of the Group's subsidiaries consider that it is not probable that sufficient taxable profits will be available in future periods to offset the above deductible temporary differences and deductible losses, no deferred tax assets are recognised on the above deductible tax losses and temporary differences.

5) Deductible tax losses for unrecognized deferred tax assets will expire in the following years

Year	31 December 2022	31 December 2021
2022	–	56,640,112.48
2023	55,449,927.78	64,178,078.00
2024	64,383,990.27	86,675,965.33
2025	73,876,045.25	87,040,007.16
2026	464,036,298.51	506,811,578.79
2027	678,183,732.12	–
2028	292,418,658.23	298,105,375.05
Total	1,628,348,652.16	1,099,451,116.81

Note: According to "The Announcement on tax revenue policies for supporting COVID-19 prevention and control" (Announcement [2020] No. 8) issued by MOF and National Tax Bureau, the tax loss carried forward can be extended from 5 years to 8 years for the enterprises affected by the epidemic seriously.

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Other non-current assets

Items	31 December 2022			31 December 2021		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Prepayments for land use rights (note1)	37,483,062.84	–	37,483,062.84	47,483,062.84	–	47,483,062.84
Prepaid taxes	8,215,704.95	–	8,215,704.95	9,250,772.11	–	9,250,772.11
Deductible input VAT	–	–	–	54,297,275.46	–	54,297,275.46
Prepayment for long-term assets	37,544,959.08	–	37,544,959.08	37,057,372.91	–	37,057,372.91
Revaluation increment of asset value of Guangdong Yueyun Langri Co., Ltd. (note 2)	16,078,348.55	–	16,078,348.55	16,537,729.94	–	16,537,729.94
Prepaid lease payments	–	–	–	133,333,333.13	–	133,333,333.13
Others	14,242,266.38	–	14,242,266.38	14,678,425.78	–	14,678,425.78
Total	113,564,341.80	–	113,564,341.80	312,637,972.17	–	312,637,972.17

Note1: As at 31 December 2022, the prepayments for land use rights of the Group are mainly paid by Qingyuan Yueyun Vehicles Transportation Co., Ltd., a subsidiary of the Group, for the land expropriation of Jiangnan Automobile Passenger Station. The prepayments for land use rights with carrying amount of RMB10 million of the beginning of the year, prepaid by Guangdong Yueyun Langri Co., Ltd., a subsidiary of the Group, has been returned this year.

Note 2: The other non-current asset represents revaluation increment of net identifiable asset value of Guangdong Yueyun Langri Co. Ltd. as at 23 November 2007, the date on which Guangdong Vehicles Transportation Group Company Limited (“GVTG”), the company’s subsidiary, acquired their equity interests. GVTG adopted CAS since 1 January 2009, and pursuant to the provision of “the Experts’ view on implementation issues of CAS” in relation to the treatment on the balance of the debit difference of long-term equity investments in subsidiaries arising from combination of companies held by the acquirer which are not under a business combination involving enterprises under common control, if the acquirer can determine the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date, the balance of the differences between the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date and their carrying amounts, net of amortisation, as at the initial implementation date, shall be allocated to each of identifiable assets and liabilities of the acquire in a reasonable method, and shall be depreciated and amortised over the remaining useful life of identifiable assets of the acquire. Such depreciation and amortisation is included under the investment income item in the consolidated income statement; in case such balance could not be allocated to each of identifiable assets and liabilities of the acquire, it shall be amortised evenly over the remaining amortisation period of differences of original equity investments and shall be included under the investment income item in the consolidated income statement. Balance that is not amortised completely shall be included in the consolidated balance sheet as other non-current asset. Since GVTG could not allocate the balance of such valuation increment to identifiable assets and liabilities of Guangdong Yueyun Langri Co., Ltd., thus GVTG accounts for the balance of such valuation increment as other non-current assets. Amortisation period is from the acquisition date to the termination date of operation that is from November 2007 to October 2057.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

20. Short-term loans

1) *Classification of short-term loans*

Items	31 December 2022	31 December 2021
Pledged loan (Note 2)	6,000,000.00	–
Including: Guangdong Provincial Communication Group Finance Company Limited (“GCG Finance”)	6,000,000.00	–
Loans secured by mortgages (Note 3)	145,391,927.90	176,216,071.36
Pledged and mortgaged loans	–	5,000,000.00
Unsecured loans	598,645,899.68	574,685,287.39
Including: Loans from banks	598,645,899.68	374,685,287.39
GCG Finance	–	200,000,000.00
Total	750,037,827.58	755,901,358.75

Note 1: As at 31 December 2022, 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 2021: 1.90%-6.50%).

Note 2: As at 31 December 2022, the pledged loan held by the Group is the loan borrowed by the subsidiary Shenzhen Yuegang Transport Company Limited with its 20% equity interest as the pledged assets.

Note 3: For the details of assets mortgaged for secured loans as at 31 December 2022, please refer to Notes V 11 and 14.

2) *Overdue short-term loans*

As at 31 December 2022, the Group had no overdue short-term loans (31 December 2021: nil).

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Bills payable

Category	31 December 2022	31 December 2021
Bank acceptance bills	68,660,943.50	1,318,800.00
Total	68,660,943.50	1,318,800.00

As at 31 December 2022, the Group had no overdue bills payable that have not been settled.

22. Accounts payable

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

Items	31 December 2022	31 December 2021
Materials payable	63,388,211.64	106,326,212.74
Transportation fee payable	81,646,846.89	99,719,661.91
Contract payments for cars	48,321,086.82	80,716,054.74
Progress payments for constructions	196,848,679.09	209,517,502.02
Expressway service zones contracts fee payable	76,835,881.23	60,658,167.60
Fuel expenses payable	33,098,168.30	26,580,236.10
Service fees payable	11,360,390.54	13,039,798.66
Others	59,713,498.71	51,770,631.55
Total	571,212,763.22	648,328,265.32

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Accounts payable (Continued)

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

Items	31 December 2022	31 December 2021
Within 1 year (inclusive)	237,642,101.34	506,796,666.07
Over 1 year but within 2 years (inclusive)	240,192,870.10	65,874,406.97
Over 2 years but within 3 years (inclusive)	46,313,948.41	17,523,935.48
Over 3 years	47,063,843.37	58,133,256.80
Total	571,212,763.22	648,328,265.32

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

Item	31 December 2022	Nature and reasons for unsettlement
Guangxi Construction First Construction Engineering Group Co., Ltd.	38,276,477.81	Construction fee unsettled
Maoming Dianbai Eryun Transportation Co., Ltd.	18,600,294.00	Contract payments for cars undue.
Guangdong Wuhua Erjian Engineering Co., Ltd.	16,126,072.64	Construction fee unsettled
Total	73,002,844.45	

23. Advances from customers

1) *The nature of advances from customers is as follows:*

Items	31 December 2022	31 December 2021
Advances from contractors	78,587,527.85	85,204,125.73
Advances for advertising space rental fee	12,818,642.01	15,492,941.16
Other advances	8,859,459.26	4,061,321.80
Total	100,265,629.12	104,758,388.69

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Advances from customers (Continued)

2) The aging analysis of advances from customers is as follows:

Items	31 December 2022	31 December 2021
Within 1 year (inclusive)	96,350,332.22	95,471,848.03
Over 1 year but within 2 years (inclusive)	1,363,268.20	3,958,964.78
Over 2 years but within 3 years (inclusive)	1,422,413.63	4,437,991.96
Over 3 years	1,129,615.07	889,583.92
Total	100,265,629.12	104,758,388.69

3) Advances from customers with aging over one year

As at 31 December 2022, the Group had no advances from customers with aging over one year with individual amount over RMB10 million.

24. Contract liabilities

1) Contract liabilities

Items	31 December 2022	31 December 2021
Advances payments for transportation fees	17,008,459.59	12,422,768.38
Advances payments for goods	17,547,659.21	37,159,483.14
Advances payments for services fee	6,479,706.27	7,653,666.94
Total	41,035,825.07	57,235,918.46

2) Amount and reasons for significant changes in book value during the reporting period

The Group's contractual liabilities with carrying amount of RMB57,235,918.46 as of 31 December 2021 have been transferred into operating income in the current year, including passenger transportation income of RMB12,422,768.38 (2021: RMB5,449,361.14), commodity sales income of RMB37,159,483.14 (2021: RMB43,099,347.29), and other service income of RMB7,653,666.94 (2021: RMB5,564,839.84).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. Employee benefits payable

1) Employee benefits payable

Items	31 December 2022	31 December 2021
Short-term employee benefits	169,438,550.20	161,391,667.81
Post-employment benefits-defined contribution plans	46,179,066.50	23,374,322.39
Termination benefits	11,425,293.32	17,649,078.62
Long-term employee benefits due within one year (note V. 34)	9,804,861.05	11,448,460.53
Total	236,847,771.07	213,863,529.35

2) Short-term employee benefits

Items	31 December 2021	Additions during the year	Reductions during the year	31 December 2022
(1) Salaries, bonuses, allowances	147,459,638.78	1,273,743,375.39	1,266,889,798.07	154,313,216.10
(2) Staff welfare	101,678.21	60,650,512.85	60,650,522.85	101,668.21
(3) Social insurance	2,351,203.02	76,126,790.48	75,088,990.04	3,389,003.46
Including: Medical insurance and maternity insurance	1,916,492.66	70,956,757.77	70,172,331.10	2,700,919.33
Work-related injury insurance	434,603.32	3,319,296.67	3,065,922.90	687,977.09
Others	107.04	1,850,736.04	1,850,736.04	107.04
(4) Housing fund	3,364,531.35	78,175,973.89	77,119,672.89	4,420,832.35
(5) Labor union fee, staff and workers' education fee	7,887,478.85	23,283,125.18	24,146,211.22	7,024,392.81
(6) Other short-term employee benefits	227,137.60	18,215,583.38	18,253,283.71	189,437.27
Total	161,391,667.81	1,530,195,361.17	1,522,148,478.78	169,438,550.20

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Employee benefits payable (Continued)

3) Defined contribution plans

Items	31 December 2021	Additions during the year	Reductions during the year	31 December 2022
Basic pension insurance	19,784,072.61	151,673,470.26	134,596,981.70	36,860,561.17
Unemployment insurance	509,793.38	3,806,444.81	3,408,399.48	907,838.71
Annuity payments	3,080,456.40	10,534,138.45	5,228,665.45	8,385,929.40
Mandatory provident fund	–	519,579.77	494,842.55	24,737.22
Total	23,374,322.39	166,533,633.29	143,728,889.18	46,179,066.50

Pursuant to the relevant laws and regulations of the PRC, the Company and its domestic subsidiaries participated in defined contribution plans, including basic pension insurance, unemployment insurance and enterprise annuity plans, established and managed by government organisations. According to such plans, the Group makes contributions to those insurance plans based on the applicable benchmarks and rates stipulated by the government. Meanwhile, pursuant to the relevant laws and regulations of Hong Kong, subsidiaries of the Company in Hong Kong make contributions to the Mandatory Provident Fund Schemes for all Hong Kong employees at the lower of 5% of the monthly employee benefits or the cap (which is adjusted annually). Apart from the above monthly payment fee, the Group shall not undertake any further payment obligation and shall not use or withdraw the contributions already paid.

26. Taxes payable

Tax items	31 December 2022	31 December 2021
VAT	17,616,136.82	18,580,347.32
Corporate income tax	29,302,284.86	35,465,190.36
Individual income tax	988,075.39	2,437,736.77
Urban maintenance and construction tax	702,187.28	1,307,851.38
Property tax	4,844,996.40	5,242,295.53
Land appreciation tax	2,278,318.60	9,489,806.68
Education surcharges (including local education surcharges)	516,162.57	909,726.32
Land use tax	1,380,399.61	1,264,465.99
Others	2,447,170.80	4,317,639.01
Total	60,075,732.33	79,015,059.36

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Other payables

Items	31 December 2022	31 December 2021
Dividends payable	26,571,213.34	26,571,213.34
Others	664,544,950.66	698,739,396.70
Total	691,116,164.00	725,310,610.04

1) Dividends payable

Items	31 December 2022	31 December 2021
Common stock dividends	26,571,213.34	26,571,213.34
Total	26,571,213.34	26,571,213.34

2) Other payables

(1) Other payables by nature:

Items	31 December 2022	31 December 2021
Security deposits and other deposits	279,232,834.01	290,629,909.96
Deposits received from drivers for safety management purpose	21,587,023.62	26,928,867.43
Accidents compensation payables	7,003,390.06	8,579,668.82
Amount received paid on behalf	94,533,194.03	103,228,872.45
Construction payables	28,156,487.23	47,861,301.27
Professional Service Fee	15,361,905.82	14,781,397.44
Water, electricity and fuel charges	3,356,799.09	2,440,446.63
Amount due to related parties	43,946,226.46	29,530,830.26
Amount due to third parties	107,694,779.08	76,106,776.21
Others	63,672,311.26	98,651,326.23
Total	664,544,950.66	698,739,396.70

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Other payables (Continued)

2) Other payables (Continued)

(2) The following other payables to customers with ageing over one year with individual amount over RMB10 million:

Items	31 December 2022	Reasons for unsettlement
Qingyuan City Jiafu Investment Co., Ltd.	30,409,189.52	Construction in progress, unbilled
BYD Automobile Industrial Co., Ltd.	38,050,000.00	Pure electric vehicle purchase subsidy, payment not yet requested by supplier
China Petrochemical Sales Co., Ltd. Guangdong Branch	18,200,000.00	Performance security deposit
Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd.	13,250,769.30	Amount due to related parties

28. Non-current liabilities due within one year

Items	Note V	31 December 2022	31 December 2021
Long-term loans due within one year	30	696,131,202.58	263,059,210.18
Bonds payable due within one year	31	–	390,873,016.30
Long-term payables due within one year	33	76,849,834.31	70,561,326.27
Lease liabilities due within one year	32	254,994,878.92	285,406,463.39
Bond interest payable due within one year		–	4,108,713.00
Total		1,027,975,915.81	1,014,008,729.14

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For the year ended 31 December 2022

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Other non-current liabilities

Item	31 December 2022	31 December 2021
Finance payable	19,500,000.00	35,000,000.00
Total	19,500,000.00	35,000,000.00

30. Long-term loans

Items	31 December 2022	31 December 2021
Unsecured loans	824,447,656.20	1,003,241,356.69
Including: Loans from banks	721,633,384.24	871,623,254.73
Loans from GCG Finance	102,814,271.96	131,618,101.96
Loans secured by mortgages (Note 2)	204,381,166.77	140,349,660.01
Pledged loans (Note 3)	17,519,864.49	35,830,404.99
Mortgaged and guaranteed loans (Note 4)	98,750,875.82	167,876,152.01
Pledged and mortgaged loans (Note 5)	10,132,429.95	11,000,000.00
Pledged, mortgaged and guaranteed loans (Note 6)	30,093,316.94	41,200,000.00
Total	1,185,325,310.17	1,399,497,573.70
Less: Long-term loans due within one year		
Including: Unsecured loans	537,501,656.20	104,410,379.16
Loans secured by mortgages	78,892,007.61	45,245,247.36
Pledged loans	5,519,864.49	14,630,404.99
Mortgaged and guaranteed loans	33,991,927.39	77,773,178.67
Pledged and mortgaged loans	10,132,429.95	3,000,000.00
Pledged, mortgaged and guaranteed loans	30,093,316.94	18,000,000.00
Sub-total (Note V 28)	696,131,202.58	263,059,210.18
Long-term loans due after 1 year	489,194,107.59	1,136,438,363.52
Including: Due after 1 year but within 2 years	68,522,570.79	437,929,765.08
Due after 2 years but within 5 years	352,574,383.72	568,300,678.44
After 5 years	68,097,153.08	130,207,920.00

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Long-term loans (Continued)

Note 1: As at 31 December 2022, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 3.00% – 5.30% per annum (31 December 2021: 3.65% – 4.90%).

Note 2: For the details of assets mortgaged for secured loans as at 31 December 2022, please refer to Notes V 11 and 14.

Note 3: As at 31 December 2022, pledged loans held by the Group include: ①the loans borrowed by Qingyuan Yueyun Vehicles Transportation Co., Ltd. with RMB200,000.00 as the pledge deposit; ②the loan borrowed by Shanwei Yueyun Automobile Transportation 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 2022, mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: ①Heyuan City Yueyun Motor Transportation Co., Ltd. with land as collateral, and joint liability guaranteed by shareholders for the remaining exposures in proportion to their shareholdings; ②the 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 2022, 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 2022, pledged, mortgaged and guaranteed loans held by the Group are the loan borrowed by Shanwei Yueyun Automobile Transportation 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 liabilities.

Note 7: As at 31 December 2022, there was no overdue borrowing by the Group (31 December 2021: nil).

31. Bonds payable

1) Details of bonds payable

Item	31 December 2022	31 December 2021
2014 corporate bond (first phase)	–	–
Total	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Bonds payable (Continued)

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

Item	Issue amount	Issue date	Periods	31 December 2021	Amortisation for the year	Repayment for this year	31 December 2022
2014 corporate bond (first phase)	400,000,000.00	28/09/2015	7 years	394,981,729.30	432,983.70	395,414,713.00	-
Total	400,000,000.00			394,981,729.30	432,983.70	395,414,713.00	-

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. As of 28 September 2022, the Company had repaid all the principal amount and interest.

32. Lease liabilities

Items	31 December 2022	31 December 2021
Lease liabilities	2,101,521,859.07	2,345,172,966.06
Less: lease liabilities due within one year (Note V. 28)	254,994,878.92	285,406,463.39
Total	1,846,526,980.15	2,059,766,502.67

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term payables

Item	31 December 2022	31 December 2021
Long-term payables	143,631,667.20	195,830,684.95
Total	143,631,667.20	195,830,684.95

1) Long-term payables

Item	31 December 2022	31 December 2021
Finance lease payable	150,796,221.09	183,550,447.93
Payables for vehicles purchase	38,054,628.85	49,889,080.10
Station construction fees and land transfer fee	24,238,866.00	24,188,866.00
Deposits	6,141,785.57	7,163,617.19
Others	1,250,000.00	1,600,000.00
Total	220,481,501.51	266,392,011.22

Less: Long-term payables due within one year		
Including: Finance lease payable	58,681,278.39	56,023,223.30
Payables for purchasing vehicles	18,168,555.92	14,538,102.97
Sub-total (Note V.28)	76,849,834.31	70,561,326.27

Long-term payables due after one year	143,631,667.20	195,830,684.95

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term employee benefits payable

1) Details of long-term employee benefits payable

Items	31 December 2022	31 December 2021
Termination benefits	182,985,779.67	194,822,297.08
Less: Settled within one year (Note V.28)	9,804,861.05	11,448,460.53
Total	173,180,918.62	183,373,836.55

2) Movements in defined benefit plans are as follows

(1) Present value of defined benefit plans obligation

Items	31 December 2022	31 December 2021
1. Balance at the beginning of the year	194,822,297.08	209,950,138.77
2. Included in profit or loss:	5,076,114.22	3,179,950.53
(1) Current cost	276,879.73	4,056,063.93
(2) Settlement gain	–	6,056,766.26
(3) Net interest	4,799,234.49	5,180,652.86
3. Included in other comprehensive income:	(5,468,268.92)	(4,623,657.05)
(1) Actuarial loss	(5,468,268.92)	(4,623,657.05)
4. Other movements	(22,380,900.55)	(22,931,449.27)
(1) Benefits paid	(20,495,876.61)	(22,931,449.27)
(2) Other reductions	(1,885,023.94)	–
5. Balance at the end of the year	182,985,779.67	194,822,297.08

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Long-term employee benefits payable (Continued)

2) Movements in defined benefit plans are as follows (Continued)

(2) Significant actuarial assumptions and sensitivity analysis for defined benefit plans

① Actuarial assumptions

Actuarial assumptions include demographic and financial assumptions. Demographic assumptions include mortality, employee turnover, disability, and early retirement rates. Financial assumptions include discount rates, benefit levels and future compensation. Regarding the demographic assumptions of the Group, this report only considers mortality. In terms of financial assumptions, this report only considers the discount rate.

1) Mortality

Use the general life table of the insurance industry “China Life Insurance Industry Experience Life Table (2000-2003)” pension business mortality.

2) Interest rate

With reference to the interest rates of long-term treasury bonds and high-quality corporate bonds in recent years, the annual interest rate is assumed to be 4.00% (31 December 2021: 4%).

② Explanation of the results of sensitivity analysis

1) Mortality sensitivity analysis results

When other factors remain constant and mortality increases, future subsidy payments are reduced, thereby reducing the present value of the defined benefit plan obligation at the end of each year. When mortality declines, future subsidy payments increase and the present value of defined benefit plan obligations increases. When the death rate is 5% higher than the benchmark level, the liabilities decrease by RMB1,295,035.37 (31 December 2021: 1,403,662.10).

2) Interest rate sensitivity analysis results

When other factors remain unchanged and the interest rate is higher than the benchmark level, the present value of the defined benefit plan obligation at the end of each year decreases; when the interest rate is lower than the benchmark level, the annual present value of the defined benefit plan obligation at the end of each year increases. When interest rates rose to 4.10% that year, the liabilities of defined benefit plans obligation fell by RMB1,085,664.95 (31 December 2021: 1,203,662.10) to the benchmark level.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Deferred income

Items	31 December 2022	31 December 2021
Government grant related to assets (Note V.56)	277,347,178.49	329,238,455.47
Prepayments of contracts	161,748,821.74	177,631,158.24
Rental of stations and advertising sites	12,925,471.28	13,801,421.26
Total	452,021,471.51	520,671,034.97

36. Share capital

Item	31 December 2021	Issue new shares	Bonus	Conversion of provident fund to shares	Others	Sub-total	31 December 2022
Total shares	799,847,800.00	-	-	-	-	-	799,847,800.00
Total	799,847,800.00	-	-	-	-	-	799,847,800.00

37. Capital reserve

Items	31 December 2021	Additions during the year	Reductions during the year	31 December 2022
Capital premium (share premium)	12,132,046.52	-	12,132,046.52	-
Other capital reserve	18,690,794.94	52,517.55	67,469.86	18,675,842.63
Total	30,822,841.46	52,517.55	12,199,516.38	18,675,842.63

Note 1: At 28 December 2022, there was a business combination under the common control in the Group, which offsetted share premium RMB12,132,046.52, and surplus reserve RMB6,730,753.48.

Note 2: Changes in other capital reserves during the year refer to other changes in owners' equity of associates and joint ventures other than net profit and loss, other comprehensive income and profit distribution. The book value of long-term equity investments is adjusted and calculated under the equity method and shareholding ratio into other capital reserves.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Other comprehensive income

Items	31 December 2021	Amount before income tax for the current year	Movements for the year				Less: income tax expense	Attributable to shareholders of the Company after tax	Attributable to non-controlling interest after tax	31 December 2022
			Less: included in other comprehensive income in the previous period and transferred to profit or loss in the current period	Less: included in other comprehensive income in the previous period and transferred to retained earnings in the current period						
1. Other comprehensive income that cannot be reclassified to profit or loss	(4,957,159.79)	(5,468,268.92)	-	-	-	(5,924,552.02)	456,283.10	(10,881,711.81)		
Including: Remeasurement of defined benefit plan liability	(5,066,519.81)	(5,468,268.92)	-	-	-	(5,924,552.02)	456,283.10	(10,991,071.83)		
Changes in fair value gains or losses on investments in other equity instruments	109,360.02	-	-	-	-	-	-	109,360.02		
2. Other comprehensive income to be reclassified to profit or loss	(33,592,531.68)	14,008,008.39	-	-	-	8,347,345.60	5,660,662.79	(25,245,186.08)		
Including: Translation differences of foreign currency financial statements	(33,592,531.68)	14,008,008.39	-	-	-	8,347,345.60	5,660,662.79	(25,245,186.08)		
Total	(38,549,691.47)	8,539,739.47	-	-	-	2,422,793.58	6,116,945.89	(36,126,897.89)		

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Specific reserve

Item	31 December 2021	Additions during the year	Reductions during the year	31 December 2022
Safety specific reserve	22,981,970.80	29,975,996.30	24,979,012.83	27,978,954.27
Total	22,981,970.80	29,975,996.30	24,979,012.83	27,978,954.27

Note: According to "The announcement of the administration instruction on using and provision of enterprises' safety specific reserve" (Cai Qi [2022] No.136) issued by MOF and the Ministry of Emergency Management and Administration instruction of safely operation of Guangdong Yueyun Transportation Co., Ltd., transportation enterprises should provide safety reserve monthly based on last year's actual operating income, at the rates of 1% for ordinary freight transportation service and 1.5% for passengers transportation service, respectively. Enterprises serve for production and storage of hazardous goods should set provision of safety reserve monthly based on last year's actual operating income.

40. Surplus reserve

Item	31 December 2021	Additions during the year	Reductions during the year	31 December 2022
Statutory surplus reserve	228,567,221.55	19,557,470.35	6,730,753.48	241,393,938.42
Total	228,567,221.55	19,557,470.35	6,730,753.48	241,393,938.42

Note 1: On 28 December 2022, the Group's capital reserve should decrease due to the business combination involving enterprises under common control was RMB18,862,800.00, and as a result of the common control transactions, the share premium and surplus reserve of the Group decreased by RMB12,132,046.52 and 6,730,753.48 respectively.

Note 2: Statutory surplus reserve can be used to make up for the losses, expand the production and operation or to be transferred to increase capital; when being transferred to capital, the statutory surplus reserve remained shall be no less than 25% of the Company's registered capital before the surplus reserve was transferred to increase capital.

41. Retained earnings

Items	31 December 2022	31 December 2021
Retained earnings at the end of the previous year	816,260,050.18	1,052,303,964.69
Business combination under common control	–	(137,685.46)
Retained earnings at the beginning of the year	816,260,050.18	1,052,166,279.23
Add: Net loss for the year attributable to the shareholders of the Company	(150,423,379.26)	(220,312,135.39)
Less: Appropriation for statutory surplus reserve	19,557,470.35	15,594,093.66
Retained earnings at the end of the year	646,279,200.57	816,260,050.18

Note: In 2022, no dividend was declared by the Company (2021: no dividend was declared).

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Operating income and operating costs

1) Operating income and operating costs

Items	2022		2021	
	Operating income	Operating cost	Operating income	Operating cost
Operating income from principal activities	5,812,310,250.00	5,631,222,863.38	6,263,692,366.14	5,856,944,855.99
Other operating income	7,217,378.66	6,733,770.46	7,444,269.71	6,605,703.43
Total	5,819,527,628.66	5,637,956,633.84	6,271,136,635.85	5,863,550,559.42

Details of operating income are as follows:

Items	2022	2021
1. Operating income from principal activities		
Expressway service zones operation	3,788,823,173.63	3,726,306,933.17
Road passenger transportation and auxiliary services (Note)	1,916,268,691.29	2,346,180,420.31
Taiping interchange assets operation services	97,308,645.64	121,446,132.92
Material logistics services	9,909,739.44	69,758,879.74
Sub-total	5,812,310,250.00	6,263,692,366.14
2. Other operating income	7,217,378.66	7,444,269.71
Total	5,819,527,628.66	6,271,136,635.85

Note: Operating income of Foshan City Yueyun Public Transportation Company Limited, Foshan City Sanshui District Yueyun Transportation Company Limited and Guangzhou City Yueyun Motor Transportation Co., Ltd. includes income derived from their operations of public traffic community business (hereinafter referred to as "TC Business"). Pursuant to the Public Traffic Service Contracts signed by these companies and local transportation and city management bureau in Foshan and Zengcheng, these companies shall operate certain bus lines in designated areas and all fare income derived from routes operation shall be enjoyed by local transportation and city management bureau. The companies shall settle operating income with local transportation and city management bureau monthly based on actual operating mileages of each operating route under price per kilometre of each route method as agreed in the Public Traffic Service Contract. During the year, income derived from TC Business was RMB5,819,527,628.66, representing 7.97% of total operating income (2021: RMB492,459,554.76, representing 7.85% of total operating income).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

43. Financial expenses

Items	2022	2021
Interest expenses from loans, bonds and payables	106,867,820.87	109,721,948.27
Less: Borrowing costs capitalised	–	692,888.89
Net interest expenses	106,867,820.87	109,029,059.38
Less: Interest income	15,110,061.45	18,184,879.17
Exchange (gains)/losses	(2,347,888.30)	(1,243,150.30)
Amortisation of unrecognized financing charges	6,327,615.28	7,086,911.16
Interest expenses from lease liabilities	111,402,430.97	118,511,409.37
Others	11,534,126.40	13,276,799.62
Total	218,674,043.77	228,476,150.06

44. Other income

Items	2022	2021
Government grants related to assets	99,016,442.47	80,116,021.17
Government grants related to income	327,735,274.08	212,784,575.01
VAT reduction and exemption, etc.(Note)	51,467,938.56	29,441,461.35
Total	478,219,655.11	322,342,057.53

Note: Refer to Note IV 2 note 4 and note 5 for preferential policies of VAT reduction and exemption.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Other income (Continued)

Government grants included in other income

Items	2022	2021	Related to assets/ Related to income
Subsidies for vehicles replacement	6,695,665.62	1,797,253.50	Related to assets
Subsidies for procurement of new energy vehicles	79,739,212.52	65,445,004.36	Related to assets
Subsidies for fixed assets renovation	8,313,725.30	8,769,280.49	Related to assets
Tax subsidies for vehicle purchase	425,531.88	412,765.91	Related to assets
Other subsidies related to assets	3,842,307.15	3,691,716.91	Related to assets
Subsidies for operation of bus line	233,223,174.03	151,707,956.53	Related to income
Subsidies of elderly concessionary travel card	46,141,049.07	32,919,246.51	Related to income
Others subsidies related to income	48,371,050.98	28,157,371.97	Related to income
Total	426,751,716.55	292,900,596.18	

45. Investment income

Items	2022	2021
Income from long-term equity investments under equity method	(11,543,318.18)	(6,270,385.62)
Dividend income earned during holding period of investment in other equity instruments	100,000.00	–
Gains on disposal of subsidiaries (Note VI 4)	238,579,622.32	–
Others (Note 2)	8,904,433.69	(1,108,220.52)
Total	236,040,737.83	(7,378,606.14)

Note 1: There are no significant restrictions on remittance of the Group's investment income.

Note 2: The investment income in this year is mainly the gain from the disposal of 20% equity of Xinyun oil station held by Heyuan City Yueyun Motor Transportation Co., Ltd., a subsidiary of the Company.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Accrual of credit loss

Items	2022	2021
Accounts receivable	(11,275,918.77)	(5,617,451.67)
Other receivables	2,945,603.04	1,572,886.63
Total	(8,330,315.73)	(4,044,565.04)

47. Impairment losses

Items	2022	2021
Impairment loss of intangible assets	(2,956,979.57)	–
Impairment loss of goodwill	(46,813,160.03)	(19,516,537.14)
Total	(49,770,139.60)	(19,516,537.14)

48. Gains from asset disposals

Items	2022	2021
Gains from disposal of fixed assets	10,801,390.51	(6,162,453.15)
Gains from disposal of other non-current assets	8,851,564.81	3,596,388.62
Gains from disposal of right-of-use assets	6,859,044.92	7,910,399.75
Total	26,512,000.24	5,344,335.22

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Non-operating income

Items	2022	2021
Gains on disposal of non-current assets	3,641,496.29	4,993,511.47
Government grants	8,380,660.53	2,977,228.07
Compensations	5,506,258.27	1,548,087.05
Others	13,452,103.06	7,079,505.17
Total	30,980,518.15	16,598,331.76

Government grants included in non-operating income

Subsidy items	2022	2021	Related to assets/ Related to income
COVID-19 related subsidies	4,502,553.00	–	Related to income
Subsidies for vehicles disposals	228,000.00	–	Related to income
Other subsidies	3,650,107.53	2,977,228.07	Related to income
Total	8,380,660.53	2,977,228.07	

50. Non-operating expense

Items	2022	2021
Donations	500.00	3,000.00
Losses on disposal of non-current assets	2,396,310.63	7,713,605.97
Road accidents losses	3,566,681.11	3,861,652.79
Penalty expenses	1,067,347.78	801,787.51
Others	5,637,348.69	2,038,646.71
Total	12,668,188.21	14,418,692.98

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Income tax expenses

1) Income tax expenses

Items	2022	2021
Current income tax expense	57,088,238.48	81,796,761.30
Deferred tax expense	133,862,188.66	(329,676.51)
Total	190,950,427.14	81,467,084.79

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

Items	Amount for the year
Profit before taxation	(18,030,355.31)
Income tax expense calculated at tax rate of 25%	(4,507,588.83)
Effect of different tax rates applied by certain subsidiaries	3,881,622.02
Adjustments of tax filing differences	8,514,725.94
Effect of non-taxable income	(6,179,533.59)
Effect of non-deductible expenses	11,382,125.76
Effect of utilisation of deductible tax losses of unrecognised deferred tax assets in previous years	(843,116.83)
Effect of unrecognised deductible temporary differences or tax losses	178,702,192.67
Income tax expenses	190,950,427.14

Note: The details of the Company and its subsidiaries' applicable income tax rates are set out in Note IV.

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

52. 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	2022	2021
Consolidated net loss attributable to ordinary shareholders of the Company	(150,423,379.26)	(220,312,135.39)
Weighted average number of ordinary shares outstanding	799,847,800.00	799,847,800.00
Basic earnings per share(RMB/share)	(0.19)	(0.28)
Including: Basic earnings per share from continuing operations (RMB/share)	(0.19)	(0.28)

Weighted average number of ordinary shares is calculated as follows:

Items	2022	2021
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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(CONTINUED)*

53. Supplement to income statement

Operating costs, selling and distribution expenses, general and administrative expenses, research and development expenses and financial expenses in the income statement are classified according to their nature and listed as follows:

Items	2022	2021
Changes in finished goods	2,730,294,132.13	2,613,635,335.44
Employee benefits expenses	1,819,187,527.35	1,971,849,170.76
Depreciation and amortization	681,066,949.50	717,001,307.07
Depreciation of right-of-use	257,197,924.30	243,055,697.47
Raw materials used	102,438,619.11	150,369,686.38
Rental expenses	48,260,288.62	54,072,150.31
Financial expenses	218,674,043.77	228,476,150.06
Accrual/(reversal) of impairment losses	49,770,139.60	19,516,537.14
Accrual/(reversal) of credit losses	8,330,315.73	4,044,565.04
Auditors' remuneration	4,602,000.00	4,980,000.00
Other expenses	636,785,361.27	785,761,396.89
Total	6,556,607,301.38	6,792,761,996.56

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For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Supplement to cash flow statement

1) Supplement to cash flow statement

Supplement	2022	2021
1. Reconciliation of net loss to cash flows from operating activities:		
Net loss	(208,980,782.45)	(323,341,388.90)
Add: Provisions for credit loss	8,330,315.73	4,044,565.04
Provisions for impairment of assets	49,770,139.60	19,516,537.14
Depreciation of fixed assets and investment properties	545,196,292.55	598,252,766.12
Depreciation of right-of-use assets	257,197,924.30	243,055,697.47
Amortisation of intangible assets	63,897,440.37	57,219,326.61
Amortisation of long-term deferred expenses	71,973,216.58	61,529,214.34
Gains on disposal of fixed assets, intangible assets and other long-term assets	(26,512,000.24)	(5,344,335.22)
Losses/(Gains) on disposal of fixed assets	(1,245,185.66)	2,720,094.50
Financial expenses	222,249,978.82	239,869,565.54
Investment income/(lose)	(236,040,737.83)	7,378,606.14
Decrease in deferred tax assets	140,872,723.89	4,619,333.66
Decrease in deferred tax liabilities	(7,856,601.16)	(4,975,946.47)
Decrease in inventories	469,767.65	11,219,484.73
Decrease/(Increase) in operating receivables	(22,005,517.63)	129,103,132.31
Decrease in operating payables	(51,460,431.27)	(141,581,421.48)
Increase in specific reserve	4,996,983.47	3,090,416.94
Net cash inflow from operating activities	810,853,526.72	906,375,648.47
2. Change in cash and cash equivalents		
Cash and cash equivalents at the end of the year	945,099,019.66	1,249,782,490.33
Less: Cash and cash equivalents at the beginning of the year	1,249,782,490.33	1,241,812,309.28
Net increase in cash and cash equivalents	(304,683,470.67)	7,970,181.05

Note: The balance of other monetary funds in cash at bank and on hand of the Group at the end of this year and the previous year are all restricted cash, which was deducted from the balance of cash and cash equivalents. For information on other cash, please refer to Note V 1.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Supplement to cash flow statement (Continued)

2) Net cash received from disposal of subsidiaries during this year

	Amounts
Cash and cash equivalents received from disposal of subsidiaries	232,714,517.08
Including: Guangdong Province Transportation Engineering Company Limited	216,637,157.08
Dongyuan County Haixiong Shengjing Property Leasing Co., Ltd., (previously known as: Dongyuan County Dengta Town Yueyun Property Leasing Co., Ltd.)	11,413,400.00
Guangning Lihao Property Management Co., Ltd.	4,663,960.00
Less: Cash and cash equivalents held on the date of loss of control over subsidiaries	240,782.60
Including: Guangdong Province Transportation Engineering Company Limited	4,003.27
Dongyuan County Haixiong Shengjing Property Leasing Co., Ltd., (previously known as: Dongyuan County Dengta Town Yueyun Property Leasing Co., Ltd.)	24,623.72
Guangning Lihao Property Management Co., Ltd.	212,155.61
Net cash received from disposal of subsidiaries	232,473,734.48

3) Details of cash and cash equivalents

Items	2022	2021
I. Cash at bank and on hand	945,099,019.66	1,249,782,490.33
Including: Cash on hand	5,013,741.92	6,395,889.83
Bank deposits available on demand	940,085,277.74	1,243,386,600.50
II. Cash equivalents	-	-
III. Closing balance of cash and cash equivalents available on demand	945,099,019.66	1,249,782,490.33

55. Assets with restricted ownership or right of use

Items	Book value at the end of the year	Restricted Reason
Monetary funds	13,477,502.67	Performance security deposits, tourism quality deposits and property maintenance funds
Fixed assets	260,807,004.81	Mortgage loan, financial lease mortgage
Intangible assets	116,904,982.27	Mortgage loan, long-term payable mortgage guarantee
Right-of-use assets	265,509,976.62	Financial lease sale and leaseback
Total	656,699,466.37	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Government grants

1) Government grants related to assets

Items	Amount	Balance sheet items	The amount included in the current profit and loss or offsetting the related costs and expenses		Items included in the current profit and loss or offsetting the related costs and expenses
			2022	2021	
Subsidies for vehicles replacement	549,029.62	Deferred income	6,695,665.62	1,797,253.50	Other income
Subsidies for procurement of new energy vehicles	146,531,146.57	Deferred income	79,739,212.52	65,445,004.36	Other income
Subsidies for fixed assets renovation	107,133,791.22	Deferred income	8,313,725.30	8,769,280.49	Other income
Tax subsidies for vehicles purchase	11,599,749.84	Deferred income	425,531.88	412,765.91	Other income
Software development subsidies	–	Deferred income	300,000.00	–	Other income
Other subsidies related to assets	11,533,461.24	Deferred income	3,542,307.15	3,691,716.91	Other income

2) Government grants related to income

Items	The amount included in the current profit and loss or offsetting the related costs and expenses		Items included in the current profit and loss or offsetting the related costs and expenses
	2022	2021	
Fuel subsidies	136,770,453.38	95,630,314.94	Operating costs
Subsidies for operation of bus lines	233,223,174.03	151,707,956.53	Other income
Subsidies of elderly concessionary travel card	46,141,049.07	32,919,246.51	Other income
Other subsidies	48,371,050.98	28,157,371.97	Other income
Subsidies for vehicles disposals	228,000.00	–	Non-operating income
COVID-19 related subsidies	4,502,553.00	–	Non-operating income
Other subsidies	3,650,107.53	2,977,228.07	Non-operating income

NOTES TO THE FINANCIAL STATEMENTS

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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Net current liabilities

Items	31 December 2022	31 December 2021
Current assets	2,255,805,874.44	2,493,614,296.57
Less: Current liabilities	3,566,728,571.70	3,634,740,659.11
Net current liabilities	(1,310,922,697.26)	(1,141,126,362.54)

58. Total assets less current liabilities

Items	31 December 2022	31 December 2021
Total assets	9,215,602,097.18	10,554,448,679.05
Less: Current liabilities	3,566,728,571.70	3,634,740,659.11
Total assets less current liabilities	5,648,873,525.48	6,919,708,019.94

59. Lease

1) As a lessee

Items	2022
Interest expense on lease liabilities	111,402,430.97
Short-term lease expenses applied the practical expedient	32,744,333.49
Variable lease payments not included in the measurement of lease liabilities	15,515,955.13
Income from sub-leasing right-of-use assets	415,473,545.25
Total cash outflow for leases	363,332,362.31

2) As a lessor

(1) Operating lease

Items	2022
Lease income	475,822,597.86
Including: income related to variable lease payments not included in lease receipts	15,044,587.94

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Lease (Continued)

2) As a lessor (Continued)

(1) Operating lease (Continued)

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

Remaining lease term	Undiscounted lease receipts
Within 1 year	499,228,213.13
Over 1 year but within 2 years	434,807,938.41
Over 2 years but within 3 years	381,022,042.50
Over 3 years but within 4 years	330,936,971.07
Over 4 years but within 5 years	285,414,849.69
Over 5 years	1,396,665,902.35
Total	3,328,075,917.16

3) Effect of implementing the accounting treatment requirements for rental concessions related to the COVID-19 epidemic

The Group chose to adopt a simplified method for accounting treatment of rent concessions, such as rent remission and deferred payment, which were directly caused by the COVID-19 pandemic in accordance with "Regulations on Accounting Treatment for COVID-19 – Related Rent Concessions".

The Group, as the lessee, adopted the above simplified method to account for the relevant rental concessions to offset the current year's operating costs of RMB18,264,813.59 (previous year: nil).

The Group, as the lessor, has no significant effect on the balance sheet by adopting the simplified method to account for the relevant concessions.

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VI. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combinations not under common control

The Group did not have any business combination not under common control during this year.

2. Business combinations under common control

1) Business combinations under common control occurred during this year

Name of combined party	Percentage of equity acquired in the business combination	Basis for constituting a business combination under common control	Combination date	Basis for determining the combination date	Revenue of the combined party from the beginning of the current period when the combination occurred to the date of combination	Net profit of the combined party from the beginning of the current period when the combination occurred to the date of combination	Revenue of the combined party during the comparative period	Net profit of the combined party during the comparative period
Meizhou Yueyun Investment Company Limited	100.00%	The entities involved in the combinations are all ultimately controlled by GCGC, the parent company of the Company, both before and after the business combination, and the control is not transitory.	28 December 2022	Acquisition of substantial control	538,234.41	(2,910,714.79)	606,768.40	17,948.63

Pursuant to the equity transfer contract dated 4 November 2022 (the “Equity Transfer Contract”) entered into between the Company, as the transferee, and Guangzhou Liyun Investment Development Company Limited (“Liyun Investment”, a subsidiary of GCGC), as the transferor, the Company acquired the entire equity interest in Meizhou Yueyun Investment Company Limited (“Meizhou Yueyun Investment”) from Liyun Investment at a total consideration of RMB18,862,800. On 28 December 2022, the Group completed the relevant procedures for the equity purchase and obtained control of Meizhou Yueyun Investment. In view of the fact that the participating entities are ultimately controlled by the Company’s parent company, GCGC, both before and after the business combination, and that such control is not transitory, the above transaction constitutes a business combination under the common control.

For subsidiaries acquired through a business combination under common control, when the Company preparing the consolidated financial statements for the current period, the assets and liabilities acquired are measured on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date, and the Group and these subsidiaries have been regarded as the same reporting entity since the beginning of control by the ultimate controlling party. The Group therefore, retrospectively adjusted the opening balances of the consolidated financial statements and the comparative figures of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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VI. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

2. Business combinations under common control (Continued)

2) Consolidation cost

Items	Meizhou Yueyun Investment
Cash	18,862,800.00
Total consolidation cost	18,862,800.00

3) Carrying amount of the combined party's assets and liabilities at the date of combination

Items	Meizhou Yueyun Investment	
	At combination date	At the end of previous year
Assets:	8,098,047.95	10,815,916.10
Cash at bank and on hand	741,624.35	378,754.74
Accounts receivable	11,980.00	–
Fixed assets	3,387,630.46	3,499,915.84
Intangible assets	3,928,587.00	6,885,566.57
Long-term deferred expenses	28,226.14	51,678.95
Liabilities:	510,168.65	317,322.01
Employee benefits payable	43,273.00	43,273.00
Taxes payable	7,390.87	3,042.33
Other payables	459,504.78	271,006.68
Net assets	7,587,879.30	10,498,594.09
Net assets acquired	7,587,879.30	10,498,594.09

3. Reverse takeover

The Group did not make any reverse takeover during this year.

NOTES TO THE FINANCIAL STATEMENTS

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VI. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

4. Disposal of subsidiaries

1) Loss of control upon a single disposal of investment in subsidiaries

Name of subsidiaries	Consideration of disposal of equity	Percentage of disposal of equity (%)	Mode of disposal	Time of loss of control	Basis for determining the time of loss of control	The differences of consideration of disposal and shares in net assets of the original subsidiary at the consolidated financial statement level	Percentage of remaining equity at the date of loss of control	Carrying amount of remaining equity at the date of loss of control	Fair value of remaining equity at the date of loss of control	Gains or losses arising from remeasurement of remaining equity at the fair value	Determination method and major assumptions of the fair value of the remaining equity at the date of loss of control	The amount of other comprehensive income related to the equity investment of the original subsidiary transferred to the investment profit and loss
Guangdong Province Transportation Engineering Company Limited	216,637,157.08	100.00	Agreement Transfer	24 November 2022	Completion of equity transfer	225,809,792.02	-	-	-	-	N/A	N/A
Dongyuan County Haixiong Shengjing Property Leasing Co., Ltd (previously known as Dongyuan County Dengta Town Yueyun Property Leasing Co., Ltd.)	11,413,400.00	100.00	Publicly listed for sale	14 October 2022	Transfer of control	8,550,673.21	-	-	-	-	N/A	N/A
Guangning Lihao Property Management Co., Ltd.	4,680,000.00	100.00	Publicly listed for sale	8 December 2022	Transfer of control	3,836,080.59	-	-	-	-	N/A	N/A

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VI. CHANGES IN THE SCOPE OF CONSOLIDATION *(CONTINUED)*

5. Other reasons for changes in the scope of consolidation

Ten subsidiaries of the Group completed the industrial and commercial cancellation in 2022 and were no longer included in the scope of consolidation of the Group since then, including Zhaoqing Yueyun Travel Service Co., Ltd., Yangjiang City Yangzha New Image Public Transportation Company Limited, Zhongshan City Eastern Station Co., Ltd., Shaoguan City Guangshao Motor Transportation Co., Ltd., Raoping Yueyun Public Transportation Co., Ltd., Yangchun City's Third Motor Transportation Co., Ltd., Meizhou Jiangnan Vehicles Transportation Co., Ltd., Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd., Qingyuan Qingxin District Yueyun Public Transportation Co., Ltd. and Haifeng Yueyun Vehicles Transportation Co., Ltd. The operating results and cash flows of the above companies before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

VII. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

1) Composition of the Group

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Guangdong Highway Media Company Limited	Guangdong China	Guangdong China	Limited liability company	Expressway services	33.00	100.00	100.00	Established
Yueyun Transportation (HK) Company Limited	Hong Kong China	Hong Kong China	Incorporated corporation	Material Logistics services	HKD1.5	100.00	100.00	Established
Guangdong Top-E Expressway Service Zone Company Limited	Guangdong China	Guangdong China	Limited liability company	Expressway services	100.00	95.56	95.56	Business combinations involving enterprises under common control
Guangdong Tongyi Landscape Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Expressway services	20.00	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Jindaoda Expressway Economic Development Company Limited	Guangdong China	Guangdong China	Limited liability company	Expressway services	10.00	100.00	100.00	Business combinations involving enterprises under common control
The Motor Transport Company of Guangdong and Hong Kong Limited (Note 1)	Hong Kong China	Hong Kong China	Incorporated corporation	Cross-border transportation services	HKD 9	62.00	71.43	Business combinations involving enterprises under common control
Gang Tong (HK) Motor Transport Company Limited	Hong Kong China	Hong Kong China	Limited liability company	Cross-border transportation services	HKD 0.01	100.00	100.00	Business combinations involving enterprises under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Guangdong Yue Li Jia Passenger Transport Company (Hong Kong)	Hong Kong China	Hong Kong China	Limited liability company	Cross-border transportation services	HKD 0.5	70.00	70.00	Business combinations involving enterprises under common control
The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited (Note 1)	Guangdong China	Guangdong China	Limited liability company	Cross-border transportation services	HKD 25	62.00	71.43	Business combinations involving enterprises under common control
Shenzhen Yuegang Transport Company Limited	Guangdong China	Guangdong China	Limited liability company	Cross-border transportation services	HKD 10.50	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Yue Li Jia Passenger Transport Company (Guangzhou)	Guangdong China	Guangdong China	Limited liability company	Cross-border transportation services	HKD 3.5	70.00	70.00	Business combinations involving enterprises under common control
Guangdong Vehicles Transportation Group Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Investment and domestic transportation	68.00	100.00	100.00	Business combinations involving enterprises under common control
Foshan City Yueyun Public Transportation Co., Ltd. (Note 1)	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	51.00	100.00	Business combinations involving enterprises under common control
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	100.00	59.62	59.62	Business combinations involving enterprises under common control
Foshan City Sanshui District Yueyun Traffic Co., Ltd. (Note 1)	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	51.00	100.00	Business combinations involving enterprises under common control
Guangdong Yueyun Traffic Rescue Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Traffic Rescue	60.00	100.00	100.00	Business combinations involving enterprises under common control
Shenzhen City Shenwei Lighter Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	12.00	55.00	55.00	Business combinations involving enterprises under common control
Guangdong Yueyun Langri Co., Ltd.	Guangdong China	Guangdong China	Incorporated corporation	Domestic transportation	156.75	51.00	51.00	Business combinations involving enterprises under common control

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd. (Note 1)	Guangdong China	Guangdong China	Limited liability company	Station services	0.50	60.00	100.00	Business combinations involving enterprises under common control
Yangjiang City Yueyun Langri Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	74.8240	65.00	65.00	Business combinations involving enterprises under common control
Yangchun City Yueyun Langri Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.15	100.00	100.00	Business combinations involving enterprises under common control
Yangxi County Yueyun Langri Passenger Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	100.00	100.00	Business combinations involving enterprises under common control
Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.6826	51.00	51.00	Business combinations involving enterprises under common control
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	70.00	70.00	Business combinations involving enterprises under common control
Guangzhou City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.503	51.00	51.00	Business combinations involving enterprises under common control
Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station services	30.00	60.00	60.00	Business combinations involving enterprises under common control
Heyuan City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	10.00	55.28	55.28	Business combinations involving enterprises under common control
Foshan City Yueyun Hexing Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station services	1.020408	51.00	51.00	Business combinations involving enterprises under common control
Guangdong Gangtong Vehicles Transportation Company Limited	Guangdong China	Guangdong China	Limited liability company	Cross-border transportation services	HKD 5	100.00	100.00	Established

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Yangjiang City Yueyun Langri Passenger Transport Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	100.00	100.00	Established
Heyuan City Chengnan Freight Station Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station services	19.50	100.00	100.00	Established
Heyuan City Yueyun Tongxing Travel Company Limited	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	100.00	100.00	Business combinations involving enterprises not under common control
Heyuan City Yueyun Lvdu Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	58.00	100.00	100.00	Business combinations involving enterprises not under common control
Yangjiang Yueyun Langri Car Rental Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Leasing Services	3.00	100.00	100.00	Established
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	50.00	66.39	66.39	Business combinations involving enterprises not under common control
Yangshan County Yueyun Motor Inspection Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Vehicle Testing	0.40	100.00	100.00	Business combinations involving enterprises not under common control
Qingyuan City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	17.00	100.00	100.00	Business combinations involving enterprises not under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	142.78	59.69	59.69	Business combinations involving enterprises not under common control
Shaoguan Polycom Motor Vehicles Driving Training Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Motor Driver Training	16.00	100.00	100.00	Business combinations involving enterprises not under common control
Ruyuan Yao Autonomous County Shunda City-Village Public Passenger Transport Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.11	100.00	100.00	Business combinations involving enterprises not under common control
Shanwei Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	35.00	51.00	51.00	Business combinations involving enterprises not under common control
Lufeng Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	40.00	100.00	100.00	Business combinations involving enterprises not under common control
Shanwei City Yueyun New Energy Vehicles Service Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Station Service	5.00	100.00	100.00	Business combinations involving enterprises not under common control
Shanwei City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.58	85.00	85.00	Business combinations involving enterprises not under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Guangdong Yueyun Development Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Commercial Service	36.00	100.00	100.00	Established
Haifeng Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	100.00	100.00	Established
Luhe Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	20.00	100.00	100.00	Established
Lufeng Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	10.00	100.00	100.00	Established
Yangjiang City Hailing Yueyun Langri Travel Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	10.00	65.00	65.00	Established
Guangdong Yangjiang Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	47.321932	100.00	100.00	Business combinations involving enterprises under common control
Huaji County Yueyun City-Village Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	2.9307	100.00	100.00	Business combinations involving enterprises not under common control
Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	34.4494	51.00	51.00	Established
Meizhou City Yueyun Motor Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	38.00	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Vehicles Passenger Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.50	100.00	100.00	Business combinations involving enterprises under common control

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VII. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Xingning Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.00	100.00	100.00	Business combinations involving enterprises under common control
Dapu Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	3.20	100.00	100.00	Business combinations involving enterprises under common control
Wuhua Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.50	100.00	100.00	Business combinations involving enterprises under common control
Pingyuan Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	3.20	100.00	100.00	Business combinations involving enterprises under common control
Jiaoling Vehicles Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	12.60	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Vehicle Materials Supply Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	1.00	100.00	100.00	Business combinations involving enterprises under common control
Dapu Yueyun Motor Inspection Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Vehicle Testing	5.00	51.00	51.00	Business combinations involving enterprises under common control
Shenzhen City Man Kam To Bus station Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Property Management	0.50	100.00	100.00	Established
Chaozhou City Yueyun Vehicle Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	40.00	100.00	100.00	Business combinations involving enterprises under common control
Chaozhou City Yueyun Public Transportation Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	18.983	100.00	100.00	Business combinations involving enterprises under common control

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

1) Composition of the Group (Continued)

Full name of the subsidiary	Incorporation place	Registered place	Kind of legal entity	Business nature	Registered capital million	Shareholding percentage (%)	Voting rights percentage (%)	Established or acquired
Chaozhou Changyun Service Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Hotel service	0.887	100.00	100.00	Business combinations involving enterprises under common control
Zhuhai Gongyun Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.80	100.00	100.00	Business combinations involving enterprises under common control
Zhuhai Gongqi Taxi Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	4.50	100.00	100.00	Business combinations involving enterprises under common control
Zhuhai Qiguan Sightseeing Bus Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.80	100.00	100.00	Business combinations involving enterprises under common control
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	Guangdong China	Guangdong China	Limited liability company	Wholesale of oil	30.6123	51.00	51.00	Business combinations involving enterprises not under common control
Guangdong FLY-E Logistics Technology Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Commercial Service	16.83	51.72	51.72	Business combinations involving enterprises not under common control
Heyuan Yuancheng Xinyun Property Management Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Property Management	43.0742	100.00	100.00	Established
Meizhou Yueyun Investment Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Investment Management	1.00	100.00	100.00	Business combinations involving enterprises under common control
Meizhou Automobile Freight Co., Ltd.	Guangdong China	Guangdong China	Limited liability company	Domestic transportation	0.50	100.00	100.00	Business combinations involving enterprises under common control

Note 1: According to shareholders' agreements, the Group's percentage of voting right is more than the percentage of direct and indirect holdings.

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

2) Material non-wholly-owned subsidiaries

Name of the subsidiary	Minority shareholder's shareholding ratio (%)	Profit or loss attributable to minority interests in the current year	Dividends distributed to minority shareholder in the current year	Closing balance of minority interests
The Motor Transport Company of Guangdong and Hong Kong Limited (Hong Kong)	38.00	(18,837,799.90)	–	63,455,485.79
Foshan City Yueyun Public Transportation Co., Ltd.	49.00	603,431.79	11,309,061.76	143,049,201.07
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	40.38	(15,729,242.99)	–	52,592,655.50
Guangdong Yueyun Langri Co., Ltd.	49.00	(22,745,734.08)	–	99,773,990.41
Heyuan City Yueyun Motor Transportation Co., Ltd.	44.72	(18,663,446.78)	–	13,856,283.56
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	33.61	(18,996,061.52)	4,157,638.27	107,369,730.38
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	40.31	(6,271,933.57)	624,959.13	96,091,489.87
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	49.00	46,268,411.73	42,140,000.00	116,569,705.54

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

3) Key financial information of material non-wholly-owned subsidiaries

Name of the subsidiary	As at 31 December 2022					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
The Motor Transport Company of Guangdong and Hong Kong Limited (Hong Kong)	98,699,167.59	175,125,477.92	273,824,645.51	95,343,307.82	4,836,942.86	100,180,250.68
Foshan City Yueyun Public Transportation Co., Ltd.	76,247,214.70	435,385,693.69	511,632,908.39	91,542,820.02	128,152,943.33	219,695,763.35
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	99,140,524.12	223,675,496.65	322,816,020.77	180,781,596.21	15,579,424.69	196,361,020.90
Guangdong Yueyun Langri Co., Ltd.	138,171,016.69	405,860,769.92	544,031,786.61	220,584,811.91	141,954,282.45	362,539,094.36
Heyuan City Yueyun Motor Transportation Co., Ltd.	66,268,978.99	339,207,570.88	405,476,549.87	258,196,937.73	119,700,866.24	377,897,803.97
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	106,277,668.68	547,523,802.84	653,801,471.52	156,621,735.05	154,422,589.38	311,044,324.43
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	77,510,075.85	318,061,108.42	395,571,184.27	105,408,755.68	60,317,599.21	165,726,354.89
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	202,984,998.95	63,953,007.95	266,938,006.90	19,891,377.00	8,805,307.81	28,696,684.81

Name of the subsidiary	As at 31 December 2021					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total Liabilities
The Motor Transport Company of Guangdong and Hong Kong Limited (Hong Kong)	142,070,408.61	172,635,682.23	314,706,090.84	103,536,052.99	6,339,065.94	109,875,118.93
Foshan City Yueyun Public Transportation Co., Ltd.	96,442,771.52	532,544,030.67	628,986,802.19	94,719,707.72	222,579,531.23	317,299,238.95
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	103,972,150.88	293,938,024.65	397,910,175.53	90,029,422.12	142,472,121.27	232,501,543.39
Guangdong Yueyun Langri Co., Ltd.	169,925,368.24	468,922,718.29	638,848,086.53	299,809,291.27	109,353,572.65	409,162,863.92
Heyuan City Yueyun Motor Transportation Co., Ltd.	77,698,687.09	383,463,259.18	461,161,946.27	262,578,660.28	128,972,533.48	391,551,193.76
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	103,468,959.48	642,520,704.22	745,989,663.70	160,941,023.09	187,057,843.74	347,998,866.83
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	93,268,107.23	362,307,850.41	455,575,957.64	122,629,883.81	86,521,144.09	209,151,027.90
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	208,421,783.99	41,434,354.57	249,856,138.56	17,867,471.88	9,355,313.38	27,222,785.26

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

3) Key financial information of material non-wholly-owned subsidiaries (Continued)

Name of the subsidiary	2022				2021			
	Operating income	Net profit/(loss)	Total comprehensive income	Net Cash inflow/(outflow) from operating activities	Operating income	Net profit/(loss)	Total comprehensive income	Net Cash inflow/(outflow) from operating activities
The Motor Transport Company of Guangdong and Hong Kong Limited (Hong Kong)	10,880,846.04	(47,392,840.23)	(30,853,628.02)	(33,162,584.16)	8,417,283.57	(68,903,646.20)	(75,859,755.51)	(41,717,505.64)
Foshan City Yueyun Public Transportation Co., Ltd.	309,168,178.51	1,231,493.45	1,231,493.45	119,018,192.23	328,322,648.90	4,394,096.62	4,394,096.62	204,997,029.01
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	116,842,959.76	(38,953,632.27)	(38,953,632.27)	5,073,681.45	166,086,753.03	(52,522,249.97)	(52,522,249.97)	(18,181,794.78)
Guandong Yueyun Langri Co., Ltd.	270,496,389.46	(46,835,439.82)	(46,835,439.82)	30,549,693.55	301,084,457.51	(56,841,843.60)	(56,841,843.60)	3,504,002.62
Heyuan City Yueyun Motor Transportation Co., Ltd.	66,460,123.01	(41,736,804.29)	(42,587,914.54)	(36,413,029.10)	105,799,637.61	(58,676,342.88)	(59,484,153.59)	29,083,009.04
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	245,287,440.37	(44,509,997.68)	(40,945,286.75)	17,135,778.47	350,918,300.56	(45,608,270.85)	(44,850,647.60)	86,643,594.44
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	153,690,526.88	(14,309,450.62)	(14,509,504.97)	42,903,180.31	205,841,030.81	(11,444,556.69)	(11,795,789.59)	34,467,285.65
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	1,048,252,739.42	94,827,093.78	94,827,093.78	77,043,865.24	1,110,250,631.97	116,770,618.18	116,770,618.18	142,016,004.20

Note: The key financial information of the above subsidiaries without offsetting intra-group transactions, but with adjustments made in light of the fair value at the consolidation date and difference in accounting policies.

2. Changes in the share of the owner's equity in the subsidiary and still control the subsidiary's transactions

The Group has no changes in the share of the owner's equity in the subsidiary and still control the subsidiary's transactions during this year.

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VII.INTERESTS IN OTHER ENTITIES *(CONTINUED)*

3. Interests in joint arrangements or associates

1) *Material joint ventures or associates*

Name of enterprise	Incorporation place	Registered place	Business nature	Shareholding percentage (%)	Accounting for investments in joint ventures or associates	Strategic to the Group's activities
Guangdong Zhongyou Top-E Energy Trading Company Limited	Guangdong China	Guangdong China	Wholesale of oil	51.00	Equity method	Yes
Zhuhai Yuegong Xinhai Transportation Co., Ltd.	Guangdong China	Guangdong China	Road transportation	49.00	Equity method	Yes
Southern United Assets and Equity Exchange Company Limited	Guangdong China	Guangdong China	Property exchange	25.00	Equity method	Yes
Shenzhen Yueyun Investment Development Company Limited	Guangdong China	Guangdong China	Passenger terminal Operation	20.00	Equity method	Yes
Shantou City Automobile Terminal Co., Ltd.	Guangdong China	Guangdong China	Passenger terminal Operation	35.00	Equity method	Yes
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	Station services	20.00	Equity method	Yes
Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	Hong Kong China	Hong Kong China	Transportation	20.00	Equity method	Yes
CNPC Yueyun Natural Gas Co. Ltd.	Guangdong China	Guangdong China	Gas wholesale and retail	24.00	Equity method	Yes

Note: All joint ventures and associates of the Group are non-listed companies. As at 31 December 2022, the ability to transfer fund from the above joint ventures and associates to the Group is not restricted (31 December 2021: Nil).

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

2) Key financial information of material joint ventures

Items	Closing balance/current amount		Balance at the end of the previous year/ Amount of the previous year	
	Guangdong	Zhuhai	Guangdong	Zhuhai
	Zhongyou Top-E Energy Trading Company Limited	Yuegong Xinhai Transportation Co., Ltd.	Zhongyou Top-E Energy Trading Company Limited	Yuegong Xinhai Transportation Co., Ltd.
Current assets	78,327,012.88	60,026,180.34	69,494,000.64	4,307,059.14
Including: Cash and cash equivalents	47,383,567.78	54,452,953.12	50,663,580.87	4,307,059.14
Non-current assets	35,359,440.96	34,311,886.28	11,114,507.91	88,945,121.05
Total assets	113,686,453.84	94,338,066.62	80,608,508.55	93,252,180.19
Current liabilities	16,497,659.78	105,000.00	6,725,942.98	105,000.00
Total liabilities	16,497,659.78	105,000.00	6,725,942.98	105,000.00
Equity attributable to parent company's shareholders	68,004,489.89	94,233,066.62	73,882,565.57	93,147,180.19
Group's share of net assets	34,682,289.84	46,174,202.65	37,680,108.44	45,642,118.30
Book value of equity investments in joint ventures	34,682,289.84	46,174,202.65	37,680,108.44	45,642,118.30
Operating income	176,592,388.89	-	333,081,253.89	-
Financial expenses	283,466.53	(4,286.75)	(1,001,017.03)	(17,692.63)
Income tax expense	-	-	2,269,380.06	-
Net profit	(945,150.72)	(43,634,277.52)	6,788,246.67	(48,639,062.06)
Other comprehensive income	-	-	-	-
Total comprehensive income	(945,150.72)	(43,634,277.52)	6,788,246.67	(48,639,062.06)
Dividends received from joint ventures in the current year	3,347,211.20	-	1,800,000.00	-

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

3) Key financial information of material associates

Items	Southern United Assets and Equity Exchange Company Limited	Shenzhen Yueyun Investment Development Company Limited	Closing balance/current amount			
			Shantou City Automobile Terminal Co., Ltd.	Guangzhou City Tianhe Coach Terminal Co., Ltd.	Hong Kong- Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	CNPC Yueyun Natural Gas Co. Ltd.
Current assets	193,051,588.09	27,527,063.96	4,710,375.92	176,836,564.92	2,133,262.10	28,254,873.77
Non-current assets	68,074,772.32	214,245,620.56	70,235,011.49	97,157,646.90	141,971,025.46	19,262,729.84
Total assets	261,126,360.41	241,772,684.52	74,945,387.41	273,994,211.82	144,104,287.56	47,517,603.61
Current liabilities	15,525,999.89	8,489,074.91	13,434,385.08	114,671,538.05	18,759.30	4,330,085.90
Non-current liabilities	-	-	-	-	-	-
Total liabilities	15,525,999.89	8,489,074.91	13,434,385.08	114,671,538.05	18,759.30	4,330,085.90
Equity attributable to parent company's shareholders	245,600,360.52	233,283,609.61	61,511,002.33	159,322,673.77	144,085,528.26	41,270,109.86
Group's share of net assets	61,400,090.13	46,656,721.92	21,528,850.81	31,864,534.75	28,817,105.64	9,904,826.37
Book value of equity investments in associates	61,400,090.13	46,656,721.92	21,528,850.81	31,864,534.75	28,817,105.64	9,904,826.37
Operation income	126,320,330.17	14,075,548.43	6,485,133.16	-	-	293,836.65
Net profit	59,897,698.53	(4,505,741.32)	(3,049,291.67)	1,693,187.90	1,988.85	(5,462,706.93)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	59,897,698.53	(4,505,741.32)	(3,049,291.67)	1,693,187.90	1,988.85	(5,462,706.93)
Dividends received from associates in the current year	42,163,011.57	-	-	-	-	-

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

3) Key financial information of material associates (Continued)

Items	Balance at the end of the previous year/Amount of the previous year					
	Southern United Assets and Equity Exchange Company Limited	Shenzhen Yueyun Investment Development Company Limited	Shantou City Automobile Terminal Co., Ltd.	Guangzhou City Tianhe Coach Terminal Co., Ltd.	Hong Kong- Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	CNPC Yueyun Natural Gas Co. Ltd.
Current assets	308,612,418.38	32,123,005.79	5,736,901.15	174,238,314.57	8,496,095.49	36,420,290.47
Non-current assets	64,374,250.28	220,630,198.61	73,055,718.44	98,062,802.46	91,023,250.96	21,032,562.04
Total assets	372,986,668.66	252,753,204.40	78,792,619.59	272,301,117.03	99,519,346.45	57,452,852.51
Current liabilities	123,809,441.72	14,985,825.13	14,298,409.48	114,671,631.16	22,770.15	8,372,411.32
Non-current liabilities	500,000.00	-	-	-	-	-
Total liabilities	124,309,441.72	14,985,825.13	14,298,409.48	114,671,631.16	22,770.15	8,372,411.32
Equity attributable to parent company's shareholders	248,677,226.94	237,767,379.27	64,494,210.11	157,629,485.87	99,496,576.30	47,163,401.84
Group's share of net assets	62,169,306.74	47,553,475.85	22,572,973.52	31,525,897.17	19,899,315.26	11,319,216.44
Book value of equity investments in associates	62,169,306.74	47,553,475.85	22,572,973.52	31,525,897.17	19,899,315.26	11,319,216.44
Operation income	171,010,027.00	20,665,142.71	8,765,608.69	-	-	27,581,327.94
Net profit	78,232,050.49	1,643,486.09	(2,230,891.39)	6,634,893.32	(17,350,617.96)	(5,422,673.26)
Other comprehensive income	-	-	-	-	(5,395,326.56)	-
Total comprehensive income	78,232,050.49	1,643,486.09	(2,230,891.39)	6,634,893.32	(22,745,944.52)	(5,422,673.26)
Dividends received from associates in the current year	15,276,787.31	-	-	-	-	-

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VII.INTERESTS IN OTHER ENTITIES (CONTINUED)

3. Interests in joint arrangements or associates (Continued)

4) Financial information of immaterial joint ventures and associates

	2022	2021
Joint ventures:		
Aggregate carrying amount of investments	13,560,498.49	13,337,002.45
Aggregate amount of share of	–	–
– Net profit	223,496.04	(875,180.53)
– Other comprehensive income	–	–
– Total comprehensive income	223,496.04	(875,180.53)
Associates:		
Aggregate carrying amount of investments	37,538,063.78	36,598,757.94
Aggregate amount of share of	–	–
– Net profit	(24,094,865.98)	(4,013,987.89)
– Other comprehensive income	–	–
– Total comprehensive income	(24,094,865.98)	(4,013,987.89)

5) Excessive losses incurred by joint ventures or associates

The Group equity accounts for the investments in joint ventures or associates. The Group ceased recognising its share of losses of the joint ventures or associates due to excess losses of the investee. As at 31 December 2022, the unrecognised share of losses of joint ventures or associates is as follows:

Name of joint ventures or associates	Accumulated unrecognised share of losses at the beginning of the year	Recognised share of net losses during the year	Accumulated unrecognised share of losses at the end of the year
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	2,383,499.62	–	2,383,499.62
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	225,184.19	64,818.55	290,002.74
Guangdong – Hong Kong – Macao System Technology Co., Ltd.	37,028.86	235,470.96	272,499.82
Express Cross-Border Coach Management Company Limited	41,145.29	661,667.84	702,813.13
Huiketong Technology (Zhuhai) Co., Ltd.	–	444,264.31	444,264.31
Guangzhou Hehe Intelligent Technology Co., Ltd.	–	377,867.69	377,867.69
Total	2,686,857.96	1,784,089.35	4,470,947.31

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VIII. RISK RELATED TO FINANCIAL INSTRUMENTS

The Company has exposure to various financial risks in the course of operation: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and other price risks). The details of the above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The objective of the Group's risk management is to achieve an appropriate balance between risk and income, and strive to reduce the adverse impact of financial risks on the Group's financial performance. Based on this risk management objective, the Group has formulated risk management policies to identify and analyze the risks faced by the Group, set an appropriate risk acceptable level and design corresponding internal control procedures to monitor the risk level of the Group. The Group will regularly review these risk management policies and relevant internal control systems to adapt to market conditions or changes in the Group's business activities.

1. Credit risk

Credit risk refers to the risk of financial losses incurred by the company due to the failure of counterparties to fulfill contractual obligations.

The Group's credit risk mainly comes from monetary funds and receivables. The management will continuously monitor the exposure of these credit risks.

The Group's monetary funds other than cash are mainly deposited in financial institutions with good credit. The management believes that there is no significant credit risk and is not expected to cause losses to the Group due to the other party's default.

The maximum credit risk exposure of the Group is the carrying amount of each financial asset in the consolidated balance sheet. The Group has not provided any guarantee that may expose the Group and the Company to credit risk.

In addition, for accounts receivables, the Group has formulated a credit policy according to the actual situation and conducted credit evaluation on customers to determine the credit limit and credit period. Credit evaluation is mainly based on the customer's financial status, external rating and bank credit record (if possible). The relevant accounts receivables are due within 30 to 90 days from the date of issuing the invoice. For debtors with overdue accounts receivable, the Group will urge collection from the debtors or negotiate with them to reschedule the payment term. Under normal circumstances, the Group will not require customers to provide collateral.

For other receivables, the Group monitors changes in credit risk by tracking the debtor's operating results and changes in the current economic environment. Credit evaluation is mainly based on the customer's financial status, external rating and bank credit record (if possible). For debtors whose other receivables are overdue, the Group will urge collection from them or negotiate with them to reschedule the payment term. Under normal circumstances, the Group will not require customers to provide collateral.

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VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

2. Liquidity risk

Liquidity risk refers to the risk of capital shortage when an enterprise performs its obligation to settle by delivering cash or other financial assets.

The Company and its subsidiaries are responsible for their own cash management, including short-term investment of cash surplus and loan raising to meet the expected cash demand (if the loan amount exceeds some preset authorization limit, it needs to be approved by the board of directors of the Company). The Group's policy is to regularly monitor the short-term and long-term liquidity needs and whether they comply with the provisions of the loan agreement, so as to ensure the maintenance of sufficient cash reserves and marketable securities that can be realized at any time, and obtain the commitment of major financial institutions to provide sufficient standby funds to meet the short-term and long-term liquidity needs.

The Company's financial liabilities are listed as follows based on the undiscounted contract cash flow according to the maturity date:

Items	31 December 2022					Total
	Within 1 year or on demand	1-2 years	2-5 years	More than 5 years		
Short-term loans	755,347,938.38	-	-	-	755,347,938.38	
Bills and accounts payable	639,873,706.72	-	-	-	639,873,706.72	
Other payables	691,116,164.00	-	-	-	691,116,164.00	
Other current liabilities	19,500,000.00	-	-	-	19,500,000.00	
Long-term loans	718,873,577.87	112,277,092.59	343,119,616.86	67,831,868.48	1,242,102,155.80	
Long-term payables	81,959,702.87	64,596,181.39	79,895,333.90	570,000.00	227,021,218.16	
Lease liabilities	384,731,262.04	240,818,041.85	675,918,571.90	1,538,946,189.63	2,840,414,065.42	
Total	3,291,402,351.88	417,691,315.83	1,098,933,522.66	1,607,348,058.11	6,415,375,248.48	

Items	31 December 2021					Total
	Within 1 year or on demand	1-2 years	2-5 years	More than 5 years		
Short-term loans	774,330,426.86	-	-	-	774,330,426.86	
Bills and accounts payable	649,647,065.32	-	-	-	649,647,065.32	
Other payables	725,310,610.04	-	-	-	725,310,610.04	
Other current liabilities	35,000,000.00	-	-	-	35,000,000.00	
Long-term loans	305,127,206.31	471,927,991.86	618,277,945.99	84,175,358.20	1,479,508,502.36	
Bonds payable	407,740,852.00	-	-	-	407,740,852.00	
Long-term payables	73,530,018.61	150,439,394.48	46,322,464.60	-	270,291,877.69	
Lease liabilities	440,491,760.78	305,398,272.51	676,949,550.33	1,773,351,636.42	3,196,191,220.04	
Total	3,411,177,939.92	927,765,658.85	1,341,549,960.92	1,857,526,994.62	7,538,020,554.31	

Note: The non-current liabilities due within one year are included in the non-current liabilities above.

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VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices, including exchange rate risk, interest rate risk and other price risks.

1) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates.

Interest-bearing financial instruments at floating rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

As at 31 December 2022, when other variables remain constant, if the interest rate of these borrowings at floating interest rate increases or decreases by 25 basis points, the net profit of the Company will decrease or increase by RMB1,899,441.65 (31 December 2021: RMB2,351,053.80). The management believes that 25 basis points reasonably reflects the reasonable range of possible changes in interest rates in the next year.

2) Exchange-rate risks

Exchange rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates.

The functional currency of the Group's Hong Kong subsidiaries is Hong Kong dollars (HKD), while, the functional currency of other subsidiaries of the Group is RMB. In respect of cash at bank and on hand, accounts receivable and payables, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, if there is a short-term imbalance, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The exchange rate risk faced by the Company mainly comes from financial assets denominated in US dollars (USD). The amount of foreign currency financial assets converted into RMB is listed as follows:

Items	31 December 2022		31 December 2021	
	USD	Total	USD	Total
Cash at bank and on hand	7,359,380.67	7,359,380.67	6,678,934.44	6,678,934.44
Total	7,359,380.67	7,359,380.67	6,678,934.44	6,678,934.44

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VIII. RISK RELATED TO FINANCIAL INSTRUMENTS (CONTINUED)

3. Market risk (Continued)

2) Exchange-rate risks (Continued)

As at 31 December 2022, with all other variables remain constant, if the RMB appreciates or depreciates by 5% against the USD, the net profit of the Group will increase or decrease by RMB275,976.77 (31 December 2021: RMB250,460.04). The management of the Company believes that 5% reasonably reflects the reasonable range of possible changes of RMB against USD in the next year.

3) Other price risk

Other price risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market prices other than exchange rate risk and interest rate risk.

As at 31 December 2022, the Group has no such price risk.

IX. DISCLOSURE OF FAIR VALUE

1. Fair value measurement

As at 31 December 2022 and 31 December 2021, the Group did not hold significant financial instruments measured at fair value.

2. Others

As at 31 December 2022 and 31 December 2021, there was no significant difference between the book value and fair value of the Group's financial assets and financial liabilities.

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on the parent of the Company

Parent company	Registered place	Business nature	Registered capital	Shareholding percentage (%)	Voting rights percentage (%)
GCGC	Gudongdong province, the PRC	Investment management	26,800,000,000.00	74.12	74.12

The ultimate holding company of the Group is GCGC.

2. Information on the subsidiaries of the Company

Information on the subsidiaries of the Company is disclosed in Note VII Interests in other entities.

3. Information on joint ventures and associates

For information about the joint ventures and associates of the Group, refer to Note V.8 Long-term equity investments.

NOTES TO THE FINANCIAL STATEMENTS

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

4. Information on other related parties

Other related parties	Related party relationships
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Chaoshan Circle Line Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Dachao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Oriental Thought Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangfozhao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangle Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangzhu Expressway West Section Co., Ltd.	Controlled by the ultimate holding company
Guangdong Humen Bridge Co., Ltd.	Controlled by the ultimate holding company
Guangdong Huiqing Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yunmao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Jiaoke Testing Co., Ltd.	Controlled by the ultimate holding company
Guangdong Traffic Industry Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Kaiyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Lea Top Technology Investment Co. Ltd.	Controlled by the ultimate holding company
Guangdong Lea Top Development Investment Co. Ltd.	Controlled by the ultimate holding company
Guangdong Union Electronic Services Co., Ltd.	Controlled by the ultimate holding company
Guangdong Luoyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Maozhan Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meihe Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Meiping Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong South China Logistics Enterprise Co., Ltd.	Controlled by the ultimate holding company
Guangdong Ninghua Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Pingxing Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Shanfen Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Expressway Development Co., Ltd.	Controlled by the ultimate holding company

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

4. Information on other related parties *(Continued)*

Other related parties	Related party relationships
Guangdong Provincial Freeway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Provincial Highway Construction Co., Ltd.	Controlled by the ultimate holding company
Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd.	Controlled by the ultimate holding company
GCG Finance	Controlled by the ultimate holding company
Guangdong Province Road & Bridge Construction Development Co., Ltd.	Controlled by the ultimate holding company
Guangdong Taishan Coastal Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Xinyue Communications Investment Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yangmao Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Yuetongbao E-commerce Co., Ltd.	Controlled by the ultimate holding company
Guangdong Zhaoyang Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangdong Zihui Expressway Co., Ltd.	Controlled by the ultimate holding company
Guangfo Expressway Co., Ltd.	Controlled by the ultimate holding company
Guang-Shen-Zhu Expressway Co., Ltd.	Controlled by the ultimate holding company
Heyuan Helong Expressway Co., Ltd.	Controlled by the ultimate holding company
Jingzhu Expressway Guangzhu Section Co., Ltd.	Controlled by the ultimate holding company
Kee Kwan Motor Road Co., Ltd.	Controlled by the ultimate holding company
Shenzhen Yueyun Investment Development Co., Ltd.	Controlled by the ultimate holding company
Weisheng Freight Enterprises Co., Ltd.	Controlled by the ultimate holding company
Guangdong Guangshen Industrial Development Co., Ltd.	Controlled by the ultimate holding company
Yunfu City Guangyun Expressway Co., Ltd.	Controlled by the ultimate holding company
Dongguan Weisheng International Logistics Company Limited	Controlled by the ultimate holding company
Guangdong Lea Top Property Development Company Limited	Controlled by the ultimate holding company
Xin Yue(Guangzhou) Financial Leasing Co., Ltd.	Controlled by the ultimate holding company
Guangdong Province Transportation Engineering Company Limited	Controlled by the ultimate holding company
Zhaoqing Yuezhaoh Highway Co., Ltd.	Joint venture of the ultimate holding company
Poly Changda Engineering Co., Ltd.	Associates of the ultimate controlling party
Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	Associates of the ultimate controlling party
Shenzhen Huiyan Expressway Co., Ltd.	Associates of the ultimate controlling party
Foshan Guangsan Expressway Co., Ltd.	Associates of the ultimate controlling party

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year

Transactions between the Group and its related parties for the year

[#] Related party transactions that constitute to continuing connected transactions under Chapter 14A of the Listing Rules.

^β Related party transactions that constitute to connected transactions under Chapter 14A of the Listing Rules.

The following related party transactions are conducted based on normal commercial terms or according to relevant agreements.

1) *Purchases and rendering and receipt of services*

Purchases and receipt of services

Related parties	Caption	2022	2021
Guangdong South China Logistics Enterprise Co., Ltd. [#]	Purchase of materials	–	29,109,328.23
Guangdong Yuehuahui Business Management Co., Ltd.	Purchase of materials	16,646,378.84	15,340,159.41
Guangdong Guangye Yueyun Natural Gas Company Limited	Purchase of materials	2,731,890.38	3,618,224.83
Shaoguan Libao Technology Company Limited	Purchase of materials	1,268,820.97	2,453,520.25
Others	Purchase of materials	39,823.01	1,586,137.52
Total		20,686,913.20	52,107,370.24
Guangdong Humen Bridge Co., Ltd. [#]	Receipt of services	5,356,705.74	7,192,604.03
Guangdong Oriental Thought Co., Ltd. [#]	Receipt of services	237,877.35	975,823.23
Guangdong Jiaoke Testing Co., Ltd. [#]	Receipt of services	2,150,696.00	1,085,096.00
Guangdong Xinyue Communications Investment Co., Ltd. ^β	Receipt of services	–	302,691.80
Others ^β	Receipt of services	5,127,631.71	2,826,148.44
Total		12,872,910.80	12,382,363.50

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

1) *Purchases and rendering and receipt of services (Continued)*

Sales of goods and rendering of services

Related parties	Descriptions	2022	2021
Guangdong Zhongyou Top-E Energy Trading Company Limited	Expressway service operation income	1,506,375.72	1,499,066.22
Guangdong Humen Bridge Co., Ltd.	Expressway service operation income	–	715,330.58
Others	Expressway service operation income	9,955,691.61	4,061,117.77
Total		11,462,067.33	6,275,514.57
Guangdong Chao-Hui Expressway Company Limited [#]	Logistics service income	570,296.18	1,102,921.79
Guangdong Lea Top Technology Investment Co. Ltd. [#]	Logistics service income	1,880,796.12	1,229,649.51
Others [#]	Logistics service income	5,915,959.75	6,662,741.66
Total		8,367,052.05	8,995,312.96
Others ^β	Repairing income	391,766.50	887,142.50
Total		391,766.50	887,142.50
Guangdong Union Electronic Services Co., Ltd. ^β	Rendering of other services income	–	819,413.59
Guangdong Roadnet Innovalues Media Information Technology Co., Ltd.	Rendering of other services income	429,952.92	687,741.47
Others ^β	Rendering of other services income	651,693.38	6,792.43
Total		1,081,646.30	1,513,947.49

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

1) *Purchases and rendering and receipt of services (Continued)*

Sales of goods and rendering of services (Continued)

Related parties	Descriptions	2022	2021
Guangdong Province Road & Bridge Construction Development Co., Ltd.#	Road rescue service income	19,351,017.07	16,827,985.20
Guangdong Provincial Freeway Co., Ltd.#	Road rescue service income	10,578,230.39	5,190,005.24
Guangdong Provincial Highway Construction Co., Ltd.#	Road rescue service income	4,957,633.19	5,065,684.66
Guangdong Guangle Expressway Co., Ltd.#	Road rescue service income	4,763,203.20	5,323,582.01
Guangdong Chao-Hui Expressway Company Limited#	Road rescue service income	6,732,998.34	5,119,279.60
Guangdong Meihe Expressway Co., Ltd.#	Road rescue service income	4,049,087.27	850,648.57
Guangdong Kaiyang Expressway Co., Ltd.#	Road rescue service income	3,536,320.75	742,924.54
Guangdong Guangfozhao Expressway Company Limited#	Road rescue service income	2,804,759.40	3,134,731.10
Guangdong Guanghui Expressway Co., Ltd.#	Road rescue service income	2,469,811.32	2,469,811.30
Guangdong Bo-Da Expressway Company Limited#	Road rescue service income	2,389,798.75	2,509,044.30
Guangdong Yunmao Expressway Co., Ltd.#	Road rescue service income	2,082,018.84	1,214,510.99
Guangdong Taishan Coastal Expressway Co., Ltd.#	Road rescue service income	2,075,579.72	837,590.93
Guangdong Huiqing Expressway Co., Ltd.#	Road rescue service income	2,009,207.52	2,048,603.76
Guangdong Dachao Expressway Co., Ltd.#	Road rescue service income	1,936,845.28	1,936,845.23
Guang-Shen-Zhu Expressway Co., Ltd.#	Road rescue service income	1,901,353.80	2,129,278.33
Guangdong Shanfen Expressway Co., Ltd.#	Road rescue service income	1,848,232.77	388,284.20
Guangdong Pingxing Expressway Co., Ltd.#	Road rescue service income	1,580,422.64	1,766,354.75
Guangdong Ninghua Expressway Co., Ltd.#	Road rescue service income	1,347,891.51	1,506,466.97
Guangdong Luoyang Expressway Co., Ltd.#	Road rescue service income	1,335,590.52	1,492,718.82
Guangdong Zihui Expressway Co., Ltd.#	Road rescue service income	1,241,481.13	1,241,481.14
Guangdong Chaoshan Circle Line Expressway Co., Ltd.#	Road rescue service income	1,192,886.79	1,192,886.75
Heyuan Helong Expressway Co., Ltd.#	Road rescue service income	1,181,299.53	248,172.15
Shenzhen Huiyan Expressway Co., Ltd.#	Road rescue service income	1,033,703.28	1,033,703.28
Guangdong Zhaoyang Expressway Co., Ltd.#	Road rescue service income	1,019,631.12	1,464,929.75
Jingzhu Expressway Guangzhu Section Co., Ltd.#	Road rescue service income	933,396.22	1,343,112.22
Guangdong Jiangzhong Expressway Co., Ltd.#	Road rescue service income	920,635.50	718,235.81
Guangdong Maozhan Expressway Co., Ltd.#	Road rescue service income	565,471.63	2,421,745.21
Others#	Road rescue service income	2,481,085.89	4,726,320.56
Total		88,319,593.37	74,944,937.37

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

2) *Entrusted management and outsourcing*

Entrusted management and outsourcing:

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the year
Guang-Shen-Zhu Expressway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2010-12-01	2027-06-30	Negotiated price	4,419,524.44
Guangdong Provincial Freeway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2008-08-22	Termination date of the highway toll	Negotiated price	3,338,184.58
Foshan Guangsan Expressway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2012-10-10	Termination date of the highway toll	Negotiated price	2,799,086.27
Guangfo Expressway Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-01-01	Termination date of the highway toll	Negotiated price	1,999,296.34
Guangdong Provincial Highway Construction Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2008-09-01	Termination date of the highway toll	Negotiated price	1,184,766.67
Guangdong Province Road & Bridge Construction Development Co., Ltd.	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-07-15	Termination date of the highway toll	Negotiated price	1,054,231.39
Others	Guangdong Highway Media Company Limited	Expressway advertisement resources operation				2,375,224.95
Weisheng Freight Enterprises Co., Ltd.#	The Motor Transport Company of Guangdong and Hong Kong Limited	Passenger transportation contracting fee	2021-01-01	2023-12-31	Negotiated price	2,566,500.00
Weisheng Freight Enterprises Co., Ltd.#	The Motor Transport Company of Guangdong and Hong Kong Limited	Disbursements of passenger transportation contracting fee	2021-01-01	2023-12-31	Negotiated price	313,089.52

Entrusted management and outsourcing:

Consignor	Contractor	Contract object	Start date	End date	Pricing basis	Contract cost for the year
The Motor Transport Company of Guangdong and Hong Kong Limited	Weisheng Freight Enterprises Co., Ltd.#	Freight transportation outsourcing income	2021-01-01	2023-12-31	Negotiated price	4,712,094.00
The Motor Transport Company of Guangdong and Hong Kong Limited	Weisheng Freight Enterprises Co., Ltd.#	Disbursements	2021-01-01	2023-12-31	Negotiated price	5,071,830.45

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

3) *Lease*

The Group as the lessor:

Lessee	Type of assets leased	Lease income recognised in 2022	Lease income recognised in 2021
Guangdong South China Logistics Enterprise Co., Ltd.	Buildings and structures	1,374,990.60	2,210,341.81
Express Cross-Border Coach Management Company Limited	Traffic line/Buildings and structures	–	106,773.50
Others	Buildings and structures	95,793.30	1,018,111.84

The Group as the lessee:

(i) *The Group's acquisition of right-of-use assets:*

Lessee	Type of assets leased	2022	2021
Guangdong Humen Bridge Co., Ltd.	Buildings and structures	133,333,333.13	–
Guangdong Chao-Hui Expressway Company Limited	Buildings and structures	41,871,002.24	–
Guangdong Taishan Coastal Expressway Co., Ltd.	Buildings and structures	5,722,784.86	–
Kee Kwan Motor Road Co., Ltd.#	Buildings and structures	936,853.40	–
Guangdong Guangfozhao Expressway Company Limited	Buildings and structures	545,593.32	–
Guangdong Lea Top Property Development Company Limited	Buildings and structures	415,598.61	–
Guangdong Kaiyang Expressway Co., Ltd.	Buildings and structures	189,161.01	–
Guangdong Province Road & Bridge Construction Development Co., Ltd.	Buildings and structures	77,379.36	–
Lufeng Shen-Shan Expressway Services Company Limited	Buildings and structures	–	57,819,026.37
Guangdong Ninghua Expressway Co., Ltd.	Buildings and structures	–	50,507,456.29
Guangdong Dachao Expressway Co., Ltd.	Buildings and structures	–	29,493,028.98
Guangdong Lea Top Development Investment Co. Ltd.	Buildings and structures	–	18,661,236.20
Guangdong Provincial Freeway Co., Ltd.	Buildings and structures	–	716,771.37

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

3) *Lease (Continued)*

(ii) Lease of expressway service zone

Lessor	Lessee	Type of assets leased	Start date	End date	Basis of pricing	Leasing expenses in 2022
Guangdong Provincial Freeway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2003-04-03	2045-09-25	Negotiated price	18,826,928.08
Guangdong Humen Bridge Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2022-01-08	2029-05-08	Negotiated price	17,824,246.92
Guangdong Province Road & Bridge Construction Development Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2010-07-01	2040-12-31	Negotiated price	15,511,649.68
Guangdong Provincial Highway Construction Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2019-12-03	2041-12-28	Negotiated price	15,064,829.09
Guangdong Guangzhu Expressway West Section Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2013-01-25	2038-01-23	Negotiated price	10,733,021.17
Guangdong Chao-Hui Expressway Company Limited#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2003-12-29	2045-06-17	Negotiated price	10,395,588.05
Guangdong Guangle Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2014-09-27	2039-09-26	Negotiated price	10,331,209.32
Lufeng Shen-Shan Expressway Services Company Limited#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2021-09-20	2030-09-19	Negotiated price	8,654,278.17
Guangdong Kaiyang Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2020-07-09	2027-07-23	Negotiated price	7,871,993.74
Guangdong Guangfozhao Expressway Company Limited#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2016-12-31	2041-12-31	Negotiated price	7,687,213.23
Guangdong Ninghua Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2020-07-30	2042-09-27	Negotiated price	6,516,298.36
Guang-Shen-Zhu Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2018-02-01	2027-06-30	Negotiated price	6,098,031.08
Guangdong Bo-Da Expressway Company Limited#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2013-03-31	2039-12-27	Negotiated price	4,184,154.30
Guangdong Meihe Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2005-11-30	2033-12-27	Negotiated price	3,388,899.71
Guangdong Yangmao Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-12-01	2029-11-30	Negotiated price	2,898,944.86
Guangdong Provincial Expressway Development Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2012-12-26	2036-03-14	Negotiated price	2,706,402.06
Guangdong Dachao Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2020-12-28	2045-12-29	Negotiated price	2,430,877.22
Guangdong Maozhan Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-11-26	2040-12-29	Negotiated price	2,398,505.91
Guangdong Zhaoyang Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2011-01-01	2039-12-31	Negotiated price	2,307,889.92

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions between the Group and its related parties for the year (Continued)

3) Lease (Continued)

(ii) Lease of expressway service zone (Continued)

Lessor	Lessee	Type of assets leased	Start date	End date	Basis of pricing	Leasing expenses in 2022
Guangdong Jiangzhong Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2016-01-01	2027-08-26	Negotiated price	2,079,369.80
Guangdong Luoyang Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2016-10-31	2041-10-30	Negotiated price	2,026,968.73
Guangdong Pingxing Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2015-12-31	2040-12-30	Negotiated price	1,851,004.75
Guangdong Shanfen Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2018-01-01	2025-11-23	Negotiated price	1,748,242.31
Guangdong Taishan Coastal Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-01-01	2028-12-31	Negotiated price	1,491,677.09
Yunfu City Guangyun Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2019-01-01	2027-12-23	Negotiated price	1,334,899.89
Heyuan Helong Expressway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2005-06-08	2032-12-31	Negotiated price	1,270,505.25
Zhaoqing Yuezhaoh Highway Co., Ltd.#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services	2004-01-05	2031-11-22	Negotiated price	1,009,230.21
Others#	Guangdong Tongyi Expressway Service Area Co., Ltd.	Expressway services			Negotiated price	16,315,818.17
Guangdong Guangzhu Expressway West Section Co., Ltd.#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2013-12-01	2023-11-30	Negotiated price	6,247,403.95
Jingzhu Expressway Guangzhu Section Co., Ltd.#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2009-01-01	2030-05-12	Negotiated price	1,337,551.73
Guangdong Humen Bridge Co., Ltd.#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation	2018-08-30	2023-08-29	Negotiated price	1,259,363.46
Others#	Guangdong Highway Media Company Limited	Expressway advertisement resources operation				786,010.04

Note: The Group has applied new leases standard since 1 January 2019. Under new leases standard, service area management contracting expenses include depreciation expense of right-of-use assets, interest expenses of lease liabilities, and variable lease payments not included in the measurement of lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

3) *Lease (Continued)*

(iii) *Others*

Lessor	Type of asset leased	Leasing expenses in 2022	Leasing expenses in 2021
Guangdong Lea Top Development Investment Co. Ltd. [Ⓟ]	Buildings and structures	6,574,368.00	8,880,200.04
Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd. [Ⓟ]	Buildings and structures	2,143,257.19	2,364,000.00
Kee Kwan Motor Road Co., Ltd.	Buildings and structures/ Transportation Service	1,331,916.26	1,468,500.00
Others [Ⓟ]	Buildings and structures	3,926,426.70	3,300,832.19

Note: The leasing expenses above include depreciation expense of right-of-use assets, interest expenses of lease liabilities, and short-term lease payments not included in the measurement of lease liabilities.

4) *Guarantees*

As at 31 December 2022, the Group has no guarantees to related parties.

5) *Borrowing from and lending to related parties*

Related parties	Annual interest rate	As at		As at		Start date	End date
		1 January 2022	Loan amount	Repayment	31 December 2022		
GCG Finance	3.15%	200,000,000.00	–	200,000,000.00	–	2021-12-22	2022-12-21
GCG Finance	3.05%	–	42,000,000.00	42,000,000.00	–	2022-1-21	2023-1-20
GCG Finance	3.00%	–	6,000,000.00	–	6,000,000.00	2022-3-9	2023-3-8
GCG Finance	3.80%	16,000,000.00	–	16,000,000.00	–	2020-1-15	2023-1-14
GCG Finance	3.65%	22,000,000.00	–	4,000,000.00	18,000,000.00	2019-12-26	2024-12-25
GCG Finance	3.65%	10,000,000.00	–	4,000,000.00	6,000,000.00	2018-12-11	2023-12-10
GCG Finance	3.80%	30,000,000.00	–	3,000,000.00	27,000,000.00	2019-8-8	2024-2-21
GCG Finance	4.00%	500,000.00	–	500,000.00	–	2017-7-25	2027-7-24
GCG Finance	3.95%	15,000,000.00	–	500,000.00	14,500,000.00	2018-1-25	2028-1-24
GCG Finance	3.95%	5,000,000.00	–	–	5,000,000.00	2018-5-28	2028-5-27
GCG Finance	3.95%	15,000,000.00	–	–	15,000,000.00	2018-8-9	2028-8-8
GCG Finance	3.65%	18,000,000.00	–	1,000,000.00	17,000,000.00	2020-1-23	2023-1-22
Total		331,500,000.00	48,000,000.00	271,000,000.00	108,500,000.00		

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For the year ended 31 December 2022
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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

6) Deposit in GCG Finance

Company name	31 December 2022	31 December 2021
GCG Finance	–	185,772.70
Total	–	185,772.70

Note: According to the intercompany settlement account management agreement and general agreement on deposit with GCG Finance, the Group opened a deposit account in GCG Finance with a demand interest rate or conventional interest rate. In 2021, the deposit rate will be 0.3%~2.3%. The deposit is deposited in GCG Finance, and recorded as “Cash at bank and on hand” by the Group. The agreement above expired at 31 December 2021. As at 31 December 2022, there is no deposit in GCG Finance.

7) Interest income

Related party	Descriptions	2022	2021
GCG Finance	Deposit interest income	146,899.57	7,641,718.41
Total		146,899.57	7,641,718.41

8) Interest expenses

Related party	Descriptions	2022	2021
GCG Finance	Loan interest expense	8,964,311.81	10,184,402.76
Shaoguan Libao Technology Company Limited	Interest expense of cash pool	5,633.01	1,927.56
Total		8,969,944.82	10,186,330.32

9) Cash pool arrangement

Pursuant to the relevant agreements, the Group centrally collects and manages the funds from bank accounts (the “Cash Pool Accounts”) of certain related party companies. The funds received are recorded as “other payables” and bear the same interest rate as demand deposit. In 2022 and 2021, the above deposit interest rate is 0.3%~0.35%. Please refer to Note X.6 2), Other payables – cash pool and Note X.5 8), Interest expenses.

10) Compensation for key management personnel

Item	2022	2021
Compensation for key management personnel	5,958,248.84	6,200,370.28

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

10) Compensation for key management personnel *(Continued)*

Compensation for the directors and supervisors are as below:

2022

Title and name	Note	Board expenses	Basic salaries and other allowances	Retirement plan contributions	Total
Executive Director, Chairman of the Board Guo Junfa	(2)	-	495,244.92	42,086.70	537,331.62
Executive Director, General Manager Tang Yinghai	(4)	-	166,682.26	13,764.60	180,446.86
Executive Director, Deputy General Manager Yao Hanxiong	(5)	-	148,158.96	13,764.60	161,923.56
Executive Director, General Manager Zhu Fang	(6)	-	200,872.15	17,700.30	218,572.45
Executive Director, Financial Director Huang Wenban	(7)	-	418,032.96	42,086.70	460,119.66
Independent non-executive Director Wen Huiying	(8)	40,000.00	-	-	40,000.00
Independent non-executive Director Zhan Xiaotong	(9)	40,000.00	-	-	40,000.00
Supervisor Li Xiangrong	(10)	-	411,396.76	42,086.70	453,483.46
Supervisor Lian Yuebin	(11)	-	345,510.96	42,086.70	387,597.66
Executive Director, Deputy General Manager Hu Xianhua	(12)	-	269,874.00	28,322.10	298,196.10
Independent non-executive Director Jin Wenzhou	(14)	40,000.00	-	-	40,000.00
Independent non-executive Director Lu Zhenghua	(15)	40,000.00	-	-	40,000.00
Independent non-executive Director Su WuJun	(16)	20,000.00	-	-	20,000.00
Independent non-executive Director Shen Jialong	(17)	20,000.00	-	-	20,000.00
Independent non-executive Director Huang Yuan	(18)	20,000.00	-	-	20,000.00
Independent non-executive Director Zhang Xiangfa	(19)	20,000.00	-	-	20,000.00
Supervisor Zhen Jianhui		-	334,161.60	42,086.70	376,248.30
Independent Supervisor Dong Yihua	(20)	32,000.00	-	-	32,000.00
Independent Supervisor Lin Hai	(21)	32,000.00	-	-	32,000.00
Independent Supervisor Meng Xue	(22)	16,000.00	-	-	16,000.00
Independent Supervisor Duan Xinhong	(23)	16,000.00	-	-	16,000.00
Total		336,000.00	2,789,934.57	283,985.10	3,409,919.67

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For the year ended 31 December 2022
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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Transactions between the Group and its related parties for the year (Continued)

10) Compensation for key management personnel (Continued)

2021

Title and name	Note	Board expenses	Basic salaries and other allowances	Retirement plan contributions	Total
Executive Director, Chairman of the Board Guo Junfa	(2)	-	122,976.69	9,635.22	132,611.91
Executive Director, Chairman of the Board Xuan Zongmin	(3)	-	342,683.74	5,675.04	348,358.78
Executive Director, General Manager Tang Yinghai	(4)	-	579,409.69	36,295.56	615,705.25
Executive Director, Deputy General Manager Yao Hanxiong	(5)	-	490,695.11	36,295.56	526,990.67
Executive Director, Deputy General Manager Zhang Xian	(13)	-	389,492.36	23,448.60	412,940.96
Executive Director, Financial Director Huang Wenban	(7)	-	404,811.00	36,295.56	441,106.56
Independent non-executive Director Jin Wenzhou	(14)	60,000.00	-	-	60,000.00
Independent non-executive Director Lu Zhenghua	(15)	60,000.00	-	-	60,000.00
Independent non-executive Director Wen Huiying	(8)	60,000.00	-	-	60,000.00
Independent non-executive Director Zhan Xiaotong	(9)	60,000.00	-	-	60,000.00
Supervisor Li Xiangrong	(10)	-	408,839.64	36,295.56	445,135.20
Supervisor Zhen Jianhui		-	348,370.08	36,295.56	384,665.64
Supervisor Lian Yuebin	(11)	-	346,220.72	36,295.56	382,516.28
Independent Supervisor Dong Yihua	(20)	48,000.00	-	-	48,000.00
Independent Supervisor Lin Hai	(21)	48,000.00	-	-	48,000.00
Total		336,000.00	3,433,499.03	256,532.22	4,026,031.25

Note:

- (1) The compensation for the following key management personnel are not paid by the Company:

2022: Non-executive Director Mr. Chen Min, Non-executive Director Mr. Chen Chuxuan, Supervisor Mr. Zhou Yihua, Supervisor Mr. Wang Qingwei.

2021: Non-executive Director Mr. Chen Min, Non-executive Director Mr. Chen Chuxuan, Supervisor Mr. Hu Xianhua, Supervisor Mr. Wang Qingwei.

- (2) The salaries of Mr. Guo Junfa included his salaries as both of Executive Director and Chairman of the Board. Mr. Guo Junfa became Chairman in November 2021.

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For the year ended 31 December 2022

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

10) *Compensation for key management personnel (Continued)*

Note: *(Continued)*

- (3) The salaries of Mr. Xuan Zongmin included his salaries as both of Executive Director and Chairman of the Board, and he left the position in March 2021.
- (4) The salaries of Mr. Tang Yinghai included his salaries as both of Executive Director and General Manager, and he left the position in April 2022.
- (5) The salaries of Mr. Yao Hanxiong included his salaries as both of Executive Director and Deputy General Manager of the Company, and he left the position in April 2022.
- (6) Mr. Zhu Fang became Executive Director and General Manager in July 2022.
- (7) The salaries of Mr. Huang Wenban included his salaries as both Executive Director and Financial Director of the Company. Mr. Huang Wenban became Executive Director and Financial Director in December 2020.
- (8) Ms. Wen Huiying became Non-executive Director in August 2018, and she left the position in August 2022.
- (9) Mr. Zhan Xiaotong became Non-executive Director in August 2018, and he left the position in August 2022.
- (10) Ms. Li Xiangrong became Supervisor in June 2016.
- (11) Ms. Lian Yuebin became Supervisor in August 2017.
- (12) Mr. Hu Xianhua posed as Deputy General Manager of the Company from April 2022 to 31 August 2022, and he became executive Director and Deputy General Manager of the Company at 31 August 2022.
- (13) The salaries of Mr. Zhang Xian included his salaries as both of Executive Director and Deputy General Manager, and he left the positions in September 2021.
- (14) Mr. Jin Wenzhou became Independent non-executive Director in December 2012, and he left the position in August 2022.
- (15) Mr. Lu Zhenghua became Independent non-executive Director in December 2020, and he left the position in August 2022.
- (16) Mr. Su Wujun became Independent non-executive Director at 31 August 2022.
- (17) Mr. Shen Jialong became Independent non-executive Director at 31 August 2022.
- (18) Ms. Huang Yuan became Independent non-executive Director at 31 August 2022.
- (19) Mr. Zhang Xiangfa became Independent non-executive Director at 31 August 2022.
- (20) Mr. Dong Yihua became Independent Supervisor in June 2016, and he left the position in August 2022.
- (21) Mr. Lin Hai became Independent Supervisor in August 2018, and he left the position in August 2022.
- (22) Ms. Meng Xue became Independent Supervisor in September 2022.
- (23) Mr. Duan Xinhong became Independent Supervisor in September 2022.

During the year, the Company have neither made any payments that served as a motivation for Directors to join, nor paid any compensation for Director's resignation.

NOTES TO THE FINANCIAL STATEMENTS

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

5. Transactions between the Group and its related parties for the year *(Continued)*

10) *Compensation for key management personnel (Continued)*

Apart from the above directors and supervisors, the compensation for other key management personnel of the Company is as follows:

Item	2022	2021
Other key management personnel	2,548,329.17	2,174,339.03

Note: Key management personnel are those personnel having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, general manager, chief accountant, financial director, vice general managers taking charge of each business unit, and personnel who perform similar strategic functions. The CEO of the Company is general manager.

Three (2021: Two) of the Group's top five highest paid people are directors. The compensation for the remaining two (2021: three) is as follows:

Item	2022	2021
Basic salaries and other allowances	841,402.97	1,472,085.33
Retirement plan contributions	84,173.40	108,886.68
Total	925,576.37	1,580,972.01

The emolument of each of the top five individuals was below HKD1 million in 2022 and 2021.

11) *Trademark*

During the current and prior year, GVTG granted some associates with the trademark use right of "Yueyun" at nil consideration.

12) *Road and bridge tolls*

The Group's subsidiaries which are engaged in transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services according to the charging standards jointly formulated and announced by the local government and the price department, and paid certain road and bridge tolls to those road and bridge companies held by GCGC through Guangdong Union Electronic Services Co., Ltd.

NOTES TO THE FINANCIAL STATEMENTS

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

6. Amounts due from/to related parties

1) Amounts due from related parties

Items	Related parties	31 December 2022		31 December 2021	
		Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
Accounts receivable					
	Guangdong Provincial Freeway Co., Ltd.	8,431,133.98	687,213.73	1,840,735.61	767,037.61
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	7,773,350.84	1,143,142.38	2,190,718.08	109,535.90
	Guangdong Humen Bridge Co., Ltd.	6,197,761.16	309,888.06	3,197,414.91	159,870.75
	Guangdong Kaiyang Expressway Co., Ltd.	3,536,320.75	176,816.04	–	–
	Guangdong Chao-Hui Expressway Company Limited	2,860,403.02	143,056.32	451,941.41	22,597.07
	Poly Changda Engineering Co., Ltd.	2,275,990.03	113,799.50	–	–
	Guangdong Shanfen Expressway Co., Ltd.	1,833,118.82	91,655.94	–	–
	Guangdong Meihe Expressway Co., Ltd.	1,816,434.98	810,864.94	1,600,095.97	800,047.99
	Guangdong Lea Top Technology Investment Co. Ltd.	1,631,508.00	81,575.40	285,039.00	14,251.95
	Guangdong South Passenger Network Center Company Limited	1,015,595.35	109,899.79	2,018,690.65	100,934.53
	Express Cross-Border Coach Management Company Limited	897,159.28	373,542.44	81,760.00	4,088.00
	Guangdong Provincial Highway Construction Co., Ltd.	727,152.42	36,357.62	542,366.08	27,118.30
	Guangdong Maozhan Expressway Co., Ltd.	565,471.70	28,273.59	86,603.84	4,330.19
	GCGC	534,202.72	515,696.42	532,602.72	152,986.30
	Guangdong Guangle Expressway Co., Ltd.	476,314.35	23,815.72	523,856.07	26,192.80
	Guangdong Yunmao Expressway Co., Ltd.	381,703.41	19,085.17	381,703.44	19,085.17
	Guangdong Guangfozhao Expressway Company Limited	280,507.79	14,026.98	280,507.81	14,025.39
	Guangdong Luoyang Expressway Co., Ltd.	267,118.00	13,355.90	133,558.99	6,677.95
	Shenzhen Huiyan Expressway Co., Ltd.	258,425.96	12,921.30	258,425.92	12,921.30
	Guangdong Guanghui Expressway Co., Ltd.	246,981.14	12,349.06	355,078.33	17,753.92
	Guangdong Jiaoke Testing Co., Ltd.	–	–	4,732,850.00	1,656,497.50
	Others	1,822,379.37	285,681.37	2,613,558.76	214,621.53
	Total	43,829,033.07	5,003,017.67	22,107,507.59	4,130,574.15

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For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Amounts due from/to related parties (Continued)

1) Amounts due from related parties (Continued)

Items	Related parties	31 December 2022		31 December 2021	
		Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
Prepayments					
	Guangdong Union Electronic Services Co., Ltd.	1,346,938.03	-	466,250.77	-
	Guangdong Xinyue Transportation Investment Co., Ltd.	350,000.00	-	350,000.00	-
	Guangdong Lea Top Development Investment Co. Ltd.	201,161.79	-	201,161.79	-
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	191,463.00	-	191,463.00	-
	Guang-Shen-Zhu Expressway Co., Ltd.	189,765.15	-	505,885.87	-
	Shaoguan Libao Technology Company Limited	-	-	1,522,220.00	-
	Guangdong Provincial Highway Construction Co., Ltd.	-	-	908,818.42	-
	Others	95,780.51	-	107,079.83	-
	Total	2,375,108.48	-	4,252,879.68	-
Other receivables					
	Guangdong Province Transportation Engineering Company Limited	40,891,536.01	-	-	-
	Shantou City Automobile Terminal Co., Ltd.	3,871,868.79	3,871,868.79	4,159,744.79	4,159,744.79
	Guang-Shen-Zhu Expressway Co., Ltd.	3,584,000.00	-	3,584,000.00	-
	Weisheng Freight Enterprises Co., Ltd.	3,565,949.76	441,896.32	781,455.82	33,469.71
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	3,028,419.68	3,007,443.26	509.50	250.95
	Guangdong Provincial Freeway Co., Ltd.	2,207,999.74	43.74	2,352,786.23	6,449.61
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	1,806,115.82	185.79	1,745,507.75	-
	Guangdong Guangzhu Expressway West Section Co., Ltd.	1,628,300.00	-	1,688,300.00	-
	Guangdong Provincial Highway Construction Co., Ltd.	1,141,124.58	-	1,418,405.01	-

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

6. Amounts due from/to related parties *(Continued)*

1) Amounts due from related parties *(Continued)*

Items	Related parties	31 December 2022		31 December 2021	
		Amount	Provision for bad and doubtful debts	Amount	Provision for bad and doubtful debts
	Guangdong Union Electronic Services Co., Ltd.	1,104,336.62	91.52	1,402,288.74	24,771.70
	Guangdong Maozhan Expressway Co., Ltd.	1,000,000.00	-	1,000,000.00	-
	Lufeng Shen-Shan Expressway Services Company Limited	1,000,000.00	-	-	-
	Guangdong Guangfozhao Expressway Company Limited	900,000.00	-	900,000.00	-
	Guangdong Yangmao Expressway Co., Ltd.	500,000.00	-	500,000.00	-
	Guangdong Guangye Yueyun Natural Gas Company Limited	454,782.53	21,262.20	254,782.53	10,239.13
	Poly Changda Engineering Co., Ltd.	415,958.10	-	524,190.16	-
	Guangdong Chao-Hui Expressway Company Limited	401,000.00	-	301,000.00	-
	Guangdong Guangle Expressway Co., Ltd.	330,000.00	-	330,000.00	-
	Guangdong Bo-Da Expressway Company Limited	300,000.00	-	-	-
	Guangdong Yunmao Expressway Co., Ltd.	300,000.00	-	300,000.00	-
	Guangdong South Passenger Network Center Company Limited	126,053.00	5,386.85	1,861,068.00	186,106.80
	Others	9,167,759.93	6,552,414.82	10,405,164.51	6,604,247.29
	Total	77,725,204.56	13,900,593.29	33,509,203.04	11,025,279.98
Dividends receivable					
	Southern United Assets and Equity Exchange Company Limited	-	-	25,901,744.08	-
	Shenzhen Yueyun Investment Development Co., Ltd.	-	-	1,000,000.00	-
	Total	-	-	26,901,744.08	-
Other non-current assets					
	Guangdong Humen Bridge Co., Ltd.	-	-	133,333,333.13	-
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	9,600,000.00	-	9,600,000.00	-
	Total	9,600,000.00	-	142,933,333.13	-

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For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

6. Amounts due from/to related parties *(Continued)*

2) Amounts due to related parties

Items	Related parties	31 December 2022	31 December 2021
Accounts payable			
	Guangdong Zihui Expressway Co., Ltd.	19,000,000.00	8,000,000.00
	Guang-Shen-Zhu Expressway Co., Ltd.	10,888,835.79	9,599,798.85
	Guangdong Provincial Freeway Co., Ltd.	9,915,270.24	6,060,140.52
	Guangdong Yuehuahui Business Management Co., Ltd.	5,358,060.14	2,323,080.89
	Guangdong Huiqing Expressway Co., Ltd.	4,723,075.65	4,783,081.90
	Guangdong Guangzhu Expressway West Section Co., Ltd.	3,645,260.08	3,613,869.52
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	2,947,980.05	2,204,429.26
	Guangdong Maozhan Expressway Co., Ltd.	2,535,618.55	1,127,098.74
	Guangdong Union Electronic Services Co., Ltd.	2,278,136.30	1,340,887.12
	Shaoguan Libao Technology Company Limited	2,053,744.50	540,084.41
	Foshan Guangsan Expressway Co., Ltd.	1,926,268.06	1,810,938.69
	Guangdong South Passenger Network Center Company Limited	1,900,000.00	-
	Guangdong Kaiyang Expressway Co., Ltd.	1,862,526.47	99,732.19
	Poly Changda Engineering Co., Ltd.	1,795,142.04	2,482,378.29
	Guangfo Expressway Co., Ltd.	1,710,973.50	936,939.88
	Jingzhu Expressway Guangzhu Section Co., Ltd.	1,554,760.06	2,932,345.98
	Guangdong Provincial Highway Construction Co., Ltd.	1,412,980.08	1,391,433.40
	Guangdong Humen Bridge Co., Ltd.	1,227,441.21	3,136,434.94
	Guangdong Chao-Hui Expressway Company Limited	861,021.95	2,462,900.00
	Guangdong Jiangzhong Expressway Co., Ltd.	733,775.84	614,950.51
	Kee Kwan Motor Road Co., Ltd.	505,661.60	1,011,323.20
	Yunfu City Guangyun Expressway Co., Ltd.	475,375.50	179,936.80
	Guangdong Guangle Expressway Co., Ltd.	448,997.91	156,695.53
	Guangdong Taishan Coastal Expressway Co., Ltd.	900.00	2,090,736.33
	Hong Kong-Zhuhai-Macao Bridge Shuttle Bus Co., Ltd.	-	5,277,724.62
	Others	3,060,669.95	2,601,511.31
	Total	82,822,475.47	66,778,452.88
Advances from customers			
	Guangdong Chao-Hui Expressway Company Limited	579,000.00	465,250.00
	Guangdong Provincial Highway Construction Co., Ltd.	181,590.00	-
	Others	943,652.07	122,865.29
	Total	1,704,242.07	588,115.29

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X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

6. Amounts due from/to related parties *(Continued)*

2) Amounts due to related parties *(Continued)*

Items	Related parties	31 December 2022	31 December 2021
Contract liabilities			
	Guangdong Provincial Highway Construction Co., Ltd.	2,292,210.54	2,295,731.12
	Guangdong Huiqing Expressway Co., Ltd.	380,173.53	380,173.55
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	276,220.68	375,940.62
	Guangdong Ninghua Expressway Co., Ltd.	206,362.92	206,362.94
	Guangdong South China Logistics Enterprise Co., Ltd.	206,069.77	–
	Others	241,161.59	164,320.70
	Total	3,602,199.03	3,422,528.93
Other payables			
	Guangdong Province Gongbei Vehicles Automobile Transportation Co., Ltd.	15,645,279.84	10,286,580.11
	Zhuhai Yuegong Xinhai Transportation Co., Ltd.	5,573,227.22	–
	Kee Kwan Motor Road Co., Ltd.	5,448,998.80	949,751.33
	GCGC	2,944,346.83	2,944,346.83
	Guangdong Union Electronic Services Co., Ltd.	2,676,499.47	6,052,457.15
	Shaoguan Yuehong Bus Station Company Limited	2,084,513.18	2,016,200.00
	Guangdong Lea Top Development Investment Co. Ltd.	1,565,843.20	1,584,743.20
	Shenzhen Yueyun Investment Development Co., Ltd.	841,481.58	359,840.92
	Weisheng Freight Enterprises Co., Ltd.	710,917.15	724,546.64
	Guangdong Lea Top Property Development Company Limited	614,014.20	806,357.20
	Shaoguan Libao Technology Company Limited	416,854.12	1,048,309.65
	Guangdong Roadnet Innovalues Media Information Technology Co., Ltd.	380,000.00	50,000.00
	Others	592,065.83	1,889,739.20
	Total	39,494,041.42	28,712,872.23
Other payables – cash pool			
	Shaoguan Libao Technology Company Limited	–	817,958.03
	Guangdong Province Transportation Engineering Company Limited	4,452,185.04	–
	Total	4,452,185.04	817,958.03
Long-term payables			
	Xin Yue(Guangzhou) Financial Leasing Co., Ltd.	10,151,800.00	1,950,000.00
	Total	10,151,800.00	1,950,000.00

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

6. Amounts due from/to related parties *(Continued)*

2) Amounts due to related parties *(Continued)*

Items	Related parties	31 December 2022	31 December 2021
Lease liabilities			
	Guangdong Provincial Freeway Co., Ltd.	119,566,830.75	108,418,780.36
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	117,344,696.00	126,284,424.88
	Guangdong Provincial Highway Construction Co., Ltd.	146,838,400.06	150,337,096.80
	Guangdong Guangle Expressway Co., Ltd.	90,711,422.80	93,969,790.07
	Guangdong Chao-Hui Expressway Company Limited	102,975,352.33	70,248,405.73
	Guangdong Ninghua Expressway Co., Ltd.	64,105,666.17	66,356,779.82
	Guangdong Guangzhu Expressway West Section Co., Ltd.	50,608,481.83	59,191,696.33
	Lufeng Shen-Shan Expressway Services Company Limited	39,755,235.14	45,390,843.55
	Guangdong Guangfozhao Expressway Company Limited	40,555,448.59	41,447,917.87
	Guang-Shen-Zhu Expressway Co., Ltd.	18,726,761.69	46,965,257.78
	Guangdong Bo-Da Expressway Company Limited	36,811,006.34	38,383,011.15
	Guangdong Kaiyang Expressway Co., Ltd.	24,814,725.53	30,912,608.60
	Guangdong Dachao Expressway Co., Ltd.	27,464,667.11	28,175,581.80
	Guangdong Meihe Expressway Co., Ltd.	26,601,399.05	28,542,555.11
	Guangdong Provincial Expressway Development Co., Ltd.	22,565,507.46	23,602,140.76
	Guangdong Zhaoyang Expressway Co., Ltd.	20,264,291.46	20,409,208.45
	Guangdong Luoyang Expressway Co., Ltd.	19,418,658.90	20,151,916.90
	Guangdong Yangmao Expressway Co., Ltd.	16,797,775.45	19,060,900.62
	Guangdong Pingxing Expressway Co., Ltd.	18,419,248.43	19,105,189.56
	Guangdong Maozhan Expressway Co., Ltd.	13,418,812.13	41,160,456.59
	Heyuan Helong Expressway Co., Ltd.	8,969,508.62	9,758,247.95
	Guangdong Jiangzhong Expressway Co., Ltd.	8,807,647.31	10,758,797.44
	Guangdong Taishan Coastal Expressway Co., Ltd.	6,254,806.46	2,496,047.16
	Zhaoqing Yuezhao Highway Co., Ltd.	7,180,841.79	7,872,191.25
	Guangdong Shanfen Expressway Co., Ltd.	5,315,635.94	7,666,133.54
	Guangdong Meiping Expressway Co., Ltd.	6,136,663.97	6,316,650.53
	Yunfu City Guangyun Expressway Co., Ltd.	4,566,202.59	5,577,792.30
	Guangdong Lea Top Development Investment Co. Ltd.	-	6,633,514.84
	Guangdong Jingzhu Expressway Guangzhu North Section Co., Ltd.	2,438,113.34	2,767,212.65
	Jingzhu Expressway Guangzhu Section Co., Ltd.	2,936,369.67	2,042,505.24
	Kee Kwan Motor Road Co., Ltd.	327,200.06	-
	Total	1,070,697,376.97	1,140,003,655.63

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(CONTINUED)*

6. Amounts due from/to related parties *(Continued)*

2) Amounts due to related parties *(Continued)*

Items	Related parties	31 December 2022	31 December 2021
Non-current liabilities			
due within one year			
	Guangdong Provincial Freeway Co., Ltd.	11,701,532.46	13,627,195.33
	Guangdong Province Road & Bridge Construction Development Co., Ltd.	6,477,931.98	8,530,575.18
	Guang-Shen-Zhu Expressway Co., Ltd.	4,181,199.29	8,039,944.30
	Guangdong Lea Top Development Investment Co. Ltd.	6,633,514.85	6,196,368.32
	Guangdong Kaiyang Expressway Co., Ltd.	5,370,654.88	6,008,558.17
	Lufeng Shen-Shan Expressway Services Company Limited	5,635,608.43	5,385,196.78
	Guangdong Guangzhu Expressway West Section Co., Ltd.	5,923,709.68	6,505,620.51
	Guangdong Provincial Highway Construction Co., Ltd.	4,571,799.55	5,714,531.90
	Guangdong Guangle Expressway Co., Ltd.	3,015,397.18	3,058,064.06
	Guangdong Chao-Hui Expressway Company Limited	2,918,944.29	2,723,075.75
	Guangdong Shanfen Expressway Co., Ltd.	2,350,497.60	2,240,703.15
	Guangdong Ninghua Expressway Co., Ltd.	2,108,346.34	2,151,088.07
	Guangdong Yangmao Expressway Co., Ltd.	1,831,704.15	2,132,609.47
	Guangdong Jiangzhong Expressway Co., Ltd.	1,703,577.44	1,860,009.66
	Guangdong Meihe Expressway Co., Ltd.	1,903,354.43	1,829,504.21
	Guangdong Maozhan Expressway Co., Ltd.	768,680.61	2,643,212.43
	Guangdong Bo-Da Expressway Company Limited	1,212,846.31	1,486,002.83
	Shenzhen Yueyun Investment Development Co., Ltd.	1,190,000.00	1,460,351.64
	Guangdong Guangfozhao Expressway Company Limited	953,510.91	1,307,702.47
	Guangdong Taishan Coastal Expressway Co., Ltd.	999,200.96	340,471.66
	Yunfu City Guangyun Expressway Co., Ltd.	-	964,337.25
	Guangdong Zhaoyang Expressway Co., Ltd.	539,698.08	843,994.75
	Guangdong Provincial Expressway Development Co., Ltd.	919,618.45	766,102.53
	Heyuan Helong Expressway Co., Ltd.	788,739.35	743,252.31
	Guangdong Luoyang Expressway Co., Ltd.	685,127.79	699,006.66
	Guangdong Dachao Expressway Co., Ltd.	704,352.22	679,326.05
	Zhaoqing Yuezhao Highway Co., Ltd.	-	653,696.48
	Guangdong Pingxing Expressway Co., Ltd.	535,485.87	653,900.11
	Guangdong Humen Bridge Co., Ltd.	-	510,374.77
	Others	1,385,651.99	763,114.71
	Total	77,010,685.09	90,517,891.51

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XI. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

At the balance sheet date, the Group has no significant commitments that need to be disclosed.

2. Contingency

At the balance sheet date, the Group has no significant contingencies that need to be disclosed.

XII. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group defines "capital" as shareholders' equity. The balances of related party transactions are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed to achieve an optimal structure and return for shareholders. Factors for the Group's consideration include: its future funding requirements, capital efficiency, actual and expected profitability, expected cash flows, and expected capital expenditure. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group.

The Group's capital structure is monitored on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes short-term and long-term loans, bonds payable, and lease liabilities), less cash and cash equivalents.

Items	31 December 2022	31 December 2021
Total liabilities	4,036,884,996.82	4,891,444,914.81
Less: cash and cash equivalents	945,099,019.66	1,249,782,490.33
Adjusted net debt	3,091,785,977.16	3,641,662,424.48
Shareholders' equity	2,481,755,476.19	2,753,208,091.90
Adjusted capital	2,481,755,476.19	2,753,208,091.90
Adjusted net debt-to-capital ratio	124.58%	132.27%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIII. OTHER SIGNIFICANT MATTERS

1. Correction of prior years' accounting errors

During the reporting period, there was no correction of prior years' accounting errors.

2. Segment information

1) Determination basis and accounting policies of reportable segments

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

2) Segment reporting

2022

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Operating income	3,789,508,305.11	1,918,636,459.49	127,396,014.16	(16,013,150.10)	5,819,527,628.66
Including: Operating income from external customers	3,788,823,173.63	1,916,268,691.29	114,435,763.74	-	5,819,527,628.66
Inter-segment operating income	685,131.48	2,367,768.20	12,960,250.42	(16,013,150.10)	-
Operating costs	3,440,436,703.33	2,156,881,950.37	43,266,272.40	(2,628,292.26)	5,637,956,633.84
Income from investments in associates and joint ventures	1,895,836.79	(13,439,154.97)	-	-	(11,543,318.18)
Credit impairment loss	(2,829,639.29)	(4,000,384.41)	(1,500,292.03)	-	(8,330,315.73)
Impairment losses on assets	-	(49,770,139.60)	-	-	(49,770,139.60)
Depreciation and amortisation	292,838,369.02	621,085,812.72	24,013,996.70	326,695.36	938,264,873.80
Profit/(Loss) before income tax	116,192,555.25	(463,762,894.27)	336,187,446.36	(6,647,462.65)	(18,030,355.31)
Income tax expenses	31,818,020.38	20,249,272.47	138,883,134.29	-	190,950,427.14
Net profit/(loss)	84,374,534.87	(484,012,166.74)	197,304,312.07	(6,647,462.65)	(208,980,782.45)
Total assets	3,780,943,792.48	5,223,092,158.11	2,729,065,849.25	(2,517,499,702.66)	9,215,602,097.18
Total liabilities	3,018,093,480.45	3,501,186,730.88	944,532,167.96	(729,965,758.30)	6,733,846,620.99
Other important non-cash items:					
- Long-term equity investments in associates and joint ventures	40,589,668.88	214,759,547.88	75,614,671.61	-	330,963,888.37
- The amounts of increase/(decrease) of non-current assets other than long-term equity investments	(164,515,904.38)	(741,084,606.19)	(38,416,882.88)	(19,977,054.67)	(963,994,448.12)

NOTES TO THE FINANCIAL STATEMENTS

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

XIII. OTHER SIGNIFICANT MATTERS (CONTINUED)

2. Segment information (Continued)

2) Segment reporting (Continued)

2021

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Operating income	3,726,724,941.18	2,349,439,970.88	206,086,380.59	(11,114,656.80)	6,271,136,635.85
Including: Operating income from					
external customers	3,726,306,933.17	2,346,180,420.31	198,649,282.37	-	6,271,136,635.85
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	682,470,249.11	17,610,504.47	(1,752,231.50)	960,057,004.54
Profit/(Loss) before income tax	256,317,443.54	(657,744,118.77)	156,596,862.49	2,955,508.63	(241,874,304.11)
Income tax expenses	64,858,846.51	17,115,383.03	(507,144.75)	-	81,467,084.79
Net profit/(loss)	191,458,597.03	(674,859,501.80)	157,104,007.24	2,955,508.63	(323,341,388.90)
Total assets	3,857,110,203.81	6,076,698,757.04	3,066,429,612.04	(2,445,789,893.84)	10,554,448,679.05
Total liabilities	3,053,338,924.27	3,993,886,193.44	1,467,925,322.12	(713,909,852.68)	7,801,240,587.15
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	(559,741,299.74)	2,309,200.71	(12,608,686.69)	(399,140,186.19)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
(Unless otherwise stated, all amounts are denominated in Renminbi Yuan)

XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

1) Disclosure of accounts receivable by aging:

Aging	31 December 2022	31 December 2021
Within 3 months (inclusive)	7,024,485.79	45,774,947.67
Over 3 months but within 6 months (inclusive)	792,157.37	6,632,146.43
Over 6 months but within 1 year (inclusive)	687,859.14	4,225,877.47
Over 1 year but within 2 years (inclusive)	–	35,895,437.55
Over 2 years but within 3 years (inclusive)	24,550,328.35	672,312.64
Over 3 years	23,823,495.25	24,651,185.75
Sub-total	56,878,325.90	117,851,907.51
Less: Provision for bad and doubtful debts	28,902,456.91	27,445,589.45
Total	27,975,868.99	90,406,318.06

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

Category	31 December 2022					31 December 2021				
	Amount		Provision for bad and doubtful debts		Book value	Amount		Provision for bad and doubtful debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts is made on an individual basis	18,465,300.94	32.46	18,465,300.94	100.00	–	18,465,300.94	15.67	18,465,300.94	100.00	–
Provision for bad debts is made on a collective basis	38,413,024.96	67.54	10,437,155.97	27.17	27,975,868.99	99,386,606.57	84.33	8,980,288.51	9.04	90,406,318.06
Including:										
Aging portfolio	36,941,944.08	64.95	10,437,155.97	28.25	26,504,788.11	97,915,525.69	83.08	8,980,288.51	9.17	88,935,237.18
Portfolio of the Group's scope of consolidation	1,471,080.88	2.59	–	–	1,471,080.88	1,471,080.88	1.25	–	–	1,471,080.88
Total	56,878,325.90	100.00	28,902,456.91		27,975,868.99	117,851,907.51	100.00	27,445,589.45		90,406,318.06

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For the year ended 31 December 2022
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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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

Provision for bad debts is made on an individual basis:

Items	Amount	31 December 2022		
		Provision for bad and doubtful debts	Provision ratio(%)	Reasons for accruing
Shenzhen Hongbao Trading Co., Ltd.	14,264,922.29	14,264,922.29	100.00	Not expected to be recovered
Zhuhai Yuexinyuan Trade Development Co., Ltd.	1,285,603.65	1,285,603.65	100.00	Not expected to be recovered
Guangzhou Junfa Trading Co., Ltd.	2,914,775.00	2,914,775.00	100.00	Not expected to be recovered
Total	18,465,300.94	18,465,300.94		

Provision for bad debts is made on a collective basis:

Items	Amount	31 December 2022	
		Provision for bad and doubtful debts	Provision ratio(%)
Aging portfolio			
Road transportation and other service			
Within 1 year (inclusive)	6,163,051.81	308,152.59	5.00
Over 1 year but within 2 years (inclusive)	–	–	–
Over 2 years but within 3 years (inclusive)	33,972.63	16,986.32	50.00
Over 3 years	1,392,962.21	1,392,962.21	100.00
Sub-total	7,589,986.65	1,718,101.12	
Constructions material supply			
Within 1 year (inclusive)	2,341,450.49	117,072.52	5.00
Over 1 year but within 2 years (inclusive)	–	–	–
Over 2 years but within 3 years (inclusive)	24,516,355.72	7,354,906.72	30.00
Over 3 years	2,494,151.22	1,247,075.61	50.00
Sub-total	29,351,957.43	8,719,054.85	
Portfolio of the Group's scope of consolidation	1,471,080.88	–	
Total	38,413,024.96	10,437,155.97	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

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

Category	31 December 2021	Changes during the year			31 December 2022
		Charge into income statement	Disposal/ Written-off	Foreign currency financial statement translation differences	
Provision for bad debts is made on an individual basis	18,465,300.94	-	-	-	18,465,300.94
Provision for bad debts is made on a collective basis	8,980,288.51	1,456,867.46	-	-	10,437,155.97
Total	27,445,589.45	1,456,867.46	-	-	28,902,456.91

2. Other receivables

Items	31 December 2022	31 December 2021
Dividends receivable	1,023,000.00	26,924,744.08
Others	177,645,377.93	176,185,909.11
Total	178,668,377.93	203,110,653.19

1) Dividends receivable

(1) Details of dividends receivable

Investees	31 December 2022	31 December 2021
Southern United Assets and Equity Exchange Company Limited	-	25,901,744.08
Guangdong-Hong Kong Motor Transport Joint Venture Co., Ltd. (Hong Kong)	1,023,000.00	1,023,000.00
Total	1,023,000.00	26,924,744.08

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For the year ended 31 December 2022
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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2) Other receivables

(1) Disclosure of other receivables by aging

Aging	31 December 2022	31 December 2021
Within 1 year (inclusive)	34,288,542.25	113,952,043.45
Over 1 year but within 2 years (inclusive)	91,413,995.89	3,784,255.57
Over 2 years but within 3 years (inclusive)	359,016.51	8,044,780.32
Over 3 years	53,110,913.99	84,306,875.58
Sub-total	179,172,468.64	210,087,954.92
Less: Provision for bad and doubtful debts	1,527,090.71	33,902,045.81
Total	177,645,377.93	176,185,909.11

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

Category	31 December 2022					31 December 2021				
	Gross carrying		Provision for bad and doubtful debts		Book value	Gross carrying		Provision for bad and doubtful debts		Book value
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Provision for bad debts is made on an individual basis	1,453,466.47	0.81	1,453,466.47	100.00	-	33,838,054.14	16.11	33,838,054.14	100.00	-
Provision for bad debts is made on a collective basis	177,719,002.17	99.19	73,624.24	0.04	177,645,377.93	176,249,900.78	83.89	63,991.67	0.04	176,185,909.11
Including:										
Aging portfolio	407,320.65	0.23	73,624.24	18.08	333,696.41	256,201.44	0.12	63,991.67	24.98	192,209.77
Portfolio of the Group's scope of consolidation	127,247,937.89	71.02	-	-	127,247,937.89	166,743,273.18	79.37	-	-	166,743,273.18
Combination of security deposit and government subsidy	50,063,743.63	27.94	-	-	50,063,743.63	9,250,426.16	4.40	-	-	9,250,426.16
Total	179,172,468.64	100.00	1,527,090.71		177,645,377.93	210,087,954.92	100.00	33,902,045.81		176,185,909.11

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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2) Other receivables (Continued)

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

Provision for bad debts is made on a collective basis:

Items	31 December 2022		Provision ratio(%)
	Other receivables	Provision for bad and doubtful debts	
Provision for bad debts based on aging portfolio			
Within 1 year (inclusive)	212,497.04	10,624.85	5.00
Over 1 year but within 2 years (inclusive)	86,031.05	8,603.11	10.00
Over 2 years but within 3 years (inclusive)	-	-	-
Over 3 years	108,792.56	54,396.28	50.00
Sub-total	407,320.65	73,624.24	
Portfolio of the Group's scope of consolidation	127,247,937.89	-	
Combination of security deposit and government subsidy	50,063,743.63	-	
Total	177,719,002.17	73,624.24	

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

Category	31 December 2021	Changes during the year			31 December 2022
		Charge into income statement	Disposal/ Written-off	Foreign currency financial statement translation differences	
Provision for bad debts is made on an individual basis	33,838,054.14	-	32,384,587.67	-	1,453,466.47
Provision for bad debts is made on a collective basis	63,991.67	9,632.57	-	-	73,624.24
Total	33,902,045.81	9,632.57	32,384,587.67	-	1,527,090.71

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For the year ended 31 December 2022
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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2) Other receivables (Continued)

(4) Other receivables of actual written-off during the year is as follow:

Name of debtor	Nature of other receivable	Amount of written-off	Reasons of written off	Procedures of written-off	Receivables are generated by transactions with related parties
Tangshan Hongda Hot Rolling Co., Ltd.	Material receivables	28,175,009.00	Confirmed not to be recovered	Approved by the board of directors	No
Foshan Nanhai District Tunda Warehousing and Transportation Co., Ltd.	Material receivables	4,209,578.67	Confirmed not to be recovered	Approved by the board of directors	No
Total		32,384,587.67			

(5) Disclosure of other receivables by nature

Nature	31 December 2022	31 December 2021
Security deposits	8,963,107.03	8,993,107.05
Staff advances	68,641.26	16,904.69
Amount due from related parties	168,160,461.67	166,872,512.02
Others	1,980,258.68	34,205,431.16
Total	179,172,468.64	210,087,954.92

3. Long-term equity investment

Items	31 December 2022			31 December 2021		
	Book balance	Provision for bad and doubtful debts	Book value	Book balance	Provision for bad and doubtful debts	Book value
Investment in subsidiaries	1,779,190,734.11	24,549,967.53	1,754,640,766.58	1,763,213,654.81	24,549,967.53	1,738,663,687.28
Investment in associates and joint ventures	75,614,671.61	-	75,614,671.61	73,636,982.77	-	73,636,982.77
Total	1,854,805,405.72	24,549,967.53	1,830,255,438.19	1,836,850,637.58	24,549,967.53	1,812,300,670.05

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For the year ended 31 December 2022
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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investment (Continued)

1) Investments in subsidiaries

Investee	31 December 2021	Additions during the year	Reductions during the year	31 December 2022	Provision for impairment during this year	Closing balance of provision for impairment losses
Guangdong Yueyun Development Co., Ltd.	7,200,000.00	-	-	7,200,000.00	-	-
Chaozhou City Yueyun Vehicle Transportation Co., Ltd.	49,627,064.35	-	-	49,627,064.35	-	-
Foshan City Sanshui District Yueyun Traffic Co., Ltd.	20,579,475.24	-	-	20,579,475.24	-	-
Foshan City Yueyun Public Transportation Co., Ltd.	128,000,000.00	-	-	128,000,000.00	-	-
Guangdong Highway Media Company Limited	19,800,000.00	-	-	19,800,000.00	-	-
Guangdong Vehicles Transportation Group Co., Ltd.	136,241,097.70	-	-	136,241,097.70	-	-
Guangdong Top-E Expressway Service Zone Company Limited	119,055,570.29	-	-	119,055,570.29	-	-
Guangdong Yueyun Traffic Rescue Co., Ltd.	60,000,000.00	-	-	60,000,000.00	-	-
Guangdong Yueyun Langri Co., Ltd.	78,580,658.61	-	-	78,580,658.61	-	-
Heyuan City Yueyun Motor Transportation Co., Ltd.	164,623,493.41	-	-	164,623,493.41	-	24,021,500.84
Maoming City Dianbai District Yueyun Vehicles Transportation Co., Ltd.	9,180,000.00	8,389,200.00	-	17,569,200.00	-	-
Meizhou City Yueyun Motor Transportation Co., Ltd.	143,779,032.69	-	-	143,779,032.69	-	-
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	288,520,709.96	-	-	288,520,709.96	-	-
Shanwei Yueyun Vehicles Transportation Co., Ltd.	67,334,634.63	-	-	67,334,634.63	-	-
Shaoguan Yueyun Vehicles Transportation Co., Ltd.	175,702,676.32	-	-	175,702,676.32	-	-
The Motor Transport Company of Guangdong and Hong Kong(Guangzhou) Limited	25,319,234.10	-	-	25,319,234.10	-	-
The Motor Transport Company of Guangdong and Hong Kong Limited	120,196,428.59	-	-	120,196,428.59	-	-
Yueyun Transportation (HK) Company Limited	1,323,750.00	-	-	1,323,750.00	-	-
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	101,009,712.00	-	-	101,009,712.00	-	-
Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	3,403,136.63	-	-	3,403,136.63	-	528,466.69
Zhuhai Gongyun Coach Terminal Co., Ltd.	43,736,980.29	-	-	43,736,980.29	-	-
Meizhou Yueyun Investment Company Limited	-	7,587,879.30	-	7,587,879.30	-	-
Total	1,763,213,654.81	15,977,079.30	-	1,779,190,734.11	-	24,549,967.53

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022
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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investment (Continued)

2) Investment in associates and joint ventures

Investee	Book balance as at 31 December 2021	Additional investment	Changes during this year				Book balance as at 31 December 2022	Provision for impairment as at 31 December 2022
			Investment gains and losses recognized under the equity method	Other comprehensive income adjustment	Other changes in equity	Declaring cash dividends or profits		
1 Joint ventures								
Guangdong Yuehuahui Business Management Co., Ltd.	7,361,160.67	-	671,690.84	-	-	-	8,032,851.51	-
Sub-total	7,361,160.67	-	671,690.84	-	-	-	8,032,851.51	-
2 Associates								
Southern United Property Rights Exchange Center Co., Ltd.	62,169,306.74	-	15,492,050.88	-	-	16,261,267.49	61,400,090.13	-
Guangdong Nanyuetong Passenger Transport Networking Center Co., Ltd.	4,106,515.36	-	2,075,214.61	-	-	-	6,181,729.97	-
Sub-total	66,275,822.10	-	17,567,265.49	-	-	16,261,267.49	67,581,820.10	-
Total	73,636,982.77	-	18,238,956.33	-	-	16,261,267.49	75,614,671.61	-

Note: All joint ventures and associates of the Company are non-listed companies. As at 31 December 2022, the ability to transfer fund from above joint ventures and associates to the Group is not restricted (31 December 2021: Nil).

NOTES TO THE FINANCIAL STATEMENTS

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XIV. NOTES TO THE KEY ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Operating income and operating costs

1) Operating income and operating costs

Items	2022		2021	
	Operating income	Operating cost	Operating income	Operating cost
Operating income from principal activities	118,942,605.83	48,761,643.31	191,275,152.28	94,294,041.88
Total	118,942,605.83	48,761,643.31	191,275,152.28	94,294,041.88

Detail of operating income:

Items	2022	2021
1. Operating income from principal activities		
Road passenger transportation and auxiliary services	11,724,220.75	70,139.62
Taiping interchange assets operation services	97,308,645.64	121,446,132.92
Material logistics services	9,909,739.44	69,758,879.74
Total	118,942,605.83	191,275,152.28

5. Investment income

Items	2022	2021
Income from long-term equity investments under cost method	125,788,849.73	168,168,145.54
Income from long-term equity investments under equity method	18,238,956.33	20,779,699.08
Gains on disposal of long-term equity investments	216,637,157.08	–
Total	360,664,963.14	188,947,844.62



廣東粵運交通股份有限公司

GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED