

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited*

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

(Stock Code: 03399)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

- The operating income of the Group in 2023 was approximately RMB7,227,231,000, representing an increase of approximately RMB1,407,703,000 (or 24%) compared to the operating income of RMB5,819,528,000 in 2022.
- The net profit attributable to shareholders of the parent company in 2023 was approximately RMB201,888,000 (2022: net loss attributable to shareholders of the parent company was approximately RMB150,423,000), representing a year-on-year increase in profit of RMB352,311,000.
- Both basic earnings per share and diluted earnings per share in 2023 were RMB0.25 (2022: both basic losses per share and diluted losses per share were RMB0.19), representing a year-on-year increase in profit of RMB0.44 per share.

The Board (the “**Board**”) of Directors (the “**Directors**”) of Guangdong Yueyun Transportation Company Limited (the “**Company**” or “**Yueyun Transportation**”) announces the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2023. The consolidated annual results of the Group have been reviewed by the audit and corporate governance committee of the Company (the “**Audit and Corporate Governance Committee**”). The majority members of the Audit and Corporate Governance Committee are independent non-executive Directors.

The following figures in respect of the preliminary announcement of the Group’s results for the year ended 31 December 2023 have been compared by the Company’s auditor, BDO CHINA Shu Lun Pan Certified Public Accountants LLP, with the amounts set out in the Group’s audited financial statements for the year ended 31 December 2023 and the amounts were found to be consistent. The procedures performed by BDO CHINA Shu Lun Pan Certified Public Accountants LLP in respect of this announcement did not constitute an audit, a review or other assurance engagement and consequently no assurance has been expressed by BDO CHINA Shu Lun Pan Certified Public Accountants LLP on this announcement.

CONSOLIDATED BALANCE SHEET

As at 31 December 2023

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

	Note	31 December 2023	31 December 2022
Assets			
Current Assets:			
Cash at bank and on hand		1,102,710,458.51	958,576,522.33
Financial assets held for trading		–	6,703,831.00
Bills receivable		500,000.00	–
Accounts receivable	4	343,606,007.30	367,089,918.68
Prepayments		177,212,248.22	197,186,479.92
Other receivables		676,364,559.01	583,927,507.55
Inventories		116,394,019.79	104,752,877.67
Other current assets		37,121,903.49	37,568,737.29
Total current assets		2,453,909,196.32	2,255,805,874.44
Non-current assets:			
Long-term equity investments		395,888,181.67	330,963,888.37
Investments in other equity instruments		223,272.98	3,774,048.22
Investment properties	5	340,597,127.55	252,249,332.12
Fixed assets	6	2,390,537,513.74	2,936,259,591.76
Construction in progress		20,061,156.78	39,634,094.62
Right-of-use assets	7	1,800,019,149.39	1,974,043,927.79
Intangible assets	8	691,758,827.36	876,386,375.75
Development expenditure		522,421.15	8,228,268.61
Goodwill		26,744,839.64	26,928,052.71
Long-term deferred expenses		253,860,802.09	273,840,261.44
Deferred tax assets		132,940,982.95	123,924,039.55
Other non-current assets		96,304,833.99	113,564,341.80
Total non-current assets		6,149,459,109.29	6,959,796,222.74
Total assets		8,603,368,305.61	9,215,602,097.18

	<i>Note</i>	31 December 2023	31 December 2022
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	<i>9</i>	445,872,428.68	750,037,827.58
Bills payable		–	68,660,943.50
Accounts payable	<i>10</i>	557,734,954.12	571,212,763.22
Advances from customers		81,161,524.13	100,265,629.12
Contract liabilities		58,497,321.69	41,035,825.07
Employee benefits payable		207,817,120.80	236,847,771.07
Taxes payable		91,842,732.06	60,075,732.33
Other payables		696,061,086.14	691,116,164.00
Non-current liabilities due within one year	<i>11</i>	421,415,221.31	1,027,975,915.81
Other current liabilities		–	19,500,000.00
		<hr/>	<hr/>
Total current liabilities		2,560,402,388.93	3,566,728,571.70
		<hr/>	<hr/>
Non-current liabilities:			
Long-term loans	<i>12</i>	872,009,713.05	489,194,107.59
Lease liabilities	<i>13</i>	1,833,134,415.92	1,846,526,980.15
Long-term payables		140,351,914.14	143,631,667.20
Long-term employee benefits payable		157,202,263.47	173,180,918.62
Deferred income		368,225,943.95	452,021,471.51
Deferred tax liabilities		55,136,309.92	62,562,904.22
		<hr/>	<hr/>
Total non-current liabilities		3,426,060,560.45	3,167,118,049.29
		<hr/>	<hr/>
Total liabilities		5,986,462,949.38	6,733,846,620.99
		<hr/>	<hr/>

	<i>Note</i>	31 December 2023	31 December 2022
Shareholders' equity			
Share capital		799,847,800.00	799,847,800.00
Capital reserve		21,862,542.66	18,675,842.63
Other comprehensive income		(30,609,457.82)	(36,126,897.89)
Specific reserve		33,769,964.27	27,978,954.27
Surplus reserve		246,913,317.41	241,393,938.42
Retained earnings	<i>14</i>	842,647,338.85	646,279,200.57
		<hr/>	<hr/>
Total equity attributable to shareholders of the Company		1,914,431,505.37	1,698,048,838.00
Non-controlling interests		702,473,850.86	783,706,638.19
		<hr/>	<hr/>
Total shareholders' equity		<u>2,616,905,356.23</u>	<u>2,481,755,476.19</u>
Total liabilities and shareholders' equity		<u>8,603,368,305.61</u>	<u>9,215,602,097.18</u>

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2023

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

Items	Note	2023	2022
I. Total operating income		7,227,231,098.67	5,819,527,628.66
Including: Operating income		7,227,231,098.67	5,819,527,628.66
II. Total operating costs		7,366,936,804.42	6,538,542,251.76
Including: Operating costs		6,580,451,362.46	5,637,956,633.84
Taxes and surcharges		47,793,824.56	40,035,405.71
Selling and distribution expenses		58,757,634.05	57,482,937.78
General and administrative expenses		492,604,375.25	577,049,112.20
Research and development expenses		7,044,729.80	7,344,118.46
Financial expenses	15	180,284,878.30	218,674,043.77
Add: Other income	16	362,142,659.89	478,219,655.11
Investment income	17	96,908,895.23	236,040,737.83
Accrual of credit losses	18	(18,377,524.92)	(8,330,315.73)
Impairment losses	19	(39,380,629.66)	(49,770,139.60)
Gains from asset disposals	20	34,209,054.95	26,512,000.24
III. Operating profit		295,796,749.74	(36,342,685.25)
Add: Non-operating income	21	15,266,621.50	30,980,518.15
Less: Non-operating expenses	22	12,498,411.76	12,668,188.21
IV. Loss before income tax		298,564,959.48	(18,030,355.31)
Less: Income tax expenses	23	84,738,115.66	190,950,427.14

Items	Note	2023	2022
V. Net profit(loss)		213,826,843.82	(208,980,782.45)
(1) Net profit(loss) classified by continuity of operations			
1. Net profit(loss) from continuing operations		213,826,843.82	(208,980,782.45)
2. Net profit(loss) from discontinued operations		–	–
(2) Net profit(loss) classified by ownership			
Attributable to:			
1. Shareholders of the Company		201,887,517.27	(150,423,379.26)
2. Non-controlling interests		11,939,326.55	(58,557,403.19)
VI. Other comprehensive income, net of tax		6,321,101.29	8,539,739.47
Other comprehensive income (net of tax) attributable to shareholders of the Company		5,517,440.07	2,422,793.58
(1) Items that will not be reclassified to profit or loss		(4,877,491.38)	(5,924,552.02)
1. Remeasurement of defined benefit plan		(1,761,404.36)	(5,924,552.02)
2. Changes in fair value of investments in other equity instruments		(3,116,087.02)	–
(2) Items that may be reclassified subsequently to profit or loss		10,394,931.45	8,347,345.60
1. Other comprehensive income that can be transferred to profit or loss under the equity method		9,040,762.76	–
2. Translation differences arising from translation of foreign currency financial statements		1,354,168.69	8,347,345.60
Other comprehensive income (net of tax) attributable to non-controlling interests		803,661.22	6,116,945.89
VII. Total comprehensive income		220,147,945.11	(200,441,042.98)
Attributable to:			
Shareholders of the Company		207,404,957.34	(148,000,585.68)
Non-controlling interests		12,742,987.77	(52,440,457.30)
VIII. Earnings per share:			
(1) Basic earnings per share (RMB/share)	24	0.25	(0.19)
(2) Diluted earnings per share (RMB/share)	24	0.25	(0.19)

1. 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 2023, the Group’s current liabilities exceeded their current assets by RMB106,493,192.61. As at 31 December 2023, 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.

2. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1) Significant accounting policy changes

Implement the provisions of “Accounting Standards for Business Enterprises Interpretation No. 16” “Accounting for the non-applicability of the initial recognition exemption for deferred income tax relating to assets and liabilities arising from a single transaction”.

The MOF issued the “Accounting Standards for Business Enterprises Interpretation No. 16” (Cai Kuai [2022] No.31, hereinafter referred to as “**Interpretation No. 16**”) on November 30, 2022. Among which, the provisions of “Accounting for the non-applicability of the initial recognition exemption for deferred income tax relating to assets and liabilities arising from a single transaction” was effective from 1 January 2023.

According to Interpretation No. 16, if a transaction is not a business combination and affects neither the accounting profit nor taxable income (or deductible losses) at the time of the transaction, and such transaction is a single transaction (including the lease transaction in which the lessee initially recognizes a lease liability and includes the right-of-use asset at the beginning of the lease term, and the transaction in which the lessee recognizes an estimated liability and includes the cost of the related asset due to the existence of abandonment obligations for fixed assets, etc.) in which the initial recognition of assets and liabilities results in an equal amount of taxable temporary differences and deductible temporary differences, and will separately recognize corresponding deferred tax liabilities and deferred tax assets, it does not apply to the provisions exempting the initial recognition of deferred tax liabilities and deferred tax assets, and the enterprise shall separately confirm the corresponding deferred tax liabilities and deferred tax assets in accordance with relevant provisions such as “Accounting Standard for Business Enterprises No. 18 – Income Tax” when such transaction occurs.

For a single transaction to which such provision applies that occur between the beginning of the earliest period for presentation of financial statements when this provision is first implemented and the date of implementation, and lease liabilities and right-of-use assets recognized for a single transaction to which this provision applies at the beginning of the earliest period presented in the financial statements, and the recognized estimated liabilities related to the disposal obligation and the corresponding related assets, if the above-mentioned taxable temporary differences and deductible temporary differences arise, the enterprise shall make adjustments in accordance with such provision.

The Group has implemented the provisions of Interpretation No. 16 since 1 January 2023, and the implementation of this provision has no significant impact on the Group's financial statements.

2) Changes in significant accounting estimates

There was no change in significant accounting estimates of the Group during the year.

3. 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

The Group did not have any business combination under common control during this year.

3) 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
Dapu County Lianxing Motor Vehicle Testing Technology Co., LTD. (former name: Dapu Yueyun Motor Inspection Co., Ltd.)	4,335,700.00	51.00	Publicly listed for sale	2023/9/13	Completion of equity transfer	930,074.95	-	N/A	N/A	N/A	N/A	N/A
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,042.12	70.00	Publicly listed for sale	2023/12/28	Transfer of control	15,049.91	-	N/A	N/A	N/A	N/A	N/A
Zhaoqing City Yueyun Motor Transportation Co., Ltd. (note)	69,719,500.00	59.62	Publicly listed for sale	2023/10/25	Completion of equity transfer	10,370,926.48	-	N/A	N/A	N/A	N/A	N/A

Note: On 25 October 2023, the Company completed the equity transfer of Zhaoqing City Yueyun Motor Transportation Co., Ltd. and its subsidiary Huaiji County Yueyun City-Village Public Transportation Co., Ltd., with a total consideration was RMB69,719,500.00.

4) Other reasons for changes in the scope of consolidation

Four subsidiaries of the Group completed the industrial and commercial cancellation in 2023 and were no longer included in the scope of consolidation of the Group since then, including Yangjiang Yueyun Langri Car Rental Co., Ltd., Heyuan City Yueyun Tongxing Travel Company Limited, Zhongshan City Yueyun Tongxing Transportation Co., Ltd. and Guangdong FLY-E Logistics Technology Co., Ltd. The operating results and cash flows of the above companies before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow statement for the year.

4. ACCOUNTS RECEIVABLE

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

Aging	31 December 2023	31 December 2022
Within 3 months (inclusive)	249,538,395.73	256,831,824.96
Over 3 months but within 6 months (inclusive)	39,960,178.29	21,534,719.15
Over 6 months but within 1 year (inclusive)	44,586,220.38	63,892,660.67
Over 1 year but within 2 years (inclusive)	29,665,700.80	27,413,579.57
Over 2 years but within 3 years (inclusive)	9,343,757.50	33,147,374.06
Over 3 years	47,967,225.23	41,028,732.02
Sub-total	421,061,477.93	443,848,890.43
Less: Provision for bad and doubtful debts	77,455,470.63	76,758,971.75
Total	343,606,007.30	367,089,918.68

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

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

Category	31 December 2023			31 December 2022			Book value		
	Amount	Percentage (%)	Provision for bad and doubtful debts Amount	Provision ratio (%)	Amount	Percentage (%)		Provision for bad and doubtful debts Amount	Provision ratio (%)
Provision for bad debts is made on an individual basis	25,117,280.29	5.97	25,117,280.29	100.00	18,509,243.42	4.17	18,509,243.42	100.00	-
Provision for bad debts is made on a collective basis	395,944,197.64	94.03	52,338,190.34	13.22	425,339,647.01	95.83	425,339,647.01	13.69	367,089,918.68
Including: Aging portfolio	395,944,197.64	94.03	52,338,190.34	13.22	425,339,647.01	95.83	425,339,647.01	13.69	367,089,918.68
Total	421,061,477.93	100.00	77,455,470.63	100.00	443,848,890.43	100.00	443,848,890.43	100.00	367,089,918.68

Provision for bad debts is made on an individual basis:

Names	Amount	31 December 2023		Reasons for accruing
		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
Guangdong Black & White Advertising Co. LTD	1,804,776.54	1,804,776.54	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
Others	4,847,202.81	4,847,202.81	100.00	Not expected to be recovered
Total	<u>25,117,280.29</u>	<u>25,117,280.29</u>		

Provision for bad debts is made on a collective basis:

Items	Amount	31 December 2023	
		Provision for bad and doubtful debts	Provision ratio(%)
Aging portfolio			
Road transportation and other service			
Within 1 year (inclusive)	233,633,843.14	11,681,627.49	5.00
Over 1 year but within 2 years (inclusive)	21,949,921.24	7,682,472.43	35.00
Over 2 years but within 3 years (inclusive)	7,216,896.13	3,608,448.12	50.00
Over 3 years	18,361,960.40	18,361,960.40	100.00
Sub-total	<u>281,162,620.91</u>	<u>41,334,508.44</u>	
Service zone operation			
Within 1 year (inclusive)	97,742,396.27	4,887,119.83	5.00
Over 1 year but within 2 years (inclusive)	3,968,587.05	396,858.70	10.00
Over 2 years but within 3 years (inclusive)	760,220.65	228,066.20	30.00
Over 3 years	2,291,740.99	1,145,870.50	50.00
Sub-total	<u>104,762,944.96</u>	<u>6,657,915.23</u>	

Items	Amount	31 December 2023	
		Provision for bad and doubtful debts	Provision ratio(%)
Constructions material supply			
Within 1 year (inclusive)	301,572.93	15,078.65	5.00
Over 1 year but within 2 years (inclusive)	1,319,603.59	131,960.36	10.00
Over 2 years but within 3 years (inclusive)	–	–	–
Over 3 years	8,397,455.25	4,198,727.66	50.00
Sub-total	<u>10,018,631.77</u>	<u>4,345,766.67</u>	
Total	<u><u>395,944,197.64</u></u>	<u><u>52,338,190.34</u></u>	

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

Category	31 December 2022	Changes during the year				31 December 2023
		Charge into income statement	Written-off	Disposal of subsidiaries	Foreign currency financial statement translation differences	
Provision for bad debts is made on an individual basis	18,509,243.42	6,608,036.87	–	–	–	25,117,280.29
Provision for bad debts is made on a collective basis	<u>58,249,728.33</u>	<u>1,021,891.76</u>	<u>3,758,964.57</u>	<u>3,198,116.86</u>	<u>23,651.68</u>	<u>52,338,190.34</u>
Total	<u><u>76,758,971.75</u></u>	<u><u>7,629,928.63</u></u>	<u><u>3,758,964.57</u></u>	<u><u>3,198,116.86</u></u>	<u><u>23,651.68</u></u>	<u><u>77,455,470.63</u></u>

4) **Accounts receivable of actual written-off during the year are as follow:**

Items	Written-off amount
Accounts receivable of actual written-off	3,758,964.57

5. INVESTMENT PROPERTIES

1) Investment properties using cost measurement model

Items	Buildings	Land use rights	Total
1. Cost			
(1) Balance as at 31 December 2022	274,931,390.31	21,248,019.92	296,179,410.23
(2) Additions during the year	75,686,089.08	68,001,407.65	143,687,496.73
– Purchases	3,059,616.61	–	3,059,616.61
– Transfer from fixed assets	72,579,453.52	–	72,579,453.52
– Transfer from intangible assets	–	67,791,646.95	67,791,646.95
– Foreign currency financial statement translation differences	47,018.95	209,760.70	256,779.65
(3) Decrease during the year	8,446,510.97	–	8,446,510.97
– Disposals	3,275,166.53	–	3,275,166.53
– Transfer to fixed assets	5,171,344.44	–	5,171,344.44
(4) Balance as at 31 December 2023	<u>342,170,968.42</u>	<u>89,249,427.57</u>	<u>431,420,395.99</u>
2. Accumulated depreciation or amortisation			
(1) Balance as at 31 December 2022	38,539,384.65	5,390,693.46	43,930,078.11
(2) Additions during the year	33,013,106.55	17,353,246.90	50,366,353.45
– Accrual or amortization	7,855,749.05	1,648,301.29	9,504,050.34
– Transfer from fixed assets	25,112,414.56	–	25,112,414.56
– Transfer from intangible assets	–	15,645,072.74	15,645,072.74
– Foreign currency financial statement translation differences	44,942.94	59,872.87	104,815.81
(3) Decrease during the year	3,473,163.12	–	3,473,163.12
– Disposals	946,259.98	–	946,259.98
– Transfer to fixed assets	2,526,903.14	–	2,526,903.14
(4) Balance as at 31 December 2023	<u>68,079,328.08</u>	<u>22,743,940.36</u>	<u>90,823,268.44</u>
3. Book value			
(1) As at 31 December 2023	<u>274,091,640.34</u>	<u>66,505,487.21</u>	<u>340,597,127.55</u>
(2) As at 31 December 2022	<u>236,392,005.66</u>	<u>15,857,326.46</u>	<u>252,249,332.12</u>

Note: The remaining period of amortisation of land use rights is 26 to 59 years.

As at 31 December 2023, investment properties of the Group with carrying amount of RMB192,033,725.57 (31 December 2022: Nil) were pledged for bank loans, among which, RMB72,564,353.13 (31 December 2022: Nil) were pledged for long-term loans, RMB119,469,372.44 (31 December 2022: Nil) were pledged for short-term loans.

6. FIXED ASSETS

1) Fixed assets

Items	31 December 2023	31 December 2022
Fixed assets	<u>2,390,537,513.74</u>	<u>2,936,259,591.76</u>
Total	<u><u>2,390,537,513.74</u></u>	<u><u>2,936,259,591.76</u></u>

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 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
(2) Additions during the year	24,422,248.02	-	4,362,925.22	14,724,656.08	380,042,196.51	423,552,025.83
- Purchases	3,826,048.85	-	4,257,641.80	9,381,530.17	6,005,906.90	23,471,127.72
- Transfer from construction in progress	14,857,601.63	-	-	5,274,424.81	-	20,132,026.44
- Transfer from investment properties	5,171,344.44	-	-	-	-	5,171,344.44
- Transfer from right-of-use assets upon expiration of lease	-	-	-	-	371,103,496.05	371,103,496.05
- Foreign currency financial statement translation differences	567,253.10	-	105,283.42	68,701.10	2,932,793.56	3,674,031.18
(3) Reductions during the year	223,894,202.97	6,736,920.43	14,606,919.30	50,722,262.97	393,136,630.96	689,096,936.63
- Disposals or discarding	32,316,379.84	6,736,920.43	2,391,508.50	28,246,135.32	207,865,267.59	277,556,211.68
- Transfer to investment properties	72,579,453.52	-	-	-	-	72,579,453.52
- Disposals of subsidiaries	118,998,369.61	-	12,215,410.80	22,476,127.65	185,271,363.37	338,961,271.43
(4) Balance as at 31 December 2023	<u>1,846,446,961.28</u>	<u>263,240,207.04</u>	<u>131,171,021.11</u>	<u>378,214,246.02</u>	<u>3,455,813,458.19</u>	<u>6,074,885,893.64</u>

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 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
(2) Additions during the year	88,105,804.86	14,938,833.19	13,245,041.91	19,524,085.47	620,210,955.53	756,024,720.96
– Accruals	85,458,393.44	14,938,833.19	13,141,720.99	19,493,823.61	360,991,240.43	494,024,011.66
– Transfer from investment properties	2,526,903.14	–	–	–	–	2,526,903.14
– Transfer from right-of-use assets upon expiration of lease	–	–	–	–	256,529,324.07	256,529,324.07
– Foreign currency financial statement translation differences	120,508.28	–	103,320.92	30,261.86	2,690,391.03	2,944,482.09
(3) Reductions during the year	83,360,562.08	6,722,309.02	9,845,062.20	45,137,245.75	330,655,283.75	475,720,462.80
– Disposal or discarding	19,519,793.11	6,722,309.02	2,281,071.90	26,016,147.48	191,105,352.61	245,644,674.12
– Transfer to investment properties	25,112,414.56	–	–	–	–	25,112,414.56
– Disposals of subsidiaries	38,728,354.41	–	7,563,990.30	19,121,098.27	139,549,931.14	204,963,374.12
(4) Balance as at 31 December 2023	658,111,842.06	189,672,058.33	78,992,432.02	253,793,323.77	2,499,730,697.63	3,680,300,353.81
3. Provision of impairment						
(1) Balance as at 31 December 2022	–	–	–	–	4,175,117.03	4,175,117.03
(2) Additions during the year	–	–	–	–	–	–
– Accruals	–	–	–	–	–	–
(3) Reductions during the year	–	–	–	–	127,090.94	127,090.94
– Disposals or discarding	–	–	–	–	127,090.94	127,090.94
(4) Balance as at 31 December 2023	–	–	–	–	4,048,026.09	4,048,026.09
4. Book value						
(1) Book value as at 31 December 2023	1,188,335,119.22	73,568,148.71	52,178,589.09	124,420,922.25	952,034,734.47	2,390,537,513.74
(2) 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

Note: As at 31 December 2023, fixed assets of the Group with carrying amount of RMB214,729,021.65 (31 December 2022: RMB194,940,126.19) were pledged for bank loans, among which, RMB205,635,516.22 (31 December 2022: RMB173,938,669.96) were pledged for long-term loans, RMB9,093,505.43 (31 December 2022: RMB21,001,456.23) were pledged for short-term loans and RMB153,006,500.89 (31 December 2022: RMB65,866,878.62) 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, Shanwei, Meizhou and Heyuan etc. have not yet obtained the certificate of title due to historical reasons. As at 31 December 2023, the book value of such buildings and structures was RMB79,731,369.89 (31 December 2022: RMB83,312,761.26).

7. RIGHT-OF-USE ASSETS

Items	Buildings and structures	Lease of land	Transportation vehicles	Total
1. Cost				
(1) 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) Additions during the year	189,002,271.26	–	–	189,002,271.26
– Additions of lease	188,977,647.52	–	–	188,977,647.52
– Foreign currency financial statement translation differences	24,623.74	–	–	24,623.74
(3) Reduction during the year	69,681,630.40	2,096,085.33	372,655,393.60	444,433,109.33
– Disposal	64,950,253.04	2,096,085.33	1,551,897.55	68,598,235.92
– Transfer to fixed assets upon lease expires	–	–	371,103,496.05	371,103,496.05
– Disposals of subsidiaries	4,731,377.36	–	–	4,731,377.36
(4) Balance as at 31 December 2023	<u>2,860,852,908.08</u>	<u>95,308,943.20</u>	<u>247,814,049.60</u>	<u>3,203,975,900.88</u>
2. Accumulated depreciation				
(1) Balance as at 31 December 2022	1,100,495,122.26	36,362,742.18	348,504,946.72	1,485,362,811.16
(2) Additions during the year	190,092,833.44	7,144,325.88	46,053,005.81	243,290,165.13
– Accrual	190,072,743.50	7,144,325.88	46,053,005.81	243,270,075.19
– Foreign currency financial statement translation differences	20,089.94	–	–	20,089.94
(3) Reduction during the year	64,863,441.50	1,875,294.39	257,957,488.91	324,696,224.80
– Disposal	62,715,223.68	1,875,294.39	1,428,164.84	66,018,682.91
– Transfer to fixed assets upon lease expires	–	–	256,529,324.07	256,529,324.07
– Disposals of subsidiaries	2,148,217.82	–	–	2,148,217.82
(4) Balance as at 31 December 2023	<u>1,225,724,514.20</u>	<u>41,631,773.67</u>	<u>136,600,463.62</u>	<u>1,403,956,751.49</u>
3. Book value				
(1) As at 31 December 2023	<u>1,635,128,393.88</u>	<u>53,677,169.53</u>	<u>111,213,585.98</u>	<u>1,800,019,149.39</u>
(2) As at 31 December 2022	<u>1,641,037,144.96</u>	<u>61,042,286.35</u>	<u>271,964,496.48</u>	<u>1,974,043,927.79</u>

8. 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 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) Additions during the year	12,279,778.36	11,581,338.08	740,179.13	-	-	-	24,601,295.57
- Purchases	11,721,499.00	1,840,187.27	-	-	-	-	13,561,686.27
- Internal research and development	-	8,800,852.56	-	-	-	-	8,800,852.56
- Foreign currency financial statement translation differences	558,279.36	-	740,179.13	-	-	-	1,298,458.49
- Transfer from construction in progress	-	940,298.25	-	-	-	-	940,298.25
(3) Reductions during the year	158,065,458.17	4,691,052.00	-	-	11,469,508.28	-	174,226,018.45
- Disposal	12,413,608.31	2,012,700.00	-	-	-	-	14,426,308.31
- Transfer to investment properties	67,791,646.95	-	-	-	-	-	67,791,646.95
- Disposals of subsidiaries	77,860,202.91	2,678,352.00	-	-	11,469,508.28	-	92,008,063.19
(4) Balance as at 31 December 2023	<u>658,050,064.54</u>	<u>112,985,901.72</u>	<u>39,886,693.32</u>	<u>387,478,456.26</u>	<u>304,786,470.91</u>	<u>4,673,854.67</u>	<u>1,507,861,441.42</u>
2. Accumulated amortization							
(1) 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
(2) Additions during the year	16,002,189.18	10,655,771.79	-	11,299,916.52	18,809,632.28	584,594.61	57,352,104.38
- Accrual	15,749,630.13	10,655,771.79	-	11,299,916.52	18,809,632.28	584,594.61	57,099,545.33
- Foreign currency financial statement translation differences	252,559.05	-	-	-	-	-	252,559.05
(3) Reductions during the year	45,652,474.56	3,504,604.76	-	-	11,276,304.34	-	60,433,383.66
- Disposal	4,174,514.55	1,006,747.80	-	-	-	-	5,181,262.35
- Disposals of subsidiaries	25,832,887.27	2,497,856.96	-	-	11,276,304.34	-	39,607,048.57
- Transfer to investment properties	15,645,072.74	-	-	-	-	-	15,645,072.74
(4) Balance as at 31 December 2023	<u>157,324,792.95</u>	<u>76,847,471.22</u>	<u>-</u>	<u>313,365,715.85</u>	<u>224,647,850.90</u>	<u>2,875,698.78</u>	<u>775,061,529.70</u>
3. Provision of impairment							
(1) Balance as at 31 December 2022	2,956,979.57	-	-	-	-	-	2,956,979.57
(2) Additions during the year	-	-	-	-	38,084,104.79	-	38,084,104.79
- Accrual	-	-	-	-	38,084,104.79	-	38,084,104.79
(3) Reductions during the year	-	-	-	-	-	-	-
- Disposal	-	-	-	-	-	-	-
(4) Balance as at 31 December 2023	<u>2,956,979.57</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,084,104.79</u>	<u>-</u>	<u>41,041,084.36</u>

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
4. Book value							
(1) As at 31 December 2023	<u>497,768,292.02</u>	<u>36,138,430.50</u>	<u>39,886,693.32</u>	<u>74,112,740.41</u>	<u>42,054,515.22</u>	<u>1,798,155.89</u>	<u>691,758,827.36</u>
(2) As at 31 December 2022	<u>613,903,686.45</u>	<u>36,399,311.45</u>	<u>39,146,514.19</u>	<u>85,412,656.93</u>	<u>99,141,456.23</u>	<u>2,382,750.50</u>	<u>876,386,375.75</u>

Note 1: As at 31 December 2023, land use rights with carrying amount of RMB110,642,877.76 (31 December 2022: RMB115,879,308.27) were pledged for bank loans, among which, RMB59,008,987.31 (31 December 2022: RMB80,607,440.30) were pledged for long-term loans, RMB51,633,890.45 (31 December 2022: RMB35,271,867.97) were pledged for short-term loans. As at 31 December 2023, land use rights with carrying amount of RMB1,025,674.00 (31 December 2022: RMB1,025,674.00) were pledged for long-term payables. As at 31 December 2023, 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 2023, the carrying amount of land use rights without certificate of the title for the Group was RMB6,957,525.39 (31 December 2022: RMB7,130,970.79).

Note 3: As at 31 December 2023, land use rights with carrying amount of RMB83,822,210.96 (31 December 2022: RMB90,817,804.81) were obtained through allocation.

9. SHORT-TERM LOANS

1) Classification of short-term loans

Items	31 December 2023	31 December 2022
Pledged loan	–	6,000,000.00
Including: Guangdong Provincial Communication Group Finance Company Limited (“GCG Finance”)	–	6,000,000.00
Loans secured by mortgages (<i>Note 2</i>)	136,575,342.46	145,391,927.90
Unsecured loans	309,297,086.22	598,645,899.68
Including: Loans from banks	309,297,086.22	598,645,899.68
Total	<u>445,872,428.68</u>	<u>750,037,827.58</u>

Note 1: As at 31 December 2023, the Group’s short-term loans were borrowings from banks within 1 year, which bear interest rates ranging from 2.00%-5.10% per annum (31 December 2022: 1.90%-6.50%).

Note 2: For the details of assets mortgaged for secured loans as at 31 December 2023, please refer to 5, 6 and 8.

2) Overdue short-term loans

As at 31 December 2023, the outstanding balance of the Group's overdue short-term loans was RMB13,950,000.00 at an interest rate of 4.75% per annum.

10. ACCOUNTS PAYABLE

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

Items	31 December 2023	31 December 2022
Materials payable	79,309,182.67	63,388,211.64
Transportation fee payable	66,193,883.05	81,646,846.89
Contract payments for cars	5,652,172.18	48,321,086.82
Progress payments for constructions	191,379,479.64	196,848,679.09
Expressway service zones contracts fee payable	115,795,970.57	76,835,881.23
Fuel expenses payable	18,606,391.41	33,098,168.30
Service fees payable	14,315,395.53	11,360,390.54
Others	66,482,479.07	59,713,498.71
Total	<u>557,734,954.12</u>	<u>571,212,763.22</u>

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

Items	31 December 2023	31 December 2022
Within 1 year (inclusive)	326,983,018.81	237,642,101.34
Over 1 year but within 2 years (inclusive)	56,657,261.79	240,192,870.10
Over 2 years but within 3 years (inclusive)	142,895,962.46	46,313,948.41
Over 3 years	31,198,711.06	47,063,843.37
Total	<u>557,734,954.12</u>	<u>571,212,763.22</u>

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

Items	31 December 2023	Nature and reasons for unsettlement
Guangxi Construction First Construction Engineering Group Co., Ltd.	38,276,477.81	Construction fee unsettled
Guangdong Wuhua Erjian Engineering Co., Ltd.	14,109,548.56	Construction fee unsettled
Total	<u>52,386,026.37</u>	

11. NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Items	Note	31 December 2023	31 December 2022
Long-term loans due within one year	12	112,726,491.96	696,131,202.58
Long-term payables due within one year		147,778,059.39	76,849,834.31
Lease liabilities due within one year	13	160,910,669.96	254,994,878.92
Total		<u>421,415,221.31</u>	<u>1,027,975,915.81</u>

12. LONG-TERM LOANS

1) Classification of long-term loans

Items	31 December 2023	31 December 2022
Unsecured loans	561,009,396.46	824,447,656.20
Including: Loans from banks	505,606,077.01	721,633,384.24
Loans from GCG Finance	55,403,319.45	102,814,271.96
Loans secured by mortgages (note 2)	349,230,532.07	204,381,166.77
Pledged loans	–	17,519,864.49
Mortgaged and guaranteed loans (note 3)	51,158,778.25	98,750,875.82
Pledged and mortgaged loans (note 4)	8,878,189.20	10,132,429.95
Pledged, mortgaged and guaranteed loans (note 5)	14,459,309.03	30,093,316.94
Total	<u>984,736,205.01</u>	<u>1,185,325,310.17</u>

Items	31 December 2023	31 December 2022
Less: Long-term loans due within one year		
Including: Unsecured loans	40,153,319.45	537,501,656.20
Loans secured by mortgages	32,034,040.99	78,892,007.61
Pledged loans	–	5,519,864.49
Mortgaged and guaranteed loans	27,601,633.29	33,991,927.39
Pledged and mortgaged loans	8,878,189.20	10,132,429.95
Pledged, mortgaged and guaranteed loans	4,059,309.03	30,093,316.94
Sub-total (<i>Note 11</i>)	112,726,491.96	696,131,202.58
Long-term loans due after 1 year	872,009,713.05	489,194,107.59
Including: Due after 1 year but within 2 years	397,944,748.27	68,522,570.79
Due after 2 years but within 5 years	474,064,964.78	352,574,383.72
After 5 years	–	68,097,153.08

Note 1: As at 31 December 2023, all the Group's long-term loans were from banks and GCG Finance with interest rates ranging from 2.80% – 5.90% per annum (31 December 2022: 3.00%-5.30%).

Note 2: For the details of assets mortgaged for secured loans as at 31 December 2023, please refer to Notes 5, 6 and 8.

Note 3: As at 31 December 2023, mortgaged and guaranteed loans held by the Group include the loans borrowed by the subsidiaries: ① Heyuan 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; ② the loans borrowed by Heyuan City Yueyun Motor Transportation Co., Ltd., Qingyuan City Yueyun Public Transportation Co., Ltd. and Meizhou Yueyun Motor Transportation Co., Ltd., with vehicles as collateral and Zhengzhou Anchi Bonding Co., Ltd., which is the third party, as joint liability guarantee.

Note 4: As at 31 December 2023, 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 5: As at 31 December 2023, 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.

2) Overdue long-term loans

As at 31 December 2023, the outstanding balance of the Group's overdue long-term loans was RMB15,263,891.79 with interest rates ranging from 4.75% – 4.90% per annum.

13. LEASE LIABILITIES

Items	31 December 2023	31 December 2022
Lease liabilities	1,994,045,085.88	2,101,521,859.07
Less: lease liabilities due within one year (<i>Note 11</i>)	160,910,669.96	254,994,878.92
Total	1,833,134,415.92	1,846,526,980.15

14. RETAINED EARNINGS

Items	31 December 2023	31 December 2022
Retained earnings at the beginning of the year	646,279,200.57	816,260,050.18
Add: Net profit/(loss) for the year attributable to the shareholders of the Company	201,887,517.27	(150,423,379.26)
Less: Appropriation for statutory surplus reserve	5,519,378.99	19,557,470.35
Retained earnings at the end of the year	842,647,338.85	646,279,200.57

Note: In 2023, no dividend was declared by the Company (2022: no dividend was declared).

15. FINANCIAL EXPENSES

Items	2023	2022
Interest expenses from loans, bonds and payables	69,302,075.09	106,867,820.87
Interest income	(16,933,582.35)	(15,110,061.45)
Exchange gain	(543,688.13)	(2,347,888.30)
Amortisation of unrecognized financing charges	9,176,259.40	6,327,615.28
Interest expenses from lease liabilities	101,383,710.21	111,402,430.97
Others	17,900,104.08	11,534,126.40
Total	<u>180,284,878.30</u>	<u>218,674,043.77</u>

16. OTHER INCOME

Items	2023	2022
Government grants related to assets	82,218,145.99	99,016,442.47
Government grants related to income	277,901,649.72	327,735,274.08
VAT reduction and exemption, etc.	2,022,864.18	51,467,938.56
Total	<u>362,142,659.89</u>	<u>478,219,655.11</u>

Government grants included in other income

Items	2023	2022	Related to assets/ Related to income
Subsidies for vehicles replacement	1,727,707.98	6,695,665.62	Related to assets
Subsidies for procurement of new energy vehicles	68,669,237.44	79,739,212.52	Related to assets
Subsidies for fixed assets renovation	8,530,908.19	8,313,725.30	Related to assets
Tax subsidies for vehicle purchase	425,531.88	425,531.88	Related to assets
Other subsidies related to assets	2,864,760.50	3,842,307.15	Related to assets
Subsidies for operation of bus line	248,428,995.49	233,223,174.03	Related to income
Subsidies of elderly concessionary travel card	19,819,498.94	46,141,049.07	Related to income
Others subsidies related to income	9,653,155.29	48,371,050.98	Related to income
Total	<u>360,119,795.71</u>	<u>426,751,716.55</u>	

17. INVESTMENT INCOME

Items	2023	2022
Income from long-term equity investments under equity method	85,740,550.95	(11,543,318.18)
Investment income arising from disposal of investment in associates and joint ventures	872,759.70	–
Gains on disposal of subsidiaries (Note 3.3)	11,316,051.34	238,579,622.32
Dividend income earned during holding period of investment in other equity instruments	–	100,000.00
Others	(1,020,466.76)	8,904,433.69
Total	<u>96,908,895.23</u>	<u>236,040,737.83</u>

Note 1: There are no significant restrictions on remittance of the Group's investment income.

18. ACCRUAL OF CREDIT LOSS

Items	2023	2022
Accounts receivable	(7,629,928.63)	(11,275,918.77)
Other receivables	(10,747,596.29)	2,945,603.04
Total	<u>(18,377,524.92)</u>	<u>(8,330,315.73)</u>

19. IMPAIRMENT LOSSES

Items	2023	2022
Impairment loss of construction in progress	(1,296,524.87)	–
Impairment loss of intangible assets	(38,084,104.79)	(2,956,979.57)
Impairment loss of goodwill	–	(46,813,160.03)
Total	<u>(39,380,629.66)</u>	<u>(49,770,139.60)</u>

20. GAINS FROM ASSET DISPOSALS

Items	2023	2022
Gains from disposal of fixed assets	22,217,156.76	10,801,390.51
Gains from disposal of other non-current assets	12,094,551.60	8,851,564.81
Gains from disposal of right-of-use assets	(102,653.41)	6,859,044.92
	<hr/>	<hr/>
Total	34,209,054.95	26,512,000.24
	<hr/> <hr/>	<hr/> <hr/>

21. NON-OPERATING INCOME

Items	2023	2022
Gains on scrapping of non-current assets	2,408,778.33	3,641,496.29
Government grants	5,310,882.83	8,380,660.53
Compensations	3,035,525.94	5,506,258.27
Others	4,511,434.40	13,452,103.06
	<hr/>	<hr/>
Total	15,266,621.50	30,980,518.15
	<hr/> <hr/>	<hr/> <hr/>

Government grants included in non-operating income

Subsidy items	2023	2022	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	5,310,882.83	3,650,107.53	Related to income
	<hr/>	<hr/>	
Total	5,310,882.83	8,380,660.53	
	<hr/> <hr/>	<hr/> <hr/>	

22. NON-OPERATING EXPENSE

Items	2023	2022
Donations	181,121.30	500.00
Losses on scrapping of non-current assets	4,398,098.43	2,396,310.63
Road accidents losses	685,227.61	3,566,681.11
Penalty expenses	2,602,792.64	1,067,347.78
Others	4,631,171.78	5,637,348.69
	<hr/>	<hr/>
Total	12,498,411.76	12,668,188.21
	<hr/> <hr/>	<hr/> <hr/>

23. INCOME TAX EXPENSES**1) Income tax expenses**

Items	2023	2022
Current income tax expense	101,276,100.89	57,088,238.48
Deferred tax expense	(16,537,985.23)	133,862,188.66
	<hr/>	<hr/>
Total	84,738,115.66	190,950,427.14
	<hr/> <hr/>	<hr/> <hr/>

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

Items	2023
Profit before taxation	298,564,959.48
Income tax expense calculated at tax rate of 25%	74,641,239.87
Effect of different tax rates applied by certain subsidiaries	(1,716,667.62)
Adjustments of tax filing differences	(1,412,902.37)
Effect of non-taxable income	(24,287,973.44)
Effect of non-deductible expenses	8,500,330.89
Effect of utilisation of deductible tax losses of unrecognised deferred tax assets in previous years	(17,233,187.65)
Effect of unrecognised deductible temporary differences or tax losses	46,247,275.98
Income tax expenses	84,738,115.66
	<hr/> <hr/>

24. 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	2023	2022
Consolidated net profit/(loss) attributable to ordinary shareholders of the Company	201,887,517.27	(150,423,379.26)
Weighted average number of ordinary shares outstanding	799,847,800.00	799,847,800.00
Basic earnings per share(RMB/share)	0.25	(0.19)
Including: Basic earnings per share from continuing operations(RMB/share)	0.25	(0.19)

Weighted average number of ordinary shares is calculated as follows:

Items	2023	2022
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.

25. GOVERNMENT GRANTS

1) Government grants related to assets

Items	Balance	Balance sheet presentation 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
			2023	2022	
Subsidies for vehicles replacement	80,006.64	Deferred income	1,727,707.98	6,695,665.62	Other income
Subsidies for procurement of new energy vehicles	90,860,032.15	Deferred income	68,669,237.44	79,739,212.52	Other income
Subsidies for fixed assets renovation	96,823,025.38	Deferred income	8,530,908.19	8,313,725.30	Other income
Tax subsidies for vehicles purchase	11,174,217.96	Deferred income	425,531.88	425,531.88	Other income
Software development subsidies	-	Deferred income	-	300,000.00	Other income
Other subsidies related to assets	10,328,969.12	Deferred income	2,864,760.50	3,542,307.15	Other income
Total	209,266,251.25		82,218,145.99	99,016,442.47	

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
	2023	2022	
Fuel subsidies	145,725,701.47	136,770,453.38	Operating costs
Subsidies for operation of bus lines	248,428,995.49	233,223,174.03	Other income
Subsidies of elderly concessionary travel card	19,819,498.94	46,141,049.07	Other income
Other subsidies	9,653,155.29	48,371,050.98	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	5,310,882.83	3,650,107.53	Non-operating income
Total	428,938,234.02	472,886,387.99	

26. NET CURRENT LIABILITIES

Items	31 December 2023	31 December 2022
Current assets	2,453,909,196.32	2,255,805,874.44
Less: Current liabilities	2,560,402,388.93	3,566,728,571.70
Net current liabilities	(106,493,192.61)	(1,310,922,697.26)

27. TOTAL ASSETS LESS CURRENT LIABILITIES

Items	31 December 2023	31 December 2022
Total assets	8,603,368,305.61	9,215,602,097.18
Less: Current liabilities	2,560,402,388.93	3,566,728,571.70
Total assets less current liabilities	6,042,965,916.68	5,648,873,525.48

28. LEASE**1) As a lessee**

Items	2023	2022
Interest expense on lease liabilities	101,383,710.21	111,402,430.97
Short-term lease expenses applied the practical expedient	60,378,892.26	32,744,333.49
Variable lease payments not included in the measurement of lease liabilities	13,978,542.51	15,515,955.13
Income from sub-leasing right-of-use assets	436,041,496.83	415,473,545.25
Total cash outflow for leases	384,622,352.98	363,332,362.31

2) As a lessor**(1) Operating lease**

Items	2023	2022
Lease income	495,062,652.19	475,822,597.86
Including: income related to variable lease payments not included in lease receipts	37,119,363.08	15,044,587.94

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	491,609,268.54
Over 1 year but within 2 years	453,936,749.57
Over 2 years but within 3 years	381,507,162.92
Over 3 years but within 4 years	322,254,930.99
Over 4 years but within 5 years	270,555,117.05
Over 5 years	977,236,470.22
	<hr/>
Total	2,897,099,699.29
	<hr/> <hr/>

29. 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

2023

Items	Expressway service zones operation	Road passenger transportation and auxiliary	Other business	Inter-segment eliminations	Total
Operating income	4,959,557,186.44	2,129,947,475.54	143,633,302.25	(5,906,865.56)	7,227,231,098.67
Including: Operating income from external customers	4,954,993,251.00	2,128,604,545.42	143,633,302.25	-	7,227,231,098.67
Inter-segment operating income	4,563,935.44	1,342,930.12	-	(5,906,865.56)	-
Operating costs	4,461,899,079.24	2,093,110,405.64	30,028,490.04	(4,586,612.46)	6,580,451,362.46
Income from investments in associates and joint ventures	2,099,116.70	71,510,020.70	12,131,413.55	-	85,740,550.95
Credit impairment loss	(11,094,167.82)	(12,783,331.32)	5,499,974.22	-	(18,377,524.92)
Impairment losses on assets	-	(39,380,629.66)	-	-	(39,380,629.66)
Depreciation and amortisation	289,074,459.73	566,454,839.31	17,855,454.26	-	873,384,753.30
Profit/(loss) before income tax	213,166,915.05	(31,933,531.64)	118,651,829.17	(1,320,253.10)	298,564,959.48
Income tax expenses	62,884,256.63	21,853,859.03	-	-	84,738,115.66
Net profit/(loss)	150,282,658.42	(53,787,390.67)	118,651,829.17	(1,320,253.10)	213,826,843.82
Total assets	3,696,393,256.87	4,521,553,424.87	2,702,461,090.88	(2,317,039,467.01)	8,603,368,305.61
Total liabilities	2,831,151,353.98	2,931,207,574.10	853,487,711.78	(629,383,690.48)	5,986,462,949.38
Other important non-cash items:					
- Long-term equity investments in associates and joint ventures	42,688,785.59	281,510,471.32	71,688,924.76	-	395,888,181.67
- The amounts of (decrease)/increase of non-current assets other than long-term equity investments	(98,331,635.01)	(663,227,725.06)	(128,332,470.64)	5,613,480.56	(884,278,350.15)

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 (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)

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

BUSINESS REVIEW

In 2023, China's economy as a whole has entered the recovery stage. The Group has seized the window of opportunity, taken the new round of deepening and upgraded state-owned enterprise reforms as an opportunity, and focused on the primary task of high-quality development to promote the orderly exit of the passenger transport business and the reform of the expressway service area business, optimizing the capital structure, breaking through industrial bottlenecks, and ushered in the "first year of reform and development" of the Group. Through the implementation of five major initiatives: "service area business reform, digital Yueyun creation, passenger transport business loss reduction, asset disposal to convert debt, and subsidiary-specific reform", we have achieved a turnaround from losses to profits in 2023, and the fundamentals of the Company have been significantly improved.

TRAVEL SERVICE SEGMENT

1. EXPRESSWAY SERVICE ZONES OPERATION

Based on the development strategy of the "14th Five-Year Plan", the Group actively responded to market trends, strengthened cooperation through deepening reforms, improved management efficiency and service levels, strived to improve the quality and efficiency of various businesses, deepening the reform of expressway travel service business, and realizing new and old goals, promoting the development of energy, investment, retail, advertising and other businesses.

1. *Energy Business*

The Group adhered to the energy development strategy, continued to expand the scale of the comprehensive energy network, consolidated the comprehensive operation capabilities of the owned-and-operated oil stations of "Yueyun Energy", and strived to create a new momentum for energy development. As of the end of December 2023, the Group has the right to operate 209 gas stations, including 68 owned-and-operated gas stations, 13 cooperative gas stations, and 128 external contracted gas stations. The main operational measures are as follows:

- (1) Consolidating the achievements of traditional energy development. We continued to expand the scale of our owned-and-operated gas station network, completed the new Yangjiang gas station project and put it into operation, and continued to promote the gas station recycling project.
- (2) Planning comprehensive energy applications in advance. We coordinated with China Southern Power Grid Guangdong Power Grid Co., Ltd. to jointly promote the quality development of 55 charging stations; following the main direction of self-construction and self-operation, completing the investment feasibility report on new charging infrastructure construction projects in the service area, and continuously strengthening the value of the energy supply industry chain creation.

- (3) Improving service quality. We comprehensively implemented the “one station, one policy” strategy for gas stations, creating benchmark stations, and achieved overall improvement in the window service image and operation management level of owned-and-operated gas stations. Shengtang and Qingyuan service area gas stations were rated as “Guangdong Province Model Gas Stations.”
- (4) Deepening brand operations based on customer needs. In 2023, a total of 46 batches of personalized and precise marketing activities were carried out, including membership stored value, all-employee marketing, existing customer wake-up marketing, and large stored value discounts. 29 new major fixed-point refuelling customers were added, and gas product sales increased by 46% compared with last year; strengthening the construction of owned-and-operated brands, expanding key customers and electronic members, and adding 357,300 new electronic members of Yueyun Energy, with a year-on-year increase of 62.5%.

2. *Retail Business*

The Group comprehensively integrates retail resources in service areas, implements precise policies to optimize business development paths, and increases efficiency through digitalization and energy-added operations. As of the end of December 2023, the Group had 480 “Loyee” convenience stores. The main operating measures were as follows:

- (1) Reforming the retail business operating model. By implementing vertical management and optimizing store staffing, we further improved management efficiency; adapted to new business development needs and launched differentiated business models based on store policies; integrated retail business resources in service areas and promoted the development of “big retail” business in service zones.
- (2) Completing the iterative update of the digital retail system, comprehensively improving digital capabilities such as retail store operations, purchase, sales and inventory management, warehousing management, supplier collaboration, etc., and providing intelligent support for the efficient development of retail business.
- (3) Taking multiple measures to enhance business benefits. The Group increased marketing efforts and continued to carry out diversified themed marketing activities to create the consumer atmosphere in stores. We vigorously promoted cooked food sales, and cooked food revenue increased year-on-year by 28 million yuan, representing an increase of 83% compared with the same period in 2019 prior to the pandemic, creating a record single-day retail sales of 7.07 million. The Group made full use of product channels and location advantages and actively expanded group purchasing wholesale customers, adding 38 new wholesale customers for the year and accumulating a total of 165 wholesale customers. The Group has integrated regional characteristics to enrich sales categories, and gradually promoted the rural revitalization special counters in Loyee stores to assist in putting agricultural products on the shelves. The Group has completed the construction of 57 pairs of rural revitalization counters in service areas such as Danxiashan and Hengbei to support the “Urban and Rural Coordinated Development Project” sponsored by Guangdong Provincial Government.

- (4) Optimizing the product investment system. We have reduced commodity procurement costs and promoted commodity investment promotion work in phases through negotiation and review, resulting in a 13% reduction in commodity supply prices; strengthening supply chain management, optimizing distribution routes, and adjusting distribution cycles.

3. *Merchant Solicitation Business*

The Group continued to explore diversified expressway business formats, promotes professional commercial operation management in service areas, and enhances platform development capabilities. As of the end of December 2023, 361 service zones have obtained operating rights and 350 are in operation. The main operating measures were as follows:

- (1) Exploring new business development models. By joining international fast food chain brands through channels, we have expanded new business models and successfully completed the opening and operation of KFC franchise stores in Yangjiang and Lantang; establishing an integrated commercial operation standard management system for service zone, and developing a series of service zones by building a professional business operation team, carrying out a series of themed marketing activities in the service area to promote rapid improvement in revenue and brand effect; introducing professional property management companies, implementing a pilot program for overall outsourcing management of public services in the service area, and exploring innovative property models to effectively control property costs.
- (2) Integrating distinctive features and enriching business formats to promote quality upgrading of service areas. Integrating resources according to local conditions, introducing local characteristic projects, and creating three pairs of local characteristic food areas: Hengbei, Pingtang, and Yangchun; combining local culture, tourism, and industrial resources to expand the business ecosystem of the service area, and completing urban exhibition halls, comic exhibitions, and lifestyle department stores, truck accessories, souvenirs and other special business formats; further incubating new business formats, introducing new projects such as amusement doll machines, sports lottery vending machines, and pre-made vegetable vending machines to increase investment income; actively promoting “Yipinhui” and “Letuhui” and other private commercial brand buildings.
- (3) Continuing to revitalize investment resources. We have improved the efficiency of leasing work, rationally coordinated the expired idle and retired projects in early 2023, and have increased the frequency of leasing, shortened the leasing cycle, and accelerated the implementation of projects; increasing the disclosure of leasing information, publishing annual investment information in advance on multiple platforms, and gradually transferring non-major leasing projects to the Southern United Property Rights Exchange Centre for public leasing; making full use of holidays, peak summer passenger flow periods and major project gaps to carry out short-term projects for rent. As of the end of December 2023, a total of 281 projects have been launched for leasing in the service zones, and 220 had been successfully leased.

4. *Advertising Business*

The Group applied digital systems to improve the level of refinement of advertising resources and marketing management, strengthening communication and coordination to maintain overall stability of resources, and took multiple measures to reduce operating pressure on advertising business. As of the end of December 2023, the Group operated and managed 506 advertising resources on 76 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. Strengthening communication and coordination to ensure the safety of advertising assets, and stabilizing the scale of advertising resources; 9 new advertising resources were added throughout the year, including 3 innovative advertising facilities; as of the end of December 2023, the advertising operating area reached 129,100 square meters.
- (2) Vigorously strengthening marketing and direct business expansion. Actively expanding new customers, strengthening the maintenance of old customers, integrating resources and expanding direct businesses through multiple channels; accelerating the collection of accounts receivable, and continue to implement dynamic management of accounts receivable; promoting the construction of advertising business management platforms, promoting advertising resource management and digital development of the marketing promotion business.
- (3) Strengthening external investment and disclosure. Conducting public investment pre-disclosure of advertising resource investment projects on the Guangdong Bidding Network, and widely absorbing intended lessees through packaged whole leasing, single leasing, resource integration, etc.

2. ***ROAD PASSENGER TRANSPORTATION AND AUXILIARY***

In faced of the impact of diversified travel modes on traditional passenger transport, the Group's "14th Five-Year Plan" mid-term strategic plan adjustment proposes "the overall strategic contraction of the passenger transport business, a gradual and orderly withdrawal from the domestic passenger transport business, and the steady development of the cross-border passenger transport business" to realize the transformation of the Group's new and old driving forces. The Company continued to promote the "one enterprise, one policy" in 2023 based on our previous implementation experience and operating conditions of "one enterprise, one policy", accelerated the development of "digital passenger transport", and vigorously promoted the transformation and development of the passenger transport business to achieve new results.

1. *Continuously promoting the implementation of "one enterprise, one policy"*

- (1) Promoting the exit of the passenger transport business in a steady and orderly manner. Implementing the complete withdrawal of all qualified transportation companies, we have completed the equity transfer of Zhaoqing City Yueyun Motor Transportation Co., Ltd. and Maoming Dianbai Yueyun Vehicles Transportation Co., Ltd., and withdrew from the passenger transport business in Zhaoqing and Maoming as a whole.

- (2) Optimizing operations and reducing management costs. Promoting the optimization of personnel structure, reasonably controlling the total number of employees, strengthening cost control.
- (3) Effectively reducing interest-bearing liabilities. Promoting the implementation of government subsidies, we continued to strive for local governments to introduce bottom-line subsidy policies for services such as urban buses and rural passenger transport, and strive for subsidy funds to be received or pre-allocated as soon as possible; accelerating the revitalization of assets, recovering funds through vehicle and property disposals, compressing the passenger transportation functional area of stations, reducing office area, implementing “rent-all-use” for land and properties, or carrying out cooperative operations with third parties, and improving the utilization of existing assets through multiple channels rate and increasing asset returns. As of the end of December 2023, the interest-bearing liabilities of passenger transport companies have dropped by 13% since the beginning of the year.

2. *Accelerating the transformation and development of the passenger transport business*

- (1) Vigorously promoting the digital transformation of passenger transport business. In-depth cooperation with Didi, China’s leading Internet transportation platform, and with the support of Guangdong Province’s first policy document on Internet chartered customized travel, we developed online site bus and intercity carpooling services based on passenger travel needs, in 2023, all affiliated passenger transport companies had been put into operation, and 8 external units had been expanded to go online to achieve win-win cooperation, creating a leading Internet platform + innovative operation and service model for transportation companies, and weaved “one network for the entire province.” As of the end of December 2023, a total of 675 bus routes have been launched at the station, covering 17 regions in the province. The average daily order volume of the platform has reached 15,000, with a peak of more than 30,000 in a single day.
- (2) Actively expanding off-site business. We have increased marketing and promotion efforts and strived to expand off-site business such as customization, chartered cars, commuting, study tours, school buses, and travel. In 2023, we have achieved a year-on-year growth of 21% in off-site business revenue.

3. *Expressway vehicle rescue business*

With the mission of ensuring the smooth flow of highways, the Group continuously improved rescue service quality while expanding its expressway vehicle rescue business. As of the end of December 2023, the vehicle rescue service mileage reached 7,025 kilometres, with a total of 79 road sections, 193 rescue stations, and 676 various rescue equipment. The main operating measures are as follows:

- (1) Continuing to improve rescue and support service capabilities. We continuously optimized the stationing points, and completed the optimization and adjustment of 7 permanent rescue points and 7 temporary backup points according to changes in the road network and traffic flow; strengthening skills training, giving full play to the role of first-level and master-level team members in “passing, helping, and leading” on the road sections, and promoting the overall improvement of the technical level of the rescue team; during major holidays, more than double the temporary backup points would be added to the original permanent rescue points to shorten the distance to the scene and give full play to the scale effect of the road network.
- (2) Improving data analysis, identification, and application capabilities. We invested in the construction of a highway vehicle rescue service platform project, and continued to optimize vehicle rescue service operation management and rescue resource allocation by applying two key functions: intelligent dispatching of vehicle rescue resources and building an analysis model for optimal allocation of vehicle rescue resources; relying on the 5G+AI technology vehicle rescue cloud service platform, the rescue service process video real-time transmission, rescue time node data acquisition, rescue operation process specifications and service quality monitoring are realized; historical data would be used to analyse the actual efficiency and cost ratio of rescue support operations, reasonably adjusting the radiation scope and optimizing the support dispatch business process.
- (3) Expanding the incremental earnings of rescue services. We actively expanded market-oriented business, upgraded membership vehicle travel guarantee services, improved service rights and functional modules, so as to strengthen data sharing to enhance user experience, and actively expanded cooperation areas in rescue services.

3. TAIPING INTERCHANGE OPERATION

With the release of travel demand, the traffic volume of the Taiping Interchange has significantly rebounded. The Group has intensified the maintenance of the Taiping Interchange, strengthened daily inspections of the road sections, and organized and implemented maintenance and repairs. The main operating measures are as follows:

- (1) As of the end of December 2023, The Taiping Interchange project had a cumulative toll traffic volume of 38.12 million vehicles, with an average of 104,400 vehicles per day, a year-on-year increase of 45%.
- (2) Strengthening operational management and ensuring a safe operation. We continued to strengthen daily inspections of Taiping Interchange and implemented maintenance and repair plans to ensure the safety and smoothness of bridges and roads.

4. OTHER BUSINESSES

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

FINANCIAL REVIEW

The Group's Annual Results for the year ended 31 December 2023

For the year ended 31 December 2023, operating income of the Group amounted to RMB7,227,231,000 (2022: RMB5,819,528,000), representing a year-on-year increase of RMB1,407,703,000 or 24%; gross profit amounted to RMB646,780,000 (2022: RMB181,571,000), representing a year-on-year increase of RMB465,209,000 or 256%. The year-on-year growth in operating income and gross profit was mainly because the Company actively promoted the reform of service zone business and expanded out-of-station business, resulting in a year-on-year increase in passenger volume in expressway service areas and transportation business.

For the year ended 31 December 2023, the Group's cumulative net profit attributable to shareholders of the parent company (“**Shareholders**”) was RMB201,888,000 (2022: net loss attributable to shareholders of the parent company was RMB150,423,000), representing a year-on-year increase in profit of RMB352,311,000; basic earnings per share were RMB0.25 (2022: basic loss per share was RMB0.19), representing a year-on-year increase in profit of RMB0.44 per share. The main reasons for turning losses into profits were: First, the Group seized the opportunity for the recovery of the travel market and actively promoted the reform of the service zones business, and the operating income of the service zones operation business, road passenger transportation and ancillary operations, and Taiping Interchange operations has increased. Second, promoting the “one enterprise, one policy” strategy for road transportation business, which has achieved significant results in cost reduction and efficiency improvement.

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 2023 amounted to RMB7,227,231,000 (2022: RMB5,819,528,000), representing a year-on-year increase of RMB1,407,703,000 or 24%.

Operating income by business segments:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zones operation business	4,954,993	69%	3,788,823	65%
Road passenger transportation and auxiliary business	2,128,605	29%	1,916,269	33%
Operation of Taiping Interchange	143,366	2%	97,309	2%
Other Businesses	267	0%	17,127	0%
Total	<u>7,227,231</u>	<u>100%</u>	<u>5,819,528</u>	<u>100%</u>

1. Expressway Service Zones Operation Business

The expressway service zones operation business recorded operating income of RMB4,954,993,000 (2022: RMB3,788,823,000) in 2023, representing a year-on-year increase of RMB1,166,170,000 or 31%, of which:

- (1) For energy business, the operating income amounted to RMB4,086,296,000 (2022: RMB3,137,105,000) in 2023, representing a year-on-year increase of RMB949,191,000 or 30%, which was mainly due to the year-on-year increase in the sales volume of gas.
- (2) For retail business, the operating income amounted to RMB529,035,000 (2022: RMB342,493,000) in 2023, representing a year-on-year increase of RMB186,542,000 or 54%, which was mainly because during the year the Company seized the opportunity of the recovery of highway traffic flow, increased marketing efforts, and increased product sales.
- (3) For merchant solicitation business, the operating income amounted to RMB273,243,000 (2022: RMB227,731,000) in 2023, representing a year-on-year increase of RMB45,512,000 or 20%, which was mainly due to the fact that in this year, the renovation of some service areas has been completed, and the merchant occupancy rate has increased.
- (4) For advertising business, the operating income amounted to approximately RMB66,419,000 (2022: RMB81,494,000) in 2023, representing a year-on-year decrease of RMB15,075,000 or 18%, which was mainly due to the increase in vacancy rate of advertising resources, resulting in a year-on-year decrease in revenue.

2. Road Passenger Transportation and Auxiliary Business

The road passenger transportation and auxiliary business recorded operating income of RMB2,128,605,000 (2022: RMB1,916,269,000 in 2023, representing a year-on-year increase of RMB212,336,000 or 11%, which was mainly due to people's travel needs have been released, and passenger and vehicle traffic have rebounded).

3. Operation of Taiping Interchange

Taiping Interchange recorded operating income of approximately RMB143,366,000 (2022: RMB97,309,000) in 2023, representing a year-on-year increase of RMB46,057,000 or 47%, which was mainly due to a year-on-year increase in daily traffic.

4. Other Businesses

Other Businesses recorded operating income of RMB267,000 (2022: RMB17,127,000) in 2023, representing a year-on-year decrease of RMB16,860,000 or 98%, which was mainly due to a decrease in the existing business volume of material logistics.

Gross profit

The gross profit of the Group in 2023 was RMB646,780,000 (2022: RMB181,571,000), representing a year-on-year increase of RMB465,209,000 or 256%, with a gross profit margin of 8.95% (2022: 3.12%).

Gross profit by business segments:

	For the year ended 31 December 2023		For the year ended 31 December 2022	
	RMB'000	Percentage	RMB'000	Percentage
Expressway service zones operation business	494,437	76%	350,402	193%
Road passenger transportation and auxiliary business	38,738	6%	(240,368)	(132%)
Operation of Taiping Interchange	113,641	18%	70,812	39%
Other Businesses	(36)	0%	725	0%
Total	<u>646,780</u>	<u>100%</u>	<u>181,571</u>	<u>100%</u>

1. Expressway Service Zones Operation

The expressway service zones operation business recorded gross profit of RMB494,437,000 (2022: RMB350,402,000) in 2023, representing a year-on-year increase of RMB144,035,000 or 41%, and the gross profit margin was 10% (2022: 9%), of which:

- (1) The energy business generated gross profit of RMB447,827,000 (2022: RMB350,937,000) in 2023, representing a year-on-year increase of RMB96,890,000 or approximately 28%. The gross profit margin was 11% (2022: 11%). It was mainly due to the year-on-year increase in revenue from gas station sales.

- (2) The retail business generated gross profit of RMB64,044,000 (2022: RMB12,000) in 2023, representing a year-on-year increase of RMB64,032,000 or 533597%. The gross profit margin was 12% (2022: gross profit margin of 0%). It was mainly because the increase in sales of convenience store products leading to an increase in revenue.
- (3) The merchant solicitation business generated gross loss of RMB40,047,000 in 2023 (2022: gross loss of RMB42,840,000), representing a year-on-year decrease of RMB2,793,000 or a change of 7%. The gross loss margin was 15% (2022: gross loss margin of 19%). The main reasons are firstly the transformation of some service areas has been completed this year, and the increase in merchant occupancy rate has led to an increase in revenue and gross profit; the second is that due to the epidemic last year, the rent levels of new merchants are low, resulting in gross losses.
- (4) The advertising business generated gross profit of RMB22,614,000 in 2023 (2022: RMB42,293,000), representing a year-on-year decrease of RMB19,679,000 or 47%. The gross profit margin was 34% (2022: 52%). 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 profit of RMB38,738,000 in 2023 (2022: gross loss of RMB240,368,000), representing a year-on-year increase of RMB279,106,000 or 116%, and the gross profit margin was 2% (2022: gross loss margin of 13%). The main reasons are firstly due to the promotion of “one enterprise, one policy” in the road transportation business, which has achieved significant results in cost reduction and efficiency improvement; secondly, due to the increase in operating income as the passenger and vehicle traffic have rebounded.

3. Taiping Interchange Operation

Taiping Interchange operation generated gross profit of RMB113,641,000 in 2023 (2022: RMB70,812,000), representing a year-on-year increase of RMB42,829,000 or 60%. The gross profit margin was 79% (2022: 73%). It was mainly due to the increase in toll revenue due to the year-on-year increase in average daily traffic volume.

4. Other Businesses

Other businesses generated gross loss of RMB36,000 in 2023 (2022: gross profit of RMB725,000), representing a year-on-year decrease of RMB761,000 or 105%. The gross loss margin was 13% (2022: gross profit of 4%). It was mainly due to the decrease in material logistics business due to the decrease in inventory business and the decrease in the gross profit resulted from the transfer of equity interest in Guangdong Province Transportation Engineering Company Limited in the previous year.

ADMINISTRATIVE AND R&D EXPENSES

In 2023, the Group incurred administrative and research and development expenses of RMB499,649,000 in total (2022: RMB584,393,000), representing a year-on-year decrease of RMB84,744,000 or 15%, which was mainly attributable to the continuous promotion of “one enterprise, one policy” for road transportation business and the remarkable effect of cost control measures for the year.

FINANCE EXPENSES

In 2023, the Group incurred finance expenses of RMB180,285,000 (2022: RMB218,674,000), representing a year-on-year decrease of RMB38,389,000 or 18%, mainly due to the year-on-year decrease in the size of interest-bearing liabilities.

OTHER INCOME

In 2023, the Group incurred other income of RMB362,143,000 (2022: RMB478,220,000), representing a year-on-year decrease of RMB116,077,000 or 24%, which was mainly due to a year-on-year decrease in government subsidies and VAT reduction and exemption.

INVESTMENT GAIN

In 2023, the Group incurred investment gain of RMB96,909,000 (2022: RMB236,041,000), representing a year-on-year decrease of income of RMB139,132,000 or 59%, which was mainly due to the investment income generated from the transfer of equity in Guangdong Province Transportation Engineering Company Limited for the previous year.

CREDIT IMPAIRMENT LOSSES

Credit impairment losses of the Group in 2023 was RMB18,378,000 (2022: RMB8,330,000), representing a year-on-year increase of RMB10,048,000 or 121%, which was mainly attributable to the increase in the provision for credit impairment loss on an individual basis for the year and the reversal of credit impairment for the previous year.

IMPAIRMENT LOSSES OF ASSETS

Impairment losses of assets of the Group in 2023 was RMB39,381,000 (2022: RMB49,770,000), representing a year-on-year decrease of RMB10,389,000 or 21%, which was mainly due to the provision for impairment of license use rights assets of transportation units for the year, which was less than that of the impairment losses of some transportation units for the previous year.

GAINS ON DISPOSAL OF ASSETS

In 2023, the Group incurred gains on disposal of assets of RMB34,209,000 (2022: RMB26,512,000), representing a year-on-year increase of RMB7,697,000 or 29%, which was mainly due to the impact of a year-on-year increase in disposal of assets for the year.

NON-OPERATING INCOME AND EXPENDITURE

The net amount of non-operating income and expenditure in 2023 incurred a net income of RMB2,768,000 (2022: a net income of RMB18,312,000), representing a year-on-year decrease of RMB15,544,000 or 85%, which was mainly due to a year-on-year decrease in COVID-19 pandemic related grants.

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 2023, the balance of bank and financial institution facilities available to the Group amounted to RMB3,214,500,000, which provided sufficient protection for the Group's operating loans, ensuring repayment of principal and interest without risk of default.

Items	31 December	31 December
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Borrowings (banks and other financial institutions)	1,801,551	2,384,127
Less: Cash and cash equivalents	1,085,765	945,099
Net debt	715,786	1,439,028
Total liabilities	5,986,463	6,733,847
Total shareholders' equity	2,616,905	2,481,755
Total equity	3,332,691	3,920,783
Total assets	8,603,368	9,215,602
Gearing ratio	21.48%	36.70%
Asset to liability ratio	69.58%	73.07%

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total shareholders' equity

Asset to liability ratio = Total liabilities/Total assets

Cash flows

In 2023, 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		
	2023	2022	Change
	RMB'000	RMB'000	RMB'000
Cash generated from/(used in)			
Operating activities	1,003,889	810,837	193,052
Investing activities	(35,703)	63,274	(98,977)
Financing activities	(827,994)	(1,179,417)	351,423

Operating activities

The Group's net cash inflow from operating activities amounted to RMB1,003,889,000 in 2023 (2022: net cash inflow of RMB810,837,000), representing a year-on-year increase of net cash inflow of RMB193,052,000, which was mainly due to the year-on-year increase in gross profit, resulting in a year-on-year increase in net cash inflows.

Investing activities

In 2023, the net cash outflow from investing activities was RMB35,703,000 (2022: net cash inflow of RMB63,274,000), representing a decrease in net cash inflow of RMB98,977,000, which was mainly due to the cash inflow received from the transfer of equity interest in Guangdong Province Transportation Engineering Company Limited in the previous year.

Financing activities

The net cash outflow from financing activities in 2023 was RMB827,994,000 (2022: net cash outflow of RMB1,179,417,000), representing a year-on-year decrease of RMB351,423,000 in net cash outflow, which was mainly due to a further decrease in interest-bearing liabilities and a year-on-year decrease in cash inflow from borrowings.

Borrowings

As of 31 December 2023, outstanding loans of the Group amounted to RMB1,801,551,000 (31 December 2022: RMB2,384,127,000), comprising (i) unsecured short-term loans of RMB309,297,000 (31 December 2022: RMB598,646,000); (ii) secured short-term loans of RMB136,575,000 (31 December 2022: RMB145,392,000); (iii) pledged short-term loans of nil (31 December 2022: RMB6,000,000); (iv) unsecured long-term loans of RMB561,010,000 (31 December 2022: RMB824,447,000); (v) secured long-term loans of RMB423,727,000 (31 December 2022: RMB343,358,000); (vi) pledged long-term loans of RMB nil (31 December 2022: RMB17,520,000); (vii) financing leases payable of RMB370,942,000 (31 December 2022: RMB448,764,000). As of 31 December 2023, 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 37%.

Material subsequent events

Nil.

Major investments held

Nil.

MAJOR ACQUISITIONS, DISPOSALS AND ESTABLISHMENT OF NEW COMPANIES

On 20 October 2023, the Company entered into a equity transaction contract with Zhaoqing Jiaotou Mining Co., Ltd., pursuant to which Zhaoqing Jiaotou Mining Co., Ltd. conditionally agreed to purchase, and the Company conditionally agreed to sell 59.6206% equity interest in Zhaoqing City Yueyun Motor Transportation Co., Ltd. (“Zhaoqing Yueyun”) (with a corresponding capital contribution of RMB59,620,604) held by the Company, at a consideration of RMB69,719,500. Upon completion of the disposal transaction, the Company no longer holds equity interests in Zhaoqing Yueyun, and the financial results of Zhaoqing Yueyun is no longer consolidated into the Company’s financial statements. For details, please refer to the relevant announcement issued by the company on 8 November 2023.

MAJOR PROPERTIES HELD FOR INVESTMENT

Set out below are the major properties held for investment by the Group as at 31 December 2023:

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 2023, fixed assets at the net value of approximately RMB367,736,000 (31 December 2022: RMB260,807,000) and land use rights at the net value of approximately RMB111,669,000 (31 December 2022: RMB116,905,000) of the Group were pledged as security for borrowings. As at 31 December 2023, investment properties at the net value of approximately RMB192,034,000 (31 December 2022: nil) of the Group were pledged as security for borrowings.

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 2023, 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 2023, the Group had no material contingent liabilities.

MAJOR INVESTMENTS AND KEY BUSINESS DEVELOPMENTS OF THE GROUP IN 2024

TRAVEL SERVICES SEGMENT

1. Expressway Service Zones Operation

1. Energy Business

- (1) Optimizing the industrial structure and integrating comprehensive energy resources. Utilizing passenger terminals that no longer operate to build online and offline province-wide charging networks and a comprehensive energy services industry; reflecting the intensive and efficient management advantages of the information management system, building a professional operation and management platform for expressway comprehensive energy, and creating a leading integrated service platform for travel services and expressway comprehensive energy in Guangdong Province.

- (2) Focusing on emerging markets and deploying clean energy in advance. Planning and coordinating charging piles, battery swap stations, photovoltaic power generation integration, slope photovoltaics, hydrogen energy, and low-altitude economic new formats, completing the representative pilot photovoltaic “source grid load storage integration” new energy project within 2024.
- (3) Sharing resources, channels, and markets through external cooperative operations. Accelerating the cooperation with central enterprises in the gas station business, forming strategic alliances and joint ventures, enhancing each other’s competitiveness and innovation capabilities, jointly exploring new markets, expanding business scale, reducing costs on the basis of risk sharing, and expanding the Group’s advantage in gas station resources, rapidly increasing operating income and improving economic benefits.
- (4) Reforming and innovating traditional businesses to strengthen and magnify energy brands. Planning to complete the first phase of the reform of the traditional gas station business model in 2024; building the owned-and-operated characteristics of the gas stations, continuing to make efforts in large-scale operations, refined management, and brand efficiency enhancement, fully implementing precision marketing, and increasing membership expansion efforts.

2. *Retail Business*

- (1) Stepping up information construction and enhancing consumer experience. Optimizing the construction and operation of the travel business district operation service platform, innovating “online + offline” integrated services, creating an all-business and all-channel big membership system ecology, and promoting the integrated operation of online and offline member users; continuing to promote the digital upgrade of retail, deeply exploring the capabilities of the digital retail system in terms of big data, management and process operation efficiency improvement to empower the development of retail business; strengthening the operation and maintenance of the new retail system, fully implementing the intelligent operation of merchandise investment, and making full use of information technology to achieve breakthrough development bottlenecks and improving business profitability.
- (2) Optimizing the business model and promoting refined management. Comprehensively summarizing the implementation of vertical management and matching the institutional system for efficient business operation; adjusting the retail business operation strategy, expanding the pilot program for transforming employment methods in retail business, advancing the constant optimization of overall personnel structure and structure of the service area business, promoting the increase of per capita labour efficiency; continuing to improve the cost The Group’s employee team management standard of “selecting, recruiting, retaining, and retaining” continues to transform initial results into management dividends and consolidating reform results.

- (3) Integrating existing resources and opening up ecological links. Comprehensively integrating retail resources in the service zones, and placing food retail investment projects in the service zones under the unified management of retail business, laying the foundation for the development of “big retail” business; continuing to promote cooperation with leading e-commerce and supply chain platform operations, and exploring the creation of expressways of the “new retail” business in the characteristic scenario of the service zones; researching and exploring the unified cashier model in the service zones, and gradually transforming from the data collection model into the unified cashier model.

3. Merchant Solicitation Business

- (1) Implementing the “Rural Revitalization” plan and improving service quality. Taking special actions to improve the quality and upgrading of the “Urban and Rural Coordinated Development Project” service zones to be carried out in batches and by classification, and gradually completing the quality improvement and upgrading of all special service areas and demonstration service areas; combined with the service area themes of the special service areas, further refining the special themes, positioning around service zones of different characteristic types such as “cultural tourism type”, “commerce service type”, “local characteristic type”, “logistics service type” and “provincial gateway type”, etc., and deepening the connotation and extension of the characteristic theme service zones according to local conditions; planning to complete the construction of 9 pairs of expressway special service zones in 2024.
- (2) Promoting new management models and improving management levels. Summarizing the pilot situation of property outsourcing, conducting in-depth research on the feasibility of promoting the property outsourcing model, introducing property management companies with advanced management experience to cooperate and coordinate business planning, management services and other work based on the theme positioning of the characteristic service zones and own conditions.
- (3) Adhering to reform and innovation to enhance its own value. Strongly promoting changes in organizational control, operation management, development models and external cooperation methods, compressing management levels, improving management efficiency, completing organizational structure adjustment and staffing optimization, improving service zone commercial development and operation capabilities, and enhancing the commercial value of the expressway service zone network and social service value; planning the overall investment resources in advance, improving the investment management system, optimizing floor layouts and planning of shops, maintaining a healthy business atmosphere, continuing to expand business resources, deeply exploring potential value, and increasing overall income; accelerating the promotion of the commencement of operation of the KFC project in Lantang and Yangjiang service zones, providing a good start for subsequent business. Carrying out commercial operation training across the province to comprehensively improve the operational level of service zones.

4. *Advertising Business*

- (1) Promoting digital transformation and activating industrial vitality. Completing the construction of the advertising business management platform, optimizing the work process, reducing redundant operating steps, and achieving a closed-loop work process, with a view to creating a “whole-link” risk control system and improving the level of refined management of the advertising business.
- (2) Conducting in-depth market research and actively expanding business. Deeply exploring the corporate customer resources within the system, enhancing the ability in the design and planning business, and providing customers within the system with high-quality and considerate party building and product promotion customer service promotion; focusing on key projects and key expressway constructions, and developing outdoor advertising with characteristics.
- (3) Increasing revenue and reducing expenditure, and reasonably controlling the amount of investment. Carrying out the construction of advertising facilities around the central area of the Pearl River Delta and the reconstruction and expansion of road sections in 2024. Completing in advance the preparatory procedures such as planning and approval during the work process, and later carrying out construction according to customer signing needs, with an aim to control investment costs based on sales and production and reduce the overall vacancy rate.

II. *Road Passenger Transportation and Auxiliary Services*

1. *Adhering to classified policies, optimizing business structures, and realizing the conversion of old and new driving forces*
 - (1) Formulating exit plans for passenger transport enterprises. Fully researching, formulating and implementing the “one enterprise, one policy” plan for the exit of passenger transport enterprises, through overall transfer, business divestiture, spin-off and disposal, withdrawal of enterprise controlling interest, closure, cancellation or bankruptcy liquidation, etc., and comprehensive consideration, with an aim to meet various requirements such as debt risks, comprehensive management and stability maintenance, and making efforts for preservation and appreciation of state-owned capital, efforts to withdraw equity or controlling rights in passenger transport enterprises.
 - (2) Fully coordinating the exit process. Focusing on the promotion of the exit of passenger transport enterprises and the transfer of assets and other projects and striving to realize the return of funds; while passenger transport enterprises withdraw from the passenger transport business in a comprehensive and orderly manner, they will also revitalize the asset resource benefits of the passenger transport business.

- (3) Making good use of digital transportation. Relying on digital passenger transportation to achieve full coverage of the existing passenger transportation business information platform, we transfer the resources of the exiting road passenger transportation lines to off-station and customized passenger transportation businesses, supporting the comprehensive exit process through positive operating cash flows.

2. *Continuing to develop the expressway vehicle rescue business*

- (1) Focusing on optimizing business and enhancing the core competitiveness of enterprises. Promoting the application of the analysis model for the optimal allocation of vehicle rescue resources, realizing the dynamic calculation of the difference in arrival efficiency between the “optimal setting” and the “current setting” of the rescue stations, and jointly studying the layout adjustment of the station with the road section operation and management units; realizing the intelligent deployment of matching resources for vehicle rescue incident handling, further improving the accuracy of rescue resource deployment, and improving on-site efficiency; increasing attention to industry vehicle rescue dynamics and technical information, and comprehensively improving the individual obstacle clearance skills of rescue team members.
- (2) Deeply tapping the market potential and expanding high-quality development paths. Strengthening the investigation of existing market conditions and road section information, improving the accuracy and timeliness of mastered data, and striving for rescue business by participating in market competition; actively developing sales channels, relying on high-quality platforms to attract traffic, do a good job in marketing and publicity of member products and brands; striving for the reconstruction and expansion of road sections, promoting the undertaking of the reconstruction and expansion construction projects of Shantou-Meizhou Expressway, Guangzhou-Zhuhai East Line, and Zhaoming Expressway connecting Guangzhou-Foshan-Zhaoqing Interconnection, and promoting the expansion preparation of Guangzhou-Shaoguan Expressway (Guangzhou Section) Diligence plan.
- (3) Extending digital applications and continuing to promote digital transformation. Promoting the construction of various functions of the first phase of the “Digital Rescue” project as planned, strongly supporting the digital transformation and upgrading of high-speed rescue services, and promoting the construction of ecological rescue services; improving the construction of a video surveillance rescue cloud service platform based on 5G+AI technology to ensure the stable operation of the platform , empowering operation and management, improving safety production management and control capabilities, and providing owners with more abundant, timely and effective rescue service management and control data.

OTHER INFORMATION

Interests of directors and supervisors in contracts

None of the Directors or Supervisors had any material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2023.

Dividend

During the year, the Company actively promoted the reform of service area business, further achieved cost reduction and efficiency improvement in road transportation business, and restored profitability in 2023. However, according to the requirements of the Company's articles of association, the profit for the year should first make up for losses in previous years. Taking into account factors such as the Company's long-term stable development and investment arrangements for future business development, the Board does not recommend the distribution of any dividends for the year ended 31 December 2023.

Corporate Governance

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

The Company has complied with all code provisions of the Corporate Governance Code (“**Corporate Governance Code**”) set out in Appendix C1 to the Listing Rules for the year ended 31 December 2023.

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**”) set out in Appendix C3 of the Listing Rules as its own code of conduct regarding the securities transactions of Directors and Supervisors (the “**Supervisors**”) for the year ended 31 December 2023. The Company had made specific enquiries to 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 2023.

Committees of the Board

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

Each of the Audit and Corporate Governance Committee, the Remuneration Committee and the Nomination Committee 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 and practices, to perform corporate governance functions, to review and monitor the corporate governance of the Company, and make suggestions to the Board; to review and monitor the training and continuous professional development of Directors and the senior management personnel; to review and monitor the policies and practices of the Company in complying with laws and regulatory regulations; to develop, review, and monitor codes of conduct for employees and Directors; to review the compliance with the Corporate Governance Code and disclosure in corporate governance reports. 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 2023, 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 2023 and recommended their adoption by the Board.

In the year of 2023, 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.

On 31 December 2023, 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 2023 are as follow:

Committee members	Number of Meetings entitled to attend	Attendance	Attendance rate
Mr. Su Wujun	3	3	100%
Mr. Chen Chuxuan	3	3	100%
Mr. Shen Jialong	3	3	100%

Functions of Corporate Governance

The corporate governance policies of the Company were included in other internal regulations and systems of the Company, such as the Articles of Associations, the rules of procedure for the general meeting, the rules of procedure for the Board and the rules of procedure for the Supervisory Committee. In 2023, 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 2023 as per its responsibilities, and reviewed the corporate governance of the Company.

(2) Remuneration Committee

The primary duties of the Remuneration Committee are (among others): to advise the Board in respect of the remuneration policy and structure of all the Directors and senior management; to review and approve the remuneration recommendations by the management according to the corporate policies and objectives set by the Board; to recommend to the Board the remuneration packages of Directors and senior management; to assess the performance of the executive Directors; to recommend and establish annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans of the Company. The detailed terms of reference of the Remuneration Committee are set out in the Working Rules for the Remuneration Committee of the Board published on the websites of the Stock Exchange and the Company on 5 September 2023.

On 31 December 2023, 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 2023 are as follow:

Committee members	Number of Meetings entitled to attend	Attendance	Attendance rate
Mr. Zhang Xiangfa	2	2	100%
Mr. Su Wujun	2	2	100%
Mr. Chen Chuxuan	2	2	100%

(3) Nomination Committee

The primary duties of the Nomination Committee are (among others): to provide recommending standards and opinions on Director candidates according to the requirements of the Articles of Association and the Board Diversity Policy, to review the structure and composition of the Board and shall be accountable to the Board. The detailed terms of reference of the Nomination Committee are set out in the Working Rules for the Nomination Committee of the Board published on the websites of the Stock Exchange and the Company on 5 September 2023.

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 Nomination Committee shall meet to discuss the nomination, put it to vote and submit the resolutions to the Board of the Company for further action;
- (3) The Board appoints directors as per the resolutions of the general meetings.

The Nomination Committee members' attendance records of the Nomination Committee's meetings for the year ended 31 December 2023 are as follow:

Committee members	Number of Meetings entitled to attend	Attendance	Attendance rate
Mr. Guo Junfa*	1	1	100%
Ms. Huang Yuan	1	1	100%
Mr. Zhang Xiangfa	1	1	100%

* Due to work relocation, Mr. Guo Junfa has resigned as executive Director of the Company with effect from 29 December 2023.

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 the Board reviews the implementation and effectiveness of the policy annually 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 recommendation 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 then the Board will submit relevant proposals on the recommended appointments to general meetings 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.

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 2023, the Group had 14,558 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. Those measures 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 is 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.

SUPERVISORY COMMITTEE

As at 31 December 2023, 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. *Ms. Lian Yuebin resigned as supervisor of the company due to retirement in January 2024.

For the year ended 31 December 2023, 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 2023, the Supervisory Committee held a total of two meetings with an average attendance rate of 100%.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2023, 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 2023.

PRE-EMPTIVE RIGHTS

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 14,558 employees (31 December 2022: 17,073) and the staff costs (including remuneration of Directors) of the Group was RMB1,689,000,000 for the year ended 31 December 2023 (2022: RMB1,819,000,000).

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

Auditor

KPMG Huazhen LLP (“**KPMG**”), as the external auditors of the Company for 2014 to 2020, has retired with effect from the conclusion of the 2020 annual general meeting due to the expiry of contract. The Company had full communication with KPMG regarding the change of auditors and KPMG had no disagreement on the said matter. KPMG had confirmed that there was no matter in relation to its retirement that needed to be brought to the attention of the shareholders of the Company. The Board was also not aware of any circumstances in respect of the change of auditors that needed to be brought to the attention of the shareholders of the Company. On 25 June 2021, as approved at the 2020 annual general meeting, the Company appointed BDO CHINA Shu Lun Pan Certified Public Accountants 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, 2022 and 2023 which were prepared in accordance with the ASBE. The Company will propose a resolution at the 2023 annual general meeting to be held in June 2024 to re-appoint BDO CHINA Shu Lun Pan Certified Public Accountants LLP as the auditor of the Company.

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

This announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>). The annual report for the year ended 31 December 2023 containing the information required under the Listing Rules will be published on the website of the Stock Exchange in due course.

By order of the Board
Guangdong Yueyun Transportation Company Limited
Zhu Fang
Executive Director

Guangzhou, the PRC
15 March 2024

As at the date of this announcement, the Board comprises Mr. Zhu Fang, Mr. Huang Wenban, Mr. Hu Xianhua and Mr. Hu Jian as executive directors of the Company, Mr. Chen Chuxuan as non-executive director of the Company, and Mr. Su Wujun, Ms. Huang Yuan, Mr. Shen Jialong and Mr. Zhang Xiangfa as independent non-executive directors of the Company.

* *For identification purpose only*