



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)

厚積薄發 志存高遠

ANNUAL REPORT

2013





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COMPANY PROFILE

Guangdong Yueyun Transportation Company Limited (the “Company” or “Yueyun Transportation”) and its subsidiaries (collectively, the “Group”), the leading integrated transportation and logistics service providers in Guangdong Province, are principally engaged in road transportation of passengers and freight and auxiliary services in Guangdong Province, Hong Kong and Macau, integrated material logistics business, expressway service zone operation and related auxiliary services, commercial development of its own land bank, as well as operation and toll collection at the Taiping Interchange.

The controlling shareholder of the Company is Guangdong Provincial Communication Group Company Limited (“GCGC”), a state-owned enterprise established in the People’s Republic of China (the “PRC”).

COMPANY INFORMATION

LEGAL NAME OF THE COMPANY

Guangdong Yueyun Transportation Company Limited

STOCK CODE

03399

REGISTERED OFFICE

8th Floor
No. 1731-1735 Airport Road
Guangzhou
Guangdong
People's Republic of China

PLACE OF BUSINESS IN HONG KONG

Unit 4502, 45th Floor
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

BOARD OF DIRECTORS

Executive Directors

Xuan Zongmin
Tang Yinghai
Yao Hanxiong
Fei Dachuan
Guo Junfa

Non-Executive Directors

Liu Wei
Li Bin

Independent Non-Executive Directors

Gui Shouping
Liu Shaobo
Peng Xiaolei
Jin Wenzhou

JOINT COMPANY SECRETARIES

Zhang Li
Kwok Siu Man

AUTHORISED REPRESENTATIVES

Xuan Zongmin
Tang Yinghai

AUDITOR

Deloitte Touche Tohmatsu CPA LLP.
30/F Bund Center
222 Yan An Road East
Huangpu District
Shanghai
China

PRINCIPAL BANKERS

Agricultural Bank of China
China CITIC Bank
Shanghai Pudong Development Bank
China Merchants Bank

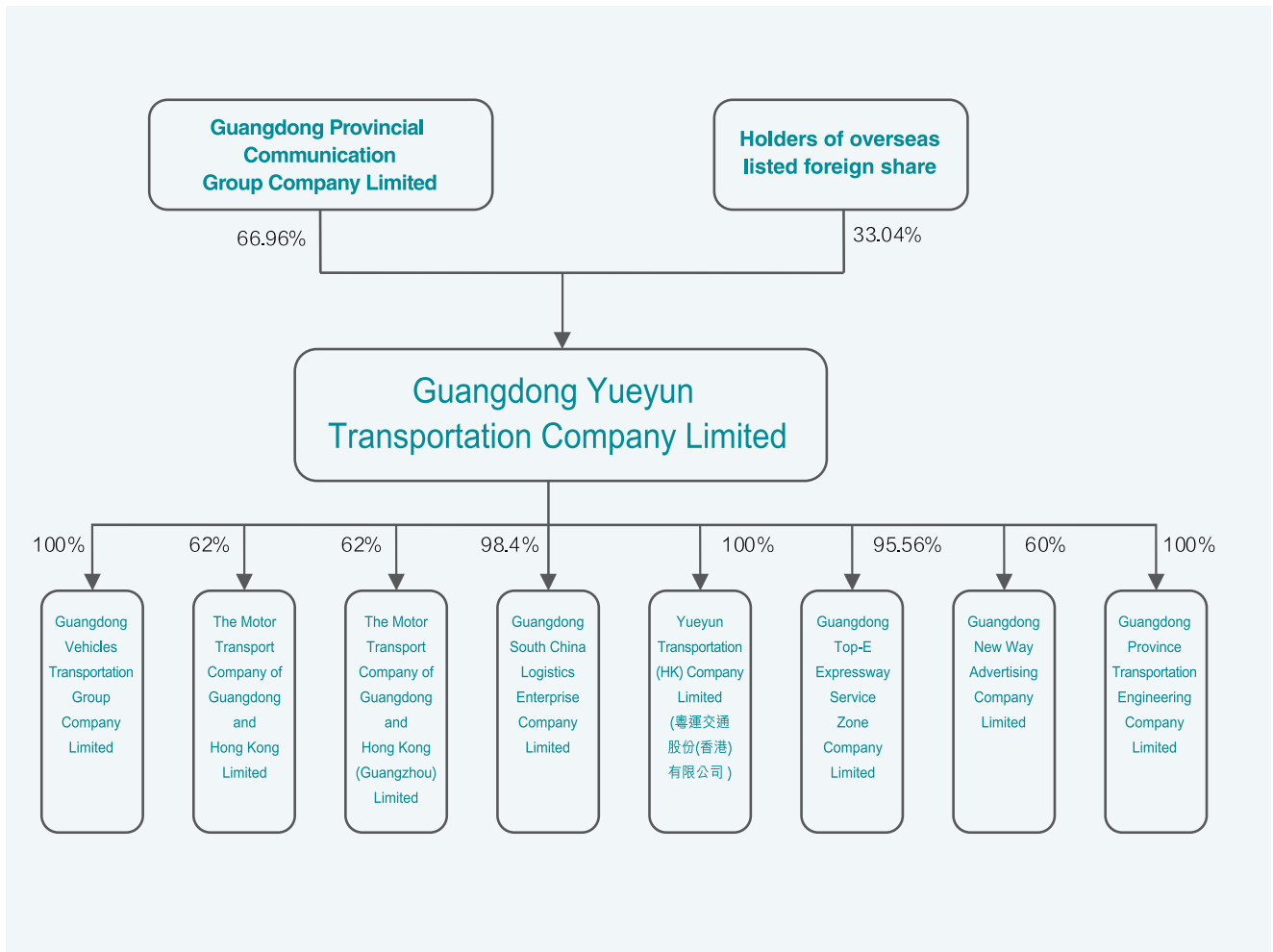
LEGAL ADVISER

Paul Hastings
22nd Floor, Bank of China Tower
1 Garden Road
Hong Kong

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

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

COMPANY STRUCTURE



FINANCIAL HIGHLIGHTS

	31 December 2013 RMB'000	31 December 2012 RMB'000	Change
Results highlights			
Revenue			
Motor vehicle transportation and auxiliary services	2,160,933	2,109,402	2%
Material logistics services	3,206,899	3,170,794	1%
Expressway service zones	631,990	553,300	14%
Taiping Interchange	161,325	137,627	17%
Transportation intelligence service	—	639,014	-100%
Others	4,685	316	1,383%
Total revenue	6,165,832	6,610,453	-7%
Gross Profit			
Motor vehicle transportation and auxiliary services	450,361	512,435	-12%
Material logistics services	141,503	117,361	21%
Expressway service zones	125,234	118,669	6%
Taiping Interchange	138,523	114,090	21%
Transportation intelligence service	—	85,392	-100%
Others	3,214	303	962%
Total gross profit	858,835	948,250	-9%
Business tax and levies	47,248	105,804	-55%
Selling and administrative expenses	566,544	664,248	-15%
Finance expenses	43,226	47,119	-8%
Impairment losses on assets	16,076	-1,314	-1,323%
Investment income	11,946	2,867	317%
Operating profit	197,687	135,260	46%
Non-operating income and expenses	100,600	88,078	14%
Total profit	298,287	223,338	34%
Income tax expenses	88,140	77,927	13%
Net profit	210,147	145,411	45%
Profit and loss attributable to minority interests	74,254	72,876	2%
Net profit attributable to owners of the Company	135,893	72,535	87%
Basic earnings per share (RMB)	0.33	0.17	87%

	31 December 2013 RMB'000	31 December 2012 RMB'000	Change
Results highlights			
Total assets	6,176,936	5,017,423	23%
Total net assets	2,210,890	1,958,208	13%
Equity attributable to owners of the Company	1,495,582	1,380,106	8%
Net assets per share attributable to owners of the Company (RMB)	3.58	3.30	8%

	31 December 2013	31 December 2012	
Ratios			
Gross profit margin (%)	13.93%	14.34%	-3%
Interest coverage ratio (times)	6.71	4.63	45%
Gearing ratio (%)	64.21%	60.97%	5%
Current ratio (times)	0.98	1.00	-2%

Gross profit margin = Gross profit/Revenue

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

Gearing ratio = Total liabilities/Total assets

Current ratio = Total current assets/Total current liabilities

MAJOR EVENTS

AWARDS AND RECOGNITION

- In April 2013, the Company successfully passed the preliminary review of its application for the status of grade 5A steel trading enterprise in China.
- In June 2013, the Company was recognized as a “Creditable Enterprise in Guangdong Province for Ten Consecutive Years (2003-2012)” (連續十年(2003-2012)廣東省守合同重信用企業) by the Guangdong Province Administration for Industry and Commerce.
- In November 2013, the Company was ranked among the “Listed Companies with Greatest Growth Potential” in the China Securities Golden Bauhinia Awards sponsored by the Hong Kong-based Ta Kung Pao.
- In March 2013, Guangdong Vehicles Transportation Group Company Limited (“Guangdong Vehicles Transportation Group”), a wholly-owned subsidiary of the Company, was recognized as a “Key Road Transportation Enterprise with Support from the Ministry of Transport of the PRC (2013-2015)” (中華人民共和國交通運輸部重點聯繫道路運輸企業(2013年-2015年)) by China Road Transport Association.
- In April 2013, Guangdong Vehicles Transportation Group was awarded the honour of “Outstanding Enterprise in Guangdong Province in the Year 2012” at the “2013 Guangdong Entrepreneurs’ Day” (2013年廣東省企業家活動日) jointly sponsored by Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會).
- In October 2013, Guangdong Vehicles Transportation Group was ranked among “China’s Top 100 Trustworthy Road Transportation Enterprises in 2013” at the second member’s meeting of the fourth session of China Road Transport Association & 2013 China Road Transportation Annual Conference.



- In April 2013, Guangdong Top-E Expressway Service Zone Company Limited (“Top-E”), a subsidiary of the Company, was named a “Trustworthy Exemplary Enterprise in Guangdong Province in the Year 2012” by Guangdong Provincial Enterprises Confederation (廣東省企業聯合會) and Guangdong Provincial Association of Entrepreneurs (廣東省企業家協會).



- In July 2013, Guangdong New Way Advertising Company Limited (“New Way Advertising”), a subsidiary of the Company, was ranked among “China’s Top 10 Expressway Advertising Enterprises” by China Expressway Society (中國高速公路學會) for the third time, after receiving the same award in 2009 and 2011, respectively.

- In October 2013, Top-E was named an “Outstanding Expressway Service Zone Manager in China” by China Highway and Transportation Society, and the “LOYEE” (樂驛) brand used for Top-E convenience stores was recognized as a “Well-known Brand of Convenience Stores”.

MOTOR TRANSPORTATION AND AUXILIARY SERVICES

- In September 2013, Guangdong Vehicles Transportation Group entered into the Letter of Intent in relation to Joint Development of Road Transportation and Public Transportation in Qingyuan (合作發展清遠道路運輸和公共交通事業意向書) with Qingyuan State-owned Assets Supervision and Administration Commission ("Qingyuan SASAC"). Pursuant to the Letter of Intent, Guangdong Vehicles Transportation Group will become a strategic investor of Qingyuan Vehicles Transport Group Company Limited and Qingyuan Second Transportation Company Limited (collectively, the "Target Companies") together with the core management team of the Target Companies by injecting cash into the Target Companies. Qingyuan SASAC and Guangdong Vehicles Transportation Group will combine their strong resources to conduct wide and in-depth cooperation under the principles of complementation and mutual benefits.
- In September 2013, Heyuan Yueyun Dongyuan Vehicle Passenger Transportation Station managed by Heyuan City Yueyun Vehicles Transportation Co. Ltd., a subsidiary of Guangdong Vehicles Transportation Group, commenced operation. Constructed in accordance with the design standards for passenger terminals of class II vehicles, Dongyuan Vehicle Passenger Terminal occupies a total site area of 12,000 sq.m., including a parking area of 6,800 sq.m., and has a maximum designed passenger transportation capacity of approximately 5,000 persons per day.
- In October 2013, according to the results of the first centralized tender in 2013 in respect of the passenger transportation operation rights for inter-city coach chartering in Guangdong Province organized by Guangdong Province Transportation Department, the Group successfully won 29 licenses for passenger transportation routes of inter-city chartered coaches, of which 20 licenses are for routes in Zhaoqing, five licenses are for routes in Yangjiang and four licenses are for routes in Meizhou.
- In November 2013, the Group established Guangzhou Yueyun Transportation Company Limited (廣州粵運交通運輸有限公司) to consolidate 13 transportation enterprises in Guangzhou and surrounding areas by consolidation of management models, organizational structure and human resources.





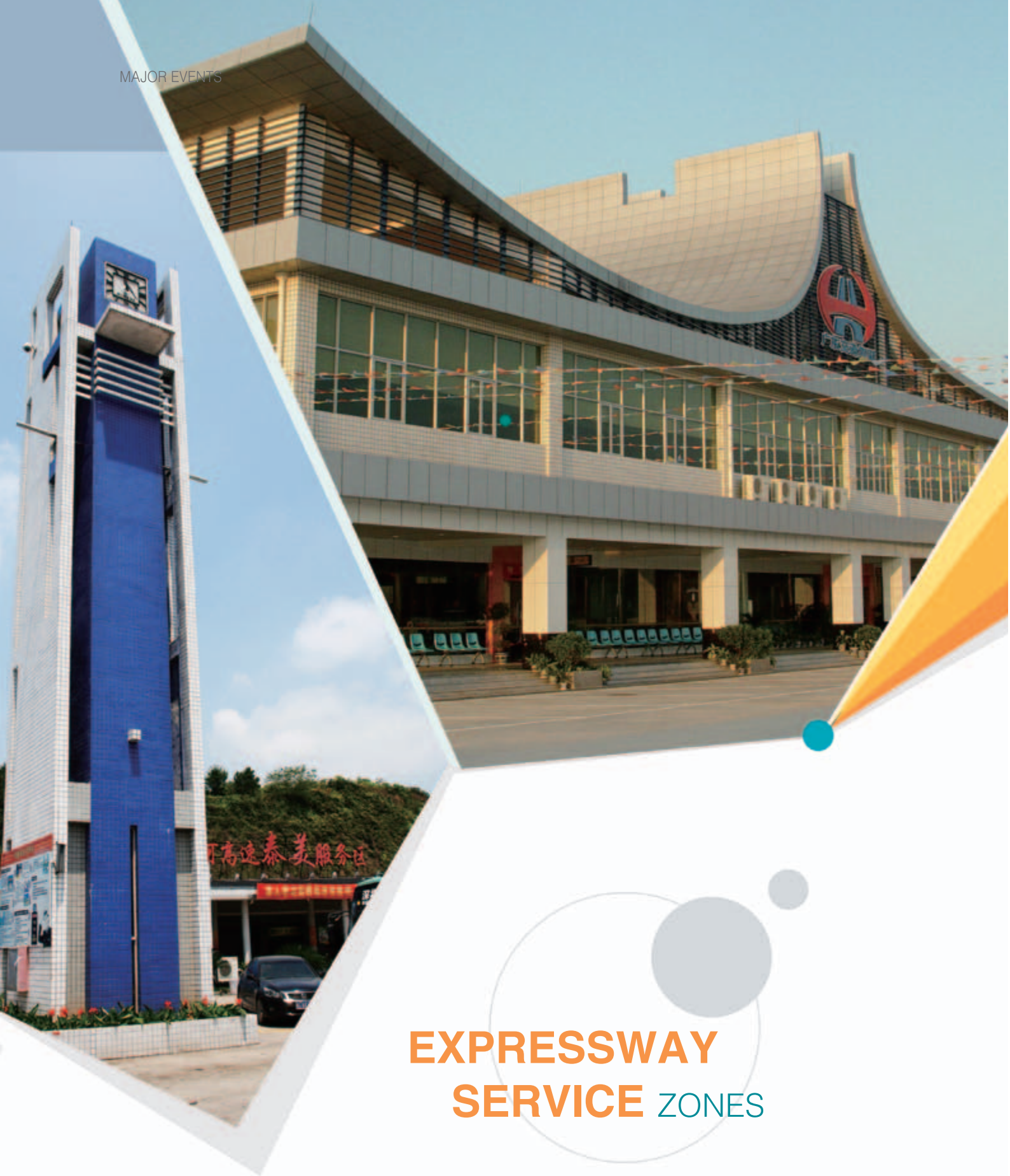


MATERIAL LOGISTICS SERVICES

- In January 2013, the Company won the tender for a steel procurement project for the construction of Guiyang-Guangzhou railway (GGTJ-13 Tender) with a total contract value of approximately RMB87.5 million.
- In March 2013, the Company won the tender for a centralized steel procurement project for Dongguan-Huizhou inter-city railway (GZH-14 Tender) with a total contract value of approximately RMB92 million.
- In May 2013, the Company entered into material supply contracts in relation to the phase three project of the western Guangzhou-Zhuhai section of Taiyuan-Macau Expressway and the Jiangmen-Zhaoqing Expressway, with contract values of approximately RMB249 million and RMB221 million, respectively.
- In August 2013, Guangdong Southchina Logistics Enterprise Co. Ltd. (廣東南粵物流實業有限公司) (“Southchina Logistics Enterprise”), a subsidiary of the Company, entered into a material logistics management contract in relation to Jiangmen-Luoding Expressway with a contract value of approximately RMB42 million.
- In September 2013, Dongguan Shatian Asphalt Warehouse owned by Southchina Logistics Enterprise was designated as an asphalt warehouse for asphalt settlement traded on the Shanghai Futures Exchange, and is currently the only designated asphalt settlement warehouse for the exchange in southern China.



- In September 2013, Southchina Logistics Enterprise was designated as a temporary steel bar supplier for the northern extension line of metro line No. 8 and the phase one project of metro line No. 13 of Guangzhou by Guangzhou Metro Corporation. The supply volume is expected to be approximately 40,000 tons and the supply period will end after the steel bar and material suppliers for the project are determined by the project owner through bidding.
- In September 2013, Southchina Logistics Enterprise entered into an asphalt supply contract in relation to the Guangzhou-Qingyuan Expressway extension project with a contract value of approximately RMB145 million.
- In October 2013, the Company participated in and won the tender for a steel procurement project in relation to the second contractual section of Zhuhai link for Hong Kong-Zhuhai-Macau Bridge, with a total contract value of approximately RMB36.1 million.
- In October 2013, Southchina Logistics Enterprise entered into material supply contracts in relation to Pingyuan-Xingning Expressway and Jiangmen-Luoding Expressway projects, with contract values of approximately RMB961 million and RMB1,571 million, respectively.
- In November 2013, Southchina Logistics Enterprise entered into a material logistics management contract in relation to Luoding-Yangjiang Expressway with a contract value of approximately RMB26 million.
- In November 2013, Southchina Logistics Enterprise entered into material supply contracts in relation to Luoding-Yangjiang Expressway project and Jiexi-Boluo Expressway project, with contract values of approximately RMB751 million and RMB1,928 million, respectively.
- In December 2013, Southchina Logistics Enterprise entered into a material logistics management contract in relation to Guangzhou-Lechang Expressway project with a contract value of approximately RMB34 million.
- In December 2013, Southchina Logistics Enterprise entered into a material supply contract in relation to Guangzhou-Lechang Expressway project with a contract value of approximately RMB1,362 million.
- In December 2013, Southchina Logistics Enterprise entered into a material logistics management contract in relation to South Ring Expressway (南環高速公路) project with a contract value of approximately RMB12 million.



EXPRESSWAY SERVICE ZONES

- In March 2013, Xiegang (North) Gas Station in Boluo-Shenzhen Expressway commenced operation.
- In April 2013, Top-E and Guangzhou Zhengongfu Fastfood Chain Management Company Limited (廣州真功夫快餐連鎖管理有限公司) (“Zhengongfu”) entered into a contract in relation to the operation of Zhengongfu restaurants in the southern and northern areas of Xiangang Service Zone, and the southern and northern areas of the Reshui Service Zone, with a total contract value of approximately RMB34.5 million.
- In April 2013, Yayao Gas Station in the Foshan-Kaiping section of Shenyang-Haikou Expressway commenced operation.
- In June 2013, Top-E entered into a contract with China Petroleum & Chemical Corporation Guangdong Oil Products Company (中國石油化工股份有限公司廣東石油分公司) (“Sinopec”) in relation to the operation right of the Xiyang Gas Station in Meijiang-Dapu Expressway, with a contract value of approximately RMB93.8 million.
- In June 2013, Top-E and Zhengongfu entered into contracts in relation to the operation of Zhengongfu restaurants in Kuidong Service Zone, the eastern area of Taimei Service Zone, the eastern and western areas of Yayao Service Zone, and the eastern and western areas of Qujiang Service Zone, with a total contract value of approximately RMB73.1 million.
- In July 2013, Top-E’s “LOYEE” (樂驛) Convenience Store at the Sihui Yueyun Bus Station commenced operation, signifying the first step for Top-E’s “LOYEE” convenience stores to enter passenger terminals following the Group’s restructuring.
- In August 2013, Top-E entered into a contract with Sinopec in relation to the operation of a gas station in Fucheng (Shenlong) Service Zone in Shenzhen-Luoding Expressway, with a contract value of approximately RMB121 million.
- In December 2013, Liangcun Parking Lot in the Erenhot-Guangzhou Feeder section of Shantou-Kunming Expressway (G78) commenced operation.
- In December 2013, Xiyang Service Zone in the Meizhou-Dapu section of Meizhou-Longyan Expressway (S12) and Fucheng Service Zone in the Yunfu-Luoding section of Shenzhen-Luoding Expressway (S26) commenced operation.



CHAIRMAN'S STATEMENT



BUSINESS OVERVIEW

2013 was the first year after the Group's implementation of strategic restructuring and also an important year of accelerated growth of the Group following years of development. Amid the complex and changing global economic environment, the Group proactively took effective measures to capture the opportunities arising from its strategic restructuring, deepen reforms and innovations, and accelerated its transformation and upgrading, and had successfully achieved the goal set at the beginning of the year.

During the past year, by building on its superior transportation resources, the Group continued to optimize its business portfolio by maximizing the synergies between its vehicle transportation segment and other business segments in order to acquire new sources of growth. It had accelerated the consolidation and merger and acquisition of its vehicle transportation projects, and made new breakthroughs in the material logistics services business. It had created new sources of revenue for its expressway service zone business, and Taiping Interchange

operated smoothly. It had achieved regulated and orderly internal management and enhanced corporate performance, its core competitiveness and sustainable development capability were strengthened significantly.

The Group was ranked among the "Listed Companies with Greatest Growth Potential in 2013" and won the China Securities Golden Bauhinia Award at the 2013 China Securities Golden Bauhinia Awards ceremony.

OUTLOOK AND PROSPECTS

In the next five years, the Group will leverage on its superior transportation resources to vigorously develop road transportation and modern logistics businesses and fully improve its core competitiveness. Through continuous optimization and the development of a wholesome business portfolio to acquire new corporate growth drivers, it will strive to develop Yueyun Transportation into a conglomerate with distinct competitive advantages comprising road transportation, expressway services, modern logistics, commercial properties on self-owned land and advertising media in order to maximize shareholder's value.

Xuan Zongmin

Chairman

Guangzhou, China

19 March 2014

INVESTMENT VALUE OF THE COMPANY

As of 31 December 2013, the Group operates and manages a terminal network, a passenger transportation network and a service zone network consisting of 59 passenger terminals, 1,108 passenger transportation routes, 4,360 operating vehicles and 66.5 pairs of expressway service zones, through which the Group strives to improve its overall performance.

The motor transportation business has stronger branding and size advantages. It has wide geographical coverage and a relatively complete industry chain in the Guangdong Province, and has a steady business model, with extensive terminal and land resources, which together provide strong potential for its growth. A development model of “Acquisition– Consolidation–Growth” has been formed, which enables its business to achieve long-term growth.

With years of practice and exploration and on the basis of steadily growing investment and construction of domestic infrastructure, the Group’s material logistics service business will build on its existing business operation and development to steadily facilitate the investment and construction of logistics parks and related integrated logistics business. Through broadening procurement and external sales channels, it will increase the proportion of business volume in logistics management, warehousing and delivery, and the processing segments, these will enhance its integrated logistics service capability to realize supply chain management over time and maintain fast and steady corporate growth.

The expressway service zone business has now established a stable business portfolio and operation model. Through commercial modification and in-depth development of its service zones, the service zone business in future will further realize the network benefits and economies of scale, and through business innovations there will be greater growth potential in the future.

The regulated and innovative operational and management system, clear corporate development strategies, stable business operation model and extensive experience in investments of industry expansion are set to lay a solid foundation for steady corporate development.



CORPORATE SOCIAL RESPONSIBILITY REPORT

The Company has always been committed to building a sustainable development environment where an enterprise strives for mutual benefits and harmony with people, society and environment and contributes great efforts to ecological civilization, happy Guangdong and beautiful China. To this end, we have established a strategy for sustainable corporate development by combining cultural connotations and industry characteristics of enterprises, and implemented energy saving and emission reduction, emphasized on environmental protection, focused on promoting green development, recycling development and low carbon development, some positive effects were seen on staff members, customers, shareholders, government and social responsibilities, etc., and facilitated corporate scientific development and social harmonious development to build up a “corporate citizenship behavior model” with the characteristics of the Company.

OUR RESPONSIBILITIES TO CORPORATE STAFF

To date, the Group has expanded its business to cover all of the 21 prefecture-level cities in the Guangdong Province and has almost 14,000 employees. Against the background of “great logistics and great transportation (大物流·大交通)”, in order to enhance professional team building, the Company endeavors to train, retain and assist talents to realize their career development plans through harmonious working atmosphere, competitive remuneration and welfare,

wide development opportunities and comprehensive training system.

In 2013, we fulfilled our responsibility to employees primarily in four aspects. **Firstly, improve remuneration and welfare system.** The Company revised its remuneration packages after reorganization which further ascertained a basic direction of compensation incentives linked to corporate benefits, and effectively demonstrated a benefit principle that different remuneration incentives should correspond to different benefits, scale and performance results. Meanwhile, on the premise of sustainable improvement in corporate benefits, we took initiatives to carry out explorations in equity incentives. **Secondly, pay attention to career development of talents.** We implemented personnel selection, designation of personnel for new expansion projects and rotation for key posts to set up posts on business, match personnel according to posts, assign suitable personnel to appropriate posts and utilize one’s full skills. **Thirdly, concentrate on training for talents.** We made great efforts to train and educate management personnel and adjusted budgeted standards for training expenses and implementation plan thereof, with management personnel participation rate of 100%; online education was brought into full play and greatly strengthened training and education of management personnel at all levels. We also promote the building of expert reserves, back-up talents and professional technicians by setting up 7 expert pools with 25 professionals newly selected for dynamic management;





and over 290 personnel were organized to participate in various forms of professional or managerial skill training so as to facilitate progress in building a professional talent team. **Fourthly, place great emphasis on physical and mental health of employees.** We enriched the cultural life of employees by organizing driving skill competition, technology contests such as fuel saving and friendly service tournament for drivers as well as organizing colorful entertainment activities such as basketball game, badminton game, “the charm of Yueyun (魅力粵運)” photography exhibition, “tasty food shows wonders(品味美食 秀出精彩)” cooking competition, “Let youths prepare the Chinese dream (讓青春澆築中國夢)” league cadre forum and other fun games, as well as psychological guidance and safety training for drivers, to foster a positive, healthy, happy and harmonious atmosphere.

OUR RESPONSIBILITY TO CUSTOMERS

The Group always upholds “customer-oriented (以客戶為中心)” as its operation concept and practises the concept of “true Yueyun and comfortable journey (真情粵運、舒適之旅)” in motor transportation to protect travelers’ life and property, enhance service innovation and improve service quality, to achieve “keeping smooth, safe and stable (保暢通、保安全、保穩定)” during major festivals and holidays and offer high quality comprehensive service in expressway services, and to ensure the supply of materials in material logistics service to create values for customers continuously.

In 2013, we fulfilled our responsibility to customers primarily in five aspects. **Firstly, protect travelers’ life and property.** We adhered to the policy of “safety first, prevention based and comprehensive treatment (安全第一、預防為主、綜合治理)”, by focusing on comprehensive integration and overall improvement of safety management systems in enterprise reorganization, mergers and acquisition and continuous enhancement of front line safety management level for solid development of various tasks, with creation of safety standards as our main line and enhancement of hazards screening and control as key point, which made anticipated results. In 2013, there was no serious production safety liability accidents occurred in the motor transportation segment, while “zero accident” was achieved in non-motor transportation segment which ensured the stability of general safety production trend of the Group. On August 14, super typhoon “Utor” hit the coast near Yangjiang for which service zones such as Yangjiang, Yangxi, Leizhou and Guandu all started anti-typhoon emergency plan and mobilized all the staff to devote themselves to anti-typhoon work so as to protect travelers’ lives and properties. **Secondly, enhance service innovation.** The Group drew up a proposal for construction of coach-mounted wireless WiFi terminal information platform and planned to gradually implement the comprehensive installation of vehicle-mounted WiFi. As of the end of December 2013, the Group has installed vehicle-mounted WiFi devices in 360 “Yueyun Express (粵運快車)” vehicles where passengers could access the internet free of charge, so as to provide better

service to the travelling masses, create good culture on board and improve the social image of the “Yueyun” brand.

Thirdly, enhance service quality. We further enhanced our management, standardize the use of the “Yueyun” brand, carried out the supervision over service quality, followed up on service quality of “Yueyun express (粵運快車)” in time and strengthened service quality tracking over our subordinated units through car following and sample check at terminals. On 31 October 2013, our subsidiary Guangdong Vehicles Transportation Group ranked the fourth in “Top 100 Trustworthy Road Transportation Enterprises in China (2013) (2013年度中國道路運輸百強誠信企業)” at China Road Transportation Annual Conference (中國道路運輸年會). **Fourthly, maintain smooth traffic to enhance service level.** We organized various work to ensure expressways with smooth traffic in service zones and traffic rescues to be carried out in a timely and efficient manner, organized the relevant business units to prepare proposals for smooth traffic during Spring Festival, May Day and National Day and carried out all works for smooth traffic in a timely and efficient manner so as to achieve our goal of “ensuring smooth, safe and stable and improving service level (保暢通、保安全、保穩定、提高服務水平)”, based on the Group’s general strategy for ensuring smooth traffic in major festivals and holidays. **Fifthly, endeavors to ensure the supply of materials within the GCGC Group.** As for the supply of materials, the Company should plan ahead and arranged delivering plan as early as possible for Spring Festival, Mid-

Autumn Festival and National Day, thus guaranteeing the supply of materials during the festivals and holidays. We relied on third party professional institutions to enhance the technical aspect of material supply management, and strengthen sampling check of materials supplied. These measures have increased the satisfaction level of project owners and construction units and guaranteed the quality of engineering materials.

OUR RESPONSIBILITY TO CREDITORS AND SHAREHOLDERS

In 2013, the Company upheld “pragmatic innovation and integrity code (求實創新、誠信規範)” as its core cultural concepts, by leveraging on the opportunity of strategic reorganization, the principal business became more concentrated and businesses such as motor transportation and auxiliary services, expressway service zones, material logistics services, advertising media and commercial development on self-owned land maintained healthy and stable development which created stable returns to shareholders’ investment. Meanwhile, the Company continued to enhance its corporate governance structure and improve its internal control management level.

For creditors, the Company paid attention to the protection of the reasonable benefits of creditors as well as their trade secrets. The Company maintained good relationship with a number of financial institutions, domestic and

abroad, for a long period of time. In addition, the Group enhanced its management and communication with various suppliers and manufacturers in material logistics business and improved their motivation for ensuring supply of materials and contractual performance ability so as to ensure materials will be supplied to the Group in a timely and reliable manner.



The Company was recognized as a trustworthy and credible enterprise (守合同重信用企業) in Guangdong Province for the tenth consecutive year.

For shareholders, the Company assumed the responsibility of maximizing corporate values and sustainable development. In 2013, we fulfilled our responsibility to shareholders of the Company (the “Shareholders”) primarily in three aspects. **Firstly, steadily improve operating performances.** In 2013, we accelerated mergers and acquisitions in motor transportation, with breakthroughs made in key projects, further explored passenger traffic resources in rural areas to realize annual growth in passenger traffic; information technology was developed as new model for management of traffic rescue business to significantly improve the speed of rescue and utilization rate of resources; continued to enhance market expansion efforts in materials business and actively developed bidding for key projects; made new progress in asphalt warehousing and port business, thus setting a solid foundation for future development; fully utilized synergy of resources and actively fostered brand effect for LOYEE convenience stores; enhanced the recovery of advertising resources and comprehensively integrated and developed passenger traffic media resources to maximize its overall efficiencies; and guaranteed stable operations of Taiping Interchange and improved its operational revenue. **Secondly, gradual perfection in corporate governance.** To ensure sustainable healthy development, the Company continued to enhance its governance with advanced management team, strict disclosure principle and smooth communication mechanism with investors. As for the governance structure, the Company always maintained standardized and independent operations of the “three meetings”, namely, general meetings, board of directors meetings and board of supervisors meetings and continuously enhanced the ability of the board of directors in strategic management and scientific decision-making. As for information disclosure, the Company

guaranteed the disclosure of information in an accurate, timely and complete manner as well as consistency and synchronism in disclosures made domestically and abroad, in strict accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) and the relevant laws and regulations. As for establishment of communication mechanism with investors, the Company will enable investors to have a timely and comprehensive understanding of its business operations through results presentation, announcement and press release through various means such as company website, e-mail and telephone. To better serve medium and small investors, we also committed to enhancing analysis on capital markets and collection of Shareholders’ information, give high priority to issues concerned by investors as well as their suggestions and further improved our corporate operational management and governance level. **Thirdly, constantly enhance the internal control management.** We further improved legal management system, strictly implemented contract review procedures, prevented and resolved legal disputes and made solid progress in comprehensive risk management work to provide strong legal protection for our operational development. We further strengthened the delineation of responsibilities and coordination across three lines of defense, namely “the business and functional departments which would be directly responsible for the coordination, promotion and support of the management, compliance and risk management departments, and the audit and supervision departments which would handle supervision, inspections and audits”. This would promote their partnership and information sharing as well as the “before, during and after stages of comprehensive risk management (事前、事中、事後三位一體全面風險管理體系)”, to implement risk controls effectively.

OUR RESPONSIBILITY TO ENVIRONMENT AND RESOURCES

Green, recycling and low carbon sustainable development have become main trends for social advancements. As a modern transportation and logistics enterprise, commercial values contribute to profits, while social values contribute to more lasting and stable responsibilities. The Company is concerned about a green tomorrow and applies its measures of building a resource saving and environmental friendly enterprise in operational management, business development and other work in a continuous and in-depth manner.

In 2013, we fulfilled our responsibility to environmental and resources primarily in four aspects. **Firstly, take an active role in energy-saving and emission-reduction.** As the only enterprise in China designated by the Ministry of Transport to carry out LNG road transportation promotion and trial operations, Guangdong Vehicles Transportation Group, a subsidiary of the Company, has been involved in the low carbon transportation campaign initiated by thousands of enterprises engaged in “vehicle, ship, road and port (車、船、路、港)” transportation since 2010, it can reach energy saving target every year, and is the first enterprise in Guangdong Province to utilize LNG coaches in road transportation. In 2012, the Group operated a total of 302 LNG coaches, representing 7.2% of its total number of coaches, which increased by 244 coaches or 80.8% to 546 LNG coaches in 2013, representing 13.2% of its total number of coaches. **Secondly, enhance the establishment of technical specifications.** We mobilized members of our mechanical technical committee and technical and management personnel of our subordinated transportation

units to prepare and issue two technical standards, namely the Code for Maintenance of Motor Vehicles (汽車維護技術規範) and the Code for Use and Maintenance of Tyres (輪胎使用維護規範), and completed the compilation of the Tyres Technical Management System (輪胎技術管理制度) and drafting of the Code for Technical Management (技術管理規範). **Thirdly, promote the “Five Unifications (五統一)” management continuously.** In order to further exploit the advantages of the Group, optimize the allocation of resources and reduce operational costs, the Group made greater efforts to promote the implementation of “Five Unifications” and commenced building the information platform for “five unities”. The Company also implemented energy saving and emission reduction (“Five Unifications” means unified technical standards, unified management procedures, unified procurement, unified vehicle maintenance and unified traffic insurance) and emphasized on environmental protection by completing bulk procurement of LNG public buses, LNG coaches for road transportation and special vehicles and related equipment required for expressway rescue business successively to lower procurement costs. **Fourthly, unify the code for brand management.** We implemented the Group’s code for brand management by guiding newly established units on how to apply the “Yueyun” logo in a correct manner and maintain the uniformity of the “Yueyun” brand.

OUR RESPONSIBILITY TO SOCIAL WELFARE

The Company took an active part in various public welfare work and fulfilled its social responsibilities through participating in learn-from-Lei Feng volunteer services, providing relief for the needy, participating in blood donation

without compensation, making donations to educational and other activities to express its gratitude towards society, while carrying out its normal production operations.

In 2013, we fulfilled our responsibility to social welfare primarily in four aspects. **Firstly, initiate a wide range of volunteer services.** During the travel rush at Spring Festival in 2013, the Company's league committee proactively organized league members to carry out "safe expressway and warm travel (平安高速、溫馨春運)" volunteer services in service zones and passenger terminals and provide drivers and passengers with warm and comfortable caring services. The Company's league organizations made ensuring safe and smooth operation of expressways, provision of excellent civilized services and facilitating harmonious and warm travel at Spring Festival their own responsibilities and organized over 100 young volunteers to participate in voluntary services for travellers at Spring Festival for nearly 1,600 hours. **Secondly, further promote the normalization of learn-from-Lei Feng activities.** The communist youth league organizations of the Company at all levels focused on the central corporate operations to carry out continuous learn-from-Lei Feng activities. The league committee of Top-E mobilized its branches in all regions to carry out learn-from-Lei Feng volunteer activities with the theme to "learn from Lei Feng, offer kindness and promote harmony (學雷鋒、獻愛心、促和諧)" in March and 15 of its subordinated branches took an active part. In the morning of November 13, the league committee of Top-E organized young volunteers of its headquarters to pay relief visits to Zhiming School in Luogang district and participate in support-teaching activities by visiting most needy families and offering them with conciliatory gifts and distributing school supplies such as stationary, exercise books and

schoolbags to children. **Thirdly, provide "offer kindness (獻愛心)" relief for the needy.** The Company donated RMB76,345 and organized its employees to participate in caring activities for disaster struck area after an earthquake of 7.0 on the richter scale hit Lushan, Ya'an, Sichuan province, and donations of RMB44,300 were raised through annual poverty relief activities. The Company also organized personnel to participate in blood donation and blood stem cell donation. Furthermore, labor unions of the Company actively conducted relief activities which helped a total of 211 needy workers and assistance funds of RMB88,000 were distributed. **Fourthly, make financial donations to develop education.** The Company funded excellent front-line staff under on-the-job education and offered college students with 20 trainee positions at the front line of Top-E. New Way Advertising organized poverty relief and support-teaching activities in Yulao town, Feikai county, to distribute donations and school supplies to the representatives of children and their parents.



I. PROPOSED STRATEGIC PLANS AND BUSINESS STRATEGIES OF YUEYUN TRANSPORTATION

(I) Overall strategies of Yueyun Transportation

OVERALL STRATEGIES AND OBJECTIVES

- a) Corporate objectives: Optimization of business portfolio continuously by leveraging on advantageous transport resources and build Yueyun Transportation into a conglomerate comprising road transportation, expressway services, modern logistics, commercial properties and advertising media in five years with outstanding competition advantages and maximization of value for customers, staff and shareholders.
- b) Overall strategic concept: Future expansion of Yueyun Transportation should be carried out by restructuring strategies to assist the formation of a wholesome business portfolio for the Company to gain new forces of growth and support sustainable development of the Company. The business portfolio mainly includes major business, strategic business and emerging business under a three-tier business structure.
- c) Based on external analysis of the industry and markets and assessment of the internal corporate conditions and capabilities, the future business portfolio strategies of Yueyun Transportation are:
 - Core business: road transportation business, expressway service business, production material logistics business and Taiping Interchange business;
 - Strategic business: real estate business, logistics business and advertising business;
 - Emerging business: motor vehicle leasing and L-CNG new energy business;
- d) Major businesses should be focused on merger and acquisition, consolidation and business transformation as well as enhancement of its own management capabilities; the development of strategic businesses should be supported by way of consolidation of resources, increases in acquisition, alliance and cooperation and market extensions; emerging businesses will be pursued mainly by verifying the business model, proving feasibility and cultivation of the corresponding capabilities; and

- e) The Company strives to become an industry-leading enterprise in terms of operating revenue, profit and profitability and to achieve a reasonable mix of core business, strategic business and emerging business by 2018.

(II) Proposed development strategies for each business area

1. ROAD TRANSPORTATION BUSINESS

- a) Business development vision: to become a national leading provider in comprehensive transportation services;
- b) Overall strategies: the overall strategic concept of road transportation business is based on further market penetration and optimization by the major business, adjustments to the business structure, rigorous expansion into the regional markets, and appropriate expansion and extension of business and services;
- c) Proposed strategies for business portfolio:
- Core business: inter-city road transportation, operation of passenger terminals;
 - Strategic business: inter-county road transportation, urban public transport business, small cargo express delivery business and taxi business;
 - Emerging business: coach chartering business, motor vehicle leasing business and rural road transportation business;
- d) Road transportation: expand the market shares of inter-city/ inter-county road transportation by strengthening the existing basis of inter-city road transportation business and accelerating the merger and acquisition and consolidation of regional road transportation enterprises, as well as selective expansion into the regional rural road transportation market;
- e) Urban public transport: increase the proportion of income from the public transport sector by obtaining operation rights of public transportation routes in central cities and neighboring areas through merger and acquisitions and tenders;
- f) Taxi: selective acquisition of quality taxi operation rights in key cities through economies of scale to increase revenue gains;
- g) Passenger terminals: continuous expansion of terminal network, development of commercial value and passenger flows through diversification in business operation and development of properties at the terminals as well as strategic construction or participation in large size passenger terminals;
- h) Small cargo express delivery: to build an integrated and sizable small cargo express delivery network by using our own road transportation network and cooperative alliance and operate under branded service to increase its revenue contribution;
- i) Motor vehicle leasing: develop motor vehicle leasing and coach chartering services targeted at enterprises and institutional customers as a beneficial supplement and extension to the overall road transportation business; and



- j) Competition strategies: formation of our own unique organizational capabilities based on core resources, including route networks, terminal networks, branding and relationship with the government, and the management system comprising streamlined/standardized management, refined operation, quality/safety management, marketing and sales management, to support the realization of competition strategies with a view to build up our corporate competitiveness.

2. PROPOSED BUSINESS STRATEGIES FOR EXPRESSWAY SERVICE ZONES

- a) Business development vision: to become a national leading operation group with comprehensive resources in the development and operation of commercial facilities in the expressway service zones;
- b) Overall strategies: Fully explore the business potential of service zones, in particular those with high potential, through complementary development, modification or refined commercial development, emphasizing on the design of regional planning and industry planning, enriching target customer groups and enhancing customer loyalty. The business model will be upgraded from both the specific and general aspects through diversified modes of growth, strengthening the human resources management mechanism, optimization of organization and application of information technology to realize upgrading of the businesses.
- c) Proposed strategies for business portfolio:
- Core business: exploration of potential value through complementary development and investor solicitation in existing service zones;
 - Strategic business: pursue deeper commercial development in service zones with commercial value;
 - Emerging business: commercial development and operation of expressways other than GCGC in Guangdong Province, commercial development

and operation of expressways in other provinces, commencement of related businesses such as commercial and retail businesses; and

- d) Competition strategies: strive to build up core capabilities at key points of the value chain in three to four years, enhance operation capacities, significant enhancement to the operational efficiency of the value chain.

3. PROPOSED BUSINESS STRATEGIES FOR MODERN LOGISTICS SERVICE

- a) Business development vision: formation of the tripartite “property – trade – logistics” business pattern of linked development;
- b) Overall strategies: based on internal material supply, actively develop and consolidate the material trading business of the supply chain, expand logistics properties by fully utilizing advantages of resources, cultivating professional capabilities in warehousing logistics and building up the tripartite “property – trade – logistics” business pattern of linked development;
- c) Proposed strategies for business portfolio:
- Core business: internal material supply business;
 - Strategic business: material trading, logistics properties;
 - Emerging business: warehousing logistics, maritime terminal business;
- d) Proposed strategies for each business area
- Internal material supply: undertake centralized material procurement business from GCGC and expand the categories to the general group level and centralize integrated procurement;
 - Material trading: focus on the cultivation of asphalt trading business, enhance brand building and comprehensive supply chain management advantages, provide extended logistics services and gradually expand to markets outside the province;



- Logistics properties: accumulate operation experience of logistics park by acquiring valuable land resources and cooperating with financially strong operators of logistics parks and using comprehensive service logistics park as the start-up point, consider to develop commerce and trade logistics park, bonded logistics center and electronic commerce logistics center in the medium to long run;
- Warehousing logistics: cultivate the operation capability of warehousing logistics business through internal material supply business within GCGC, and develop logistics business based on logistics parks, such as warehousing, transportation, commerce and trade logistics, bonded logistics and zero guarantee express delivery;
- Maritime terminal business: Proposal 1: Fully leased out to terminal operators and receive rental income; Proposal 2: By selling part of the equity interest to a financially strong operator of maritime terminals and cultivate our own operation capabilities through joint operation;
- e) Competition strategies:
 - In the material trading business, by adopting the centralized procurement model, advanced planning for high demand regions and increasing the

production capacity utilization rate, gradually establish capabilities for marketing, market development and brand building;

- In the logistics properties business, by forming strategic alliance to acquire quality resources and cultivate investor solicitation and operation capabilities;
- In the warehousing logistics business, by strengthening our own logistics operational efficiency and relying on logistics parks to develop professional logistics services;
- In the internal material supply business, by strengthening the capabilities in both the procurement and warehousing segments to enhance the overall operational efficiency and quality; and
- In the maritime terminal business, enhance terminal management and cargo sourcing organization capabilities on the basis of a definite business model.

4. PROPOSED STRATEGIES FOR PROPERTY BUSINESS

- a) Business development vision: to become an integrated property developer of properties in central hubs and along the routes by acquiring resources surrounding infrastructure facilities;
- b) Overall strategies: by developing properties in central hubs as a starting point in the short term and then gradually commence property development business along the routes; developments of land bank at terminals, key points in the service zones and other prime land parcels in the central city areas may be considered as priority starting points;
- c) Proposed strategies for business portfolio:
 - Core business: proprietary commercial or joint venture developments (residential and commercial facilities) on existing quality land resources (service zones and road transportation terminals);

- Strategic business: continue to acquire land resources surrounding the transportation industry to carry on developments and accumulate land reserves;
 - Emerging business: activate existing land resources; continue to enhance the capabilities of acquiring land resources; and
- d) Competition strategies: by utilizing strategic alliance and relying on our own resource advantages, adopt an integrated strategy of “expansion at the front end, replenishment in the middle and extension at the back end” to realize mastering the control points of the three strategies gradually.
5. *PROPOSED STRATEGIES FOR ADVERTISING BUSINESS*
- a) Business development vision: to become a nationwide famous integrated media group with cross-regional operation and leading in Guangdong Province;
- b) Overall strategies: gradually develop “competition for resources” into the stage of “competition for capabilities” to enrich the profitability methods;
- c) Proposed strategies for business portfolio:
- Core business: media agent – proprietary business;
 - Strategic business: media agent – leasing;
 - Emerging business: medium to low end marketing services, integrated marketing services;
- d) Competition strategies:
- Establish a sales management system based on the business model and internal capabilities platform, optimize internal organizations, carry out optimization of internal staff teams and structural adjustment to increase operational efficiency.
 - Enhance resource acquisition and operational capabilities in the development of proprietary resources to increase utilization efficiency of resources.
- In the media agent business, compete in the areas of government relationship and localized operation and gradually build up core capabilities. Enhance media operation capabilities at the same time with media expansion, strive to transform from a media lessor into a media operator as soon as possible, actively promote cross-regional and cross-media developments;
 - Marketing services support corporate capabilities, in future competition needs to focus on the key segments of the value chain, and by combining subdivisions of market positioning to create core capabilities for facing with the competition; and
- e) Supplemental explanation: If the advertising business is able to form the core media operation capabilities within the next three years and pursue external developments outside the Group, then it can be listed as a strategic business; otherwise, it can only be a supplementary business within the Group and maximization of benefits will be realized by way of streamlining the staff.

II. KEY STRATEGIC MEASURES OF YUEYUN TRANSPORTATION

(I) Key measures of the overall strategies of Yueyun Transportation

1. OPTIMIZATION OF ORGANIZATIONAL MECHANISM AND ESTABLISHMENT OF A CLEAR REGULATORY AND CONTROL MECHANISM

- a) Targeted at the problems of fragmented resources and capabilities existing in the “property” business, resources and capabilities will be consolidated and managed by way of the property SBU (strategic business unit);

- b) Targeted at the organizational structure and business organization model of Yueyun Transportation:
- Since Yueyun Transportation underwent consolidation at the beginning of 2013, initially optimization will be carried out under the existing organization structure, 1) by adjusting the value positioning of the headquarters surrounding strategies, finance and operations to strengthen the management and control functions, 2) by optimizing the collaboration between the headquarters and the subordinated business units, 3) clarify the responsibilities of the subordinated business units;
 - In the medium term, focus on the transitional organization structure of the business division model (2015-2016);
 - In the long term, a regulated business division management model will be adopted by establishing four major business divisions (road transportation, logistics, property and advertising business divisions) when opportunities arise, and the Yueyun Transportation headquarters will oversee three major business operation units;
- c) Proposed regulated and control models for each business: in the short term and medium term, the major models are strategy management and control and operational management and control models
- In the short term and medium term, the property and logistics businesses will adopt the operational management and control model, whereas other businesses will adopt the strategy management and control model;
 - In the long term: as the businesses gradually become more mature, the road transportation and service zone businesses will adopt the financial management and control model; the logistics, advertising and rescue businesses will still adopt the strategy management and control model; and the property business will adopt the strategic operational management and control measures;
- d) The 6S strategy management and control mechanism introduced into this system will promote a level and streamlined structure; and
- e) Establish a protection mechanism for the organization in the aspects of authority of responsibilities, management process, operation and management systems, human resources control system and risk control system.
2. *REFINEMENT OF STRATEGIES FOR EACH BUSINESS TO THE PARTICULARS OF THE OPERATION PLANS*
- a) To undertake the strategic plan in a better way through annual operation plan and financial budget; and
- b) By means of performance contracts, daily management process and optimized allocation of resources, the performance benchmark and goal setting between the headquarters and the business units will be clarified, the key tasks will be managed and ensure the coordination and consistency of operation plans and resource allocation are in line with the strategic directions.
3. *ESTABLISH A SCIENTIFIC SYSTEM FOR STRATEGIC MANAGEMENT AND CONTROL*
- a) Yueyun Transportation is urgent to establish a comprehensive multi-strategy decision-making supportive system to fully activate the decision-making resources, the decision-making supportive system will be set up to form a team-based decision-making mechanism;
- b) Establish a strategy management department which will lead and drive the formulation and implementation of strategies, with high participation from the senior leadership of the Company and the members of management from all departments and undertake their corresponding important responsibilities; and

- c) Establish a wholesome strategy management and control system, which will be equipped with the corresponding strategic management professionals, to ensure effective implementation of the strategies.

4. *ENHANCE HUMAN RESOURCES MANAGEMENT ON THE BASIS OF A MARKET-ORIENTED INCENTIVE MECHANISM*

- a) Improve the human resources function by enhancing the positioning of human resources to become the driving force of organizational development of the Company;
- b) Implement “talent strategy” to ensure the smooth implementation of the overall strategies;
- c) Complete the reform of the incentive mechanism as soon as possible to enhance staff morale; and
- d) Optimize the staff structure, reduce redundant staff and introduce talents needed urgently by business development.

5. *ENHANCE THE LEADERSHIP ABILITIES OF THE SENIOR AND MIDDLE MANAGEMENT OF THE BUSINESS OPERATION UNITS*

- a) First stage: design of master plan and personnel standards;
- b) Second stage: personnel development and pilot implementation of the mechanism; and
- c) Third stage: personnel development and promoting implementation of the mechanism.

6. *ENHANCE CAPITAL OPERATIONAL CAPABILITIES BY REALIZING THE VALUE OF THE CAPITAL PLATFORM.*

Establishment of smooth financing channels and reasonable arrangement of financing structure are important pre-requisites for the implementation of the overall strategies by Yueyun Transportation.

7. *RELYING ON INFORMATION TECHNOLOGY TO DRIVE THE TRANSFORMATION OF BUSINESS INTO A MODERN SERVICE MODEL*

- a) The computerization of Yueyun Transportation requires a far-sighted vision, streamlined management, accelerated pace, uniform opinion and a clear route;
- b) The management and service provided by Yueyun Transportation IT to subordinated companies will be realized in the four functions of “guidance for planning, key points of management and control, shared services, enhanced performance”; and
- c) All business segments of Yueyun Transportation have utilized the electronic commerce platform to establish their core operational management system.

(II) Development strategic measures for each of the businesses

1. *ROAD TRANSPORTATION BUSINESS*

At business level:

- a) Improve comprehensive capabilities of road transportation - through merger and acquisitions, consolidation and market penetration to improve the overall market size of inter-city road transportation, while increasing the proportion of short to medium distance road transportation business, and create differentiated competitive advantages by innovations in products and services and brand building;
- b) Rigorous development of public transportation - comprehensive expansion of urban public transportation business, selective access to the development of taxi business, and develop public transportation into the second largest source of major business revenue in the future;
- c) Transformation and development of passenger terminals - expand terminal network resources strategically, develop diversified business operations to enhance the profitability level of passenger terminals and develop properties timely at terminals to increase revenue gains;

- d) Expand the small cargo express delivery network to increase revenue - by operating through networks and branded operations, as well as rigorous development of the commercial market, the small cargo express delivery business will be cultivated to become a new spot of profit growth in the road transportation segment; and
- e) Provider of comprehensive motor vehicle leasing services - develop into a one-stop motor vehicle leasing solution provider through branded and customized services, and become a beneficial and important supplemental source of revenue for the road transportation segment.

At management level:

- a) Optimization of organization, enhancement of performance - establish organization criteria and standards, carry out optimization and restructuring of the organization structure, enhance the management decision-making efficiency and professional function levels;
- b) Enhance marketing and facilitate development - establish professional functional departments of marketing and sales and their management systems, and facilitate business growth through branding, products and customer relationship; and
- c) Enhance management through information technology - management of the operation system through information technology helps to realize streamlined and standardized management, improvement in management efficiency and capabilities of performance management.

2. BUSINESS OF EXPRESSWAY SERVICE ZONES

At business level:

- a) Conduct a stock-taking of the resources at the existing service zones and classify into categories according to the dual-dimension criteria of "potential value and financial performance" to determine the development objectives and improvement strategies of each category of service zones;

- b) Formulate development plans for core high-value service zones to realize enhancement in both specific and general aspects;
- c) By relying on advanced experience of the industry, carry out a stock-taking of investor solicitation resources and arrangement of investor solicitation channels to adjust the investor solicitation models for upgrading and transformation;
- d) On the basis of existing businesses to fully explore the potential of enhancing operating revenue of service zones and make arrangements for enhancement in business growth opportunities;
- e) Conduct analysis on operational costs and reduce costs primarily through reducing operating costs and management costs;
- f) Establish the process optimization and even process reconstruction for various segments and enhance internal operational efficiency;
- g) Research on opportunities for cooperation between logistics and properties and formulate specific cooperation strategies to realize maximization of long-term value under controllable risks; and
- h) Research on the possibility of introducing strategic cooperation partners into the commercial property business by targeting at the mode of operation of the commercial property business within the service zones.

At management level:

- a) Enhance human resources management to support the construction of organizational capabilities
- Introduce external professional talents, in particular investor solicitation talents and business planning talents to strengthen the intake and development of human resources;
- Establish the incentive mechanism and market performance appraisal mechanism;

- Optimization of internal staff structure; reduce the proportion of management staff to improve the efficiency of human resource expenditures; and
- b) Relying on information technology to facilitate transformation of the enterprise into a modern service enterprise
- Enhance the level of information technology on the core business needs (operation efficiency, decision-making support and decision-making efficiency); gradually realize the integration of business and financial information to establish a management information system fitted with existing business characteristics.
- c) Optimization of organization structure and enhancement of organization capabilities for refined planning
- Explore the functional positioning of courier service companies and the management models of various service zones to further realize streamlining and enhancement of decision-making and operational efficiency;
- Establish organizational capability cultivation plans; and
- Input more resources into certain core functions to seek quick breakthroughs and accelerate business development.

3. BUSINESS OF MODERN LOGISTICS SERVICE

At business level:

- a) Internal material supply of GCGC - undertake internal centralized procurement business of GCGC. Expand the categories of products and services to the general GCGC group level and centralized integrated procurement;
- b) Material trading - focused development and branded operations. Focus on the cultivation of asphalt trading business and establish its brand and comprehensive supply chain management advantages in external

markets to provide extended logistics services and expand into the markets of external provinces gradually;

- c) Logistics properties - acquire resources and cooperative development. Acquire valuable land resources and cooperate with financially strong operators of logistics parks and using comprehensive service logistics park as the start-up point, accumulate operation experience of logistics park, consider to develop commerce and trade logistics park, bonded logistics and electronic commerce logistics in the medium to long run;
- d) Warehousing logistics - cultivate capabilities and develop internally to externally. cultivate the operation capability of warehousing logistics business through internal material supply business within GCGC, and develop logistics business based on logistics parks, such as warehousing, transportation, commerce and trade logistics, bonded logistics and zero guarantee express delivery;
- e) Maritime terminal business - transfer of equity interest for joint venture operation or lease out the whole venture.
 - Proposal 1: sale of part of the equity interest to a financially strong terminal operator and cultivate our own operational capabilities through joint venture operation; and
 - Proposal 2: lease out the whole terminal to an operator and receive rental income.

At management level:

- a) Optimization of organization management and control
- Establish the logistics business division with subordinated business units of logistics property, material supply, material trading and warehousing logistics; and
- Smoothen out business management relations through structural adjustment such that the contract principal will be the same as the operation principal.

- b) Improve the incentive mechanism
- Determine the incentive mechanism by referring to more mature operation models and formulate an incentive system conforming to the business characteristics.
- c) Enhance marketing capabilities
- Investor solicitation capabilities: improve the business plans to attract Southchina logistics enterprises, industrial and commercial enterprises as participants;
 - Sales capabilities: cultivate talents with market vision capabilities, establish and improve the sales administration mechanism; and
 - Brand building: gradually create the “Nan Yue” brand of asphalt into a national famous asphalt brand.
- d) Upgrade the information technology management level
- Upgrade the existing information technology system of the Company to fulfill the needs for comprehensive management of the enterprise including the aspects of capital, human resources, projects, leasing business, warehousing and transportation, and customer relationship; and
 - Strengthen the performance of procurement and sales with the unified information management of finance and warehousing logistics to enhance collaboration among all parties and realize data consistency.
- e) Optimization of internal workflow processes
- For trading and internal material supply business of the Group, optimize the design on the basis of existing workflow processes according to the existing business characteristics and future transformation directions.

4. *PROPERTY BUSINESS*

At business level:

- a) Design a scientific organization model or internal collaboration model (equity interest, cooperative development, benefit distribution mechanism) to resolve the problems of fragmented capabilities, resources and organizations;
- b) Conduct a stock-taking of existing land resources and possible available land and financial resources for a fundamental survey and research;
- c) Compile the proposed operation plan, development plan and consolidation plan of internal resources and determine one to three starting points for selection; and
- d) Design a capital management model and gradually establish a multi-channel and multi-mode financial system based on bank loans, primarily on market financing, supplemented by internal financing and developing into capital financing (to fully utilize the existing platform of capital markets).

At management level:

- a) Formulate a capability cultivation plan and propose a human resources plan to attract external property talents. Recently, there were significant needs for the categories of project planning, sales, investor solicitation talents with gradual increase in diversification;

- b) Gradual progress of information technology. Establish a centralized IT application structure and select platform and equipment with high reliability, strong expandability and good compatibility to unify the management of various businesses and information resources of the Company. By adopting gradual progress in office automation/knowledge management, strategic performance, investment analysis management, financial management, human resources management, project management, property sales management, property management and leasing management, to realize the computerized information management of the Company; and
- c) Position the headquarters as the strategic management center, capital operation center, collaborated supporting center, business management center and risk control center to form a two-tier management control structure of “headquarters – project company” to realize the comprehensive consolidation, centralized management and professional operation of internal and external resources and businesses of the Company (and will gradually transit into the three-tier structure in the long term).
- d) Formulate the marketing transformation plan and gradually drive the transformation of the sales model, adjust customer structure and optimization of internal pricing mechanism to expand the size of business to enhance the resources utilization ratio;
- e) Conduct survey and research on the media agent market in the south China regions to determine the route map for regional business expansion;
- f) Regulate the internal workflow process to create a centralized operation and management platform for media;
- g) Gradually enter into the market planning business and focus on key industries for expansion; and
- h) Select opportunities to carry out external merger and acquisition in order to enhance capabilities rapidly.

At management level:

5. *ADVERTISING BUSINESS*

At business level:

- a) Conduct a systematic stock-taking of the resources and determine the consolidation and utilization plans of resources and their positions;
- b) Establish a marketing and brand management system fitted with the industry and demand characteristics;
- c) Establish a sales management system based on the business model and internal capabilities platform to create attachment capabilities upstream and downstream;
- a) Re-arrange certain functions to optimize internal organization and adjust the positioning of certain functions of internal divisions;
- b) Optimize the internal incentive mechanism and establish a mechanism with market competitiveness to create an engine for performance growth;
- c) Conduct optimization and structural adjustments to internal personnel groups; increase the proportion of professional personnel, reduce the proportion of management personnel, recruit external professional personnel, optimize the personnel groups, strengthen the incentive mechanism and guide internal personnel to transformation;
- d) Optimize the cost structure, improve management efficiency; reduce management fees and operating costs; and
- e) By leveraging on information technology to gradually establish an advanced stratified and reliable information and knowledge management system; enhance the operational management level of media agents through information technology.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2013, the Group's businesses proceeded smoothly, achieving rapid development. The motor transportation and auxiliary services accelerated the pace of merger, acquisition and consolidation, making a breakthrough progress. During the year, the Group's subsidiary, Guangdong Vehicles Transportation Group, signed a letter of intent with Qingyuan SASAC. Guangdong Vehicles Transportation Group is one of the few large state-owned road transport enterprises in terms of scale and strength in the PRC. The material logistics service business saw a steady improvement in operating results. Throughout the year, the Group participated in the supply and management of materials such as steel bars, steel strands, cement and asphalt for a total of 18 expressway construction projects (supplying a total of 624,600 tonnes of steel, 2,176,100 tonnes of cement and 45,200 tonnes of asphalt). The Dongguan asphalt repository of the Group was approved by the Shanghai Futures Exchange to be the only designated settlement repository for oil and asphalt futures in South China and the Company successfully became one of the first batch of Class 5A steel distribution enterprises in the PRC upon successful application. The economy of scale of the expressway service zones sector increased substantially. The Group owns 66.5 pairs of expressway service zones in operation. New progress was also made in major investment projects, and new entrusted operation rights acquired include the service zones of the new sections of Yunfu-

Luoding Expressway, Meijiang-Dapu Expressway, Erenhot-Guangzhou Expressway and Zhaoqing-Huadu Expressway. The "LOYEE" brand was recognized by the China Highway and Transportation Society as 2012-2013 National Famous Convenience Store Brand. A new breakthrough was achieved in the integration of advertising resources, which laid a foundation for realising the objectives and tasks of the large-scale operations of the expressway advertising business of GCGC. Apart from the aforesaid major businesses, the Group's businesses also include the Taiping Interchange toll business and steady operations were achieved throughout the year.



As at 31 December 2013, the Group's revenue was RMB6,165,832,000 (RMB6,610,453,000 for the same period last year), a year-on-year decrease of 7%. Gross profit was RMB858,835,000 (RMB948,250,000 for the same period last year), a year-on-year decrease of 9%. The decreases in revenue and gross profit for the year were attributed to the Group's divestment of the transportation intelligence services business during this year and the taxation policy regarding replacing business tax with value-added tax. Eliminating the above effect, revenue and gross profit increased by 4% and 4%, respectively as compared to the same period last year. Net profit for the year was RMB210,147,000 (RMB145,411,000 for the same period last year), a year-on-year increase of 45%. Basic earnings per share was RMB0.33 (RMB0.17 for the same period last year), a year-on-year increase of 87%. Net cash inflow from operating activities was RMB303 million (net cash outflow of RMB214 million for the same period of last year), a year-on-year increase of RMB517 million for net cash inflow.

1. Motor transportation and auxiliary service business

(1) Business Overview

The motor transportation and auxiliary service business rose while maintaining stability. In 2013, the Company managed 59 terminals covering various regions such as Hong Kong, East Guangdong, West Guangdong and Zengcheng of Guangzhou and 1,108 road transportation routes, with Guangzhou as the centre and covering Guangzhou, Shenzhen, Shantou, Zhaoqing, Yangjiang, Meizhou and

various important cities in Guangxi, Hunan, Fujian and Jiangxi, operating vehicles exceeded 4,360.

Facing the impact brought on by the rapid development of rail transportation in recent years on road passenger transportation, the Company planned ahead, deeply excavated passenger transportation resources in rural areas and implemented the strategic transfer of overlapped routes along the railway in advance so as to ensure the proper planning and arrangement of long-distance and short-distance routes, achieving a year-on-year increase in passenger traffic for the full year. In 2013, the aggregate passenger traffic was 58.666 million passengers. Volume of passenger transportation was 7.68 billion passenger-kilometres. While striving for efficiency, the Company was bold in taking social responsibilities. All transportation units under the Company did not encounter any serious traffic accident in the course of transportation during festivals and holidays. No complaints from passengers about its service quality and no complaints about violating the fare policy or unreasonable fares were received. Being fully recognized by the community, the Company maintained the good image of the "Yueyun brand".

(2) Financial position

Motor transportation and auxiliary service is one of the major revenue sources of the Group, through the "acquisition-consolidation-growth" development model of the Group and increasing the recovery of proprietary routes, expanding the scope of operation and the addition of new routes





and customer sources by the regional companies, the consolidated benefits from acquisition and restructuring have been enhanced. Total assets of the motor transportation and auxiliary services as at the end of the current year amounted to RMB2.565 billion (2012: RMB2.038 billion), total liabilities amounted to RMB1.250 billion (2012: RMB1.070 billion) and revenue amounted to RMB2.161 billion (2012: RMB2.109 billion), representing approximately 35% of the total revenue of the Group (2012: 32%).

(3) *Development prospects*

With the objective of becoming a leading comprehensive transportation service provider in the PRC, the Company will, on the basis of its principal operations, proceed with penetration and optimization in the future to further adjust and optimize its business structure and exert itself to expand inter-county road transportation, urban public transport service, express small freight service and taxi service with inter-city road transportation and passenger terminal operation as the core as well as the moderate extension of charter service, car rental service and rural road transportation service and other emerging businesses and services. Meanwhile, based on its existing core resources, the Company will vigorously expand regional markets to form its own unique organizational capability and build the enterprise's overall competitive advantage.

2. **Material logistics services**

(1) *Business Overview*

The Group has undertaken the business of construction material purchasing, supply and management for the 9 expressways within GCGC, namely Guangzhou-Lechang Expressway, the expansion project of the Guangzhou-Qingyuan Expressway, Zhaoqing-Huadu Expressway, the expansion project of the Foshan-Kaiping Expressway, Jiangmen-Luoding Expressway, Luoding-Yangjiang Expressway, Baotou-Maoming Expressway, Chaozhou-Huilai, Jieyang-Boluo Expressway and Pingyuan-Xingning. In accordance with the coordination mechanism of "centralized procurement, centralized warehousing, centralized allocation", the Group maintained quality and quantity and supplied materials in a timely manner for the expressway construction engineering projects of GCGC, offering strong support for the construction of expressways and winning full recognition from GCGC and project owners.

In the meantime, the Group actively participated in the business of supply materials for key engineering projects outside GCGC and continuously increased the logistics service standard. It participated in the business of supplying steel bar and asphalt materials for nine projects including Guiyang-Guangzhou High Speed Railway, Guangzhou Subway Lines 6, 8 and 13, Dongguan-Huizhou Intercity Rail Transit, Guangzhou-Gaoming Expressway, Cable

Tunnel, Dongjiang grand bridge and GuangshenYanjiang Expressway (廣深沿江高速). Guangdong Southchina Logistics Enterprise Co., Ltd. (“Guangdong Southchina Logistics Enterprise”), a subsidiary of the Group which is engaged in material logistics services, has become a major material supplier of key engineering projects in Guangdong Province.

For the businesses of asphalt warehousing, processing and sales and terminal handling, the Dongguan asphalt repository has a capacity of 54,000 cubic metres and is equipped with the only open port in Dongguan available for the berthing of import asphalt vessels. In 2013, the Dongguan Port handled 29 import asphalt vessels, transferring 193,700 tons of asphalt. Guangdong Southchina Logistics Enterprise entered into an asphalt futures settlement warehouse agreement with Shanghai Futures Exchange and officially became the only warehouse designated by Shanghai Futures Exchange for the settlement of asphalt futures in South China, which broadened the business pipeline.

Guangdong Southchina Logistics Enterprise participated in the businesses of asphalt processing and sales for such projects as asphalt pavement repair for the Huizhou-Heyuan Expressway, asphalt special maintenance for the Guangdong-Jiangxi Expressway, asphalt pavement overlay for the Shantou-Fenshuiguan Expressway, asphalt special treatment for the Zhanjiang-Xuwen Expressway, pavement SBS modified asphalt processing for the Yunfu-Luoding Expressway.

(2) Financial Position

Material logistics business is one of the major revenue sources of the Group, increase in supply led to high growth of this business as compared to the previous year, total assets as at the end of the current year amounted to RMB2.678 billion (2012: RMB1.237 billion), total liabilities amounted to RMB2.8 billion (2012: RMB2.04 billion) and total revenue amounted to RMB3.207 billion (2012: RMB3.171 billion), representing approximately 52% of the total revenue of the Group (2012: 48%).

(3) Development Prospects

With the objective of creating and forming a business structure of integrating “logistics property, trade, logistics services” and joint development and on the basis of internal material supply of GCGC, the Group will expand the integrated logistics business in an all-round manner. In particular, centralized procurement will be adopted as the operating model for the material supply and trading business. With warehousing management as the focus and building business marketing, market development and brand building as the development strategy, the Group will comprehensively improve the overall operating efficiency and quality. Logistics property, logistics park investment and operation will centre on developing business partner solicitation and operating capabilities. The Group will actively introduce strategic investment partners to form strategic alliances and continually acquire resources of high quality.



3. Expressway service zones

(1) Business overview

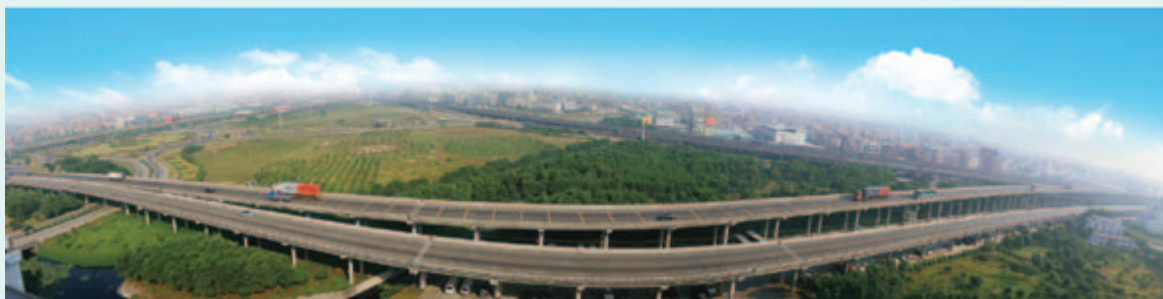
In 2013, in accordance with the business idea of “optimizing resource allocation, innovating the business model and deeply excavating the commercial value of service zones” and relying on the platform for the integration of the logistics and transportation business sectors, the Group strengthened brand building and management for “LOYEE” convenience stores and actively expanded the market of convenience stores along expressways to increase the influence of the LOYEE convenience store brand. Currently, convenience stores in passenger terminals in Sihui of Zhaoqing, Chengdong of Zhaoqing and Heyuan have been successfully opened, opening up a new situation for the establishment of “LOYEE” convenience stores in passenger terminals. The “LOYEE” brand was recognized by the China Highway and Transportation Society as 2012-2013 National Famous Convenience Store Brand.

The Group continued to invite various service providers to operate in its service zones and strengthen our efforts in introducing highly recognised quality brand names and has signed a formal contract with “Zhenggongfu” for operation in Reshui, Yayao, Xiangang, Kuidong, Qujiang and Taimei service zones. In particular, the anchor stores of “Zhenggongfu” in Reshui, Yayao and Xiangang service zones has been opened for business. In addition, chain brands such as “Jiujiuya”, “Aunt Beancurd Jelly (姑媽豆腐花)”, “Mashan Green tea” and “Yangjiang SHIBAZI” have been introduced or will soon be introduced to service zones.

The Group actively promoted the planning and construction of gas stations and completed the functional layout plan of Longgang service zone in 2013. In the first half of the year, the Group applied for the construction planning confirmation

document for six gas stations comprising Liangcun, Xiyang and Fucheng on schedule. Currently, Xiegang (North), Yayao and Yong’an gas stations have been granted the business license and put into operation and efforts have been made to accelerate acceptance and licensing for Shaxi gas station. The Group also followed up and endeavoured to coordinate gas station projects under construction in a timely manner. It is planned that the construction of Liangcun and Xiyang gas stations will be completed concurrently with the section main route works.

The Group steadily pushed forward the construction of business service platforms to increase the commercial value of service zones. Under the guidance of the “Planning Report on Commercial Properties and Implementation Rules of the Twelfth Five-year Plan (商業地產規劃報告及十二五規劃細則)” developed, the Group vigorously promoted commercial properties planning and reconstruction of service zones. It has identified business potentials of the service zones and improved the overall revenue of the service zones. In 2013, the Group basically completed the reconstruction of commercial properties in Xiangang and Reshui and completed the post-investment evaluation of the reconstruction of commercial properties in the Liangjinshan service zone. It formulated the planning scheme for commercial properties in newly opened service zones such as Fogang South, Liangcun, Fucheng, Xiyang, Yiliu and Dongkeng and organized pre-opening preparations. Further, the Group prepared the service zone network planning layout and 2014 commercial properties planning scheme in order to construct the network layout of service zones and gradually realize differentiated services in service zones. Currently, differentiated services are being formed gradually in the several service zones along the Beijing-Zhuhai-South (京珠南) Expressway.



The Group actively explored the marketing and business model of convenience stores to enhance operational efficiency. It developed the internal responsibility contracting operation plan for small convenience stores to effectively inspire the work enthusiasm of convenience store employees and managed to conduct a pilot implementation in convenience stores in the Suixi service zone, achieving good results. Moreover, the Group has commenced full negotiations with oil companies on the collaborative business model of consignment sale in gas station convenience stores. Projects which have already been implemented include the four gas station convenience store cooperation projects in Shunde, Hengshan, Yangxi and Yangjiang.

The Group continued the development of automobile repair services and landscaping business. For automobile repair services, the Group has gradually introduced a number of renowned chains of good commercial quality, which effectively enhanced its business image, and has gradually formed a chain operation model. As for landscape engineering, the Group actively competed in the market and actively expanded businesses both within and outside the Guangdong province. Through active planning, the Group stepped up the construction efforts in the greening of nurseries, forming a business portfolio comprising construction, seedlings growing and interior landscape display.

The Group exerted itself to promote infrastructure construction and achieved new progress in major investment projects. New entrusted operation rights acquired during the year included the service zones of the new sections of Yunfu-Luoding Expressway, Meijiang-Dapu Expressway, Erenhot-Guangzhou Expressway and Zhaoqing-Huadu Expressway. The Group facilitated the entrustment of operation rights for service zones along the Guangzhou-Lechang Expressway and discussed cooperation in constructing the logistics park with the owner.

For our advertising business, as at the end of 2013, 40 expressway sections had been entrusted by agreement to the Group for operation with two of them newly signed in 2013, which effectively consolidated the expressway advertising resources within GCGC. Currently, the Group has 1,171 columns and positions with 303 column ads established along various expressways in operation.

The Group actively strived for policy support, developed new media resources for expressways such as overpass bridges, gantries, billboards at toll station squares and other advertising resources of high quality, fully tapped the advertising value of expressways and created new profit growth points.

The Group focused on the consolidation and development of the Group's media resources, conducted market research and analysis on media resources such as stations, passenger buses and public transport buses and planned development programs. In 2013, the Group completed the consolidation of media resources with 11 passenger transportation companies, laying the foundation for further leveraging the advantages of media networks and enhancing the value of advertising spaces.

(2) Financial position

Expressway service zone service business is one of the major revenue sources of the Group. As at 31 December 2013, the number of operating service zones of the Group amounted to 66.5 pairs (2012: 62 pairs), the increase in the number of service zones and the increase in revenue from one-off admission fees at petrol stations resulted in higher growth of this business as compared to the previous year. Total assets of the expressway service zone business as at the end of the current year amounted to RMB791 million (2012: RMB698 million), total liabilities amounted to RMB498 million (2012: RMB439 million) and revenue amounted to RMB632 million (2012: RMB553 million), representing approximately 10% of the total revenue of the Group (2012: 8%).

(3) Development prospects

With the strategic objective of becoming a leading expressway service zone operational group in the PRC, the Group will complete the transformation and upgrade of the existing service zone business model through compensatory development and reconstruction and intensive commercial development and the point-to-area business model. It will explore the commercial potential of service zones, particularly those with a higher commercial value. With regional planning and industry development as the base, the Group will exert itself to improve the standard of trade planning and design of new service zones.

Over the next five years, the Company will develop core capabilities along the key points of the value chain to comprehensively enhance its overall operational capabilities and increase the operational efficiency of the value chain significantly. Meanwhile, with the reinforcement of human resources management as the engine, the Company will further optimize the organization and realize industry upgrade by relying on information technology.

4. Taiping Interchange

The Taiping Interchange business recorded growth in the current year as compared to last year due to the natural increase in traffic volume and the crackdown action led by GCGC against toll evasion activities. Total assets of the Taiping Interchange business as at the end of the current year amounted to RMB1.933 billion (2012: RMB1.401 billion), total liabilities amounted to RMB380 million (2012: RMB29 million) and revenue amounted to RMB161 million (2012: RMB138 million).

5. Progress in the development of land held by Transportation Engineering Company

As approved by the extraordinary general meeting held on 30 November 2010, the Company acquired 100% equity interests of Guangdong Province Transportation Engineering Company Limited ("Transportation Engineering Company"). According to the Special Plan on Old Plant Renovation in Guangzhou (2010-2020) (廣州市舊廠房改造專項規劃(2010-2020)) issued in January 2011, a land parcel owned by Transportation Engineering Company was included in the "old towns, old plants and old villages" (the "Three Olds") redevelopment project. According to the newly revised Detailed Regulatory Plan for the Extension of Western Baiyun New Town in Guangzhou (廣州市白雲新城西部延伸區控制性詳細規劃), the use of the land parcel of Transportation Engineering Company is now changed to commercial purposes, which meet the overall economic and industrial development and city planning requirements of Baiyun District of Guangzhou and meet the requirements under the district redevelopment policy. The land has been included in the plan for the "Three Olds" target redevelopment project of Baiyun District of Guangzhou. According to the related official documents, the Baiyun Government supports the redevelopment of the land by the Group upon application and payment of land premiums. Currently, preliminary work such as project development mode and development program revision is being carried out in an orderly manner. Upon the official promulgation and implementation of the Detailed Regulatory Plan for the Extension of Western Baiyun New Town in Guangzhou, the Group will actively facilitate project application and development.

FINANCIAL REVIEW

The Group's annual results for the year ended 31 December 2013

2013 was the first year after the asset reorganization of the Group. The revenue of each business segment steadily increased and net profits and net profits attributable to the owners of the Company both significantly increased as the Group vigorously pushed forward the consolidation of our resources and fully utilized synergy.

For the year ended 31 December 2013, revenue of the Group amounted to RMB6,166 million, representing a decrease of 7% as compared with RMB6,610 million for 2012; gross profit amounted to RMB859 million, representing a decrease of RMB89 million or approximately 9% over the same period last year (2012 : RMB948 million). The decrease in revenue and gross profit for the year was mainly due to the Group's divestment of the transportation intelligence services business during this year and the taxation policy regarding replacing business tax with value-added tax, and our revenue and gross profit was up by 4% and 4%, respectively as compared to the same period last year if such factor was excluded.

The Group ceased to operate the transportation intelligence services and strengthened internal control with an emphasis on cost and expense control during the year. Selling and administrative expenses amounted to RMB567 million for

the year (2012: RMB664 million), representing a decrease of RMB97 million, or approximately 15%, over the same period last year.

The Group recorded net profit attributable to owners of the Company of RMB136 million for the year ended 31 December 2013, representing an increase of 87% as compared with RMB73 million for 2012; basic earnings per share also increased from RMB0.17 for 2012 to RMB0.33.

SEGMENT INFORMATION

Revenue

The revenue of the Group for the year was mainly derived from three business segments, namely provision of motor vehicle transportation and auxiliary services, provision of material logistics services and expressway service zone operation. Revenue from the Taiping Interchange business was also included in the revenue of the Group. Upon completion of the asset swap at the end of 2012, the transportation intelligence services were no longer accounted for in the Group's accounts starting from this year. Revenue of the Group for the year amounted to RMB6,166 million (2012: RMB6,610 million), representing a decrease of RMB444 million or approximately 7% over the same period last year, which was mainly due to the Group's divestment of the transportation intelligence services business during this year and the taxation policy regarding replacing business tax with value-added tax.

Revenue by business segments (As at 31 December):

	2013		2012	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	2,160,933	35%	2,109,402	32%
Material logistics services	3,206,899	52%	3,170,794	48%
Expressway service zones	631,990	10%	553,300	8%
Taiping Interchange	161,325	3%	137,627	2%
Transportation intelligence services	—	—	639,014	10%
Others	4,685	0%	316	0%
Total	6,165,832	100%	6,610,453	100%

Motor transportation and auxiliary services

Motor transportation and auxiliary services are among the major sources of the Group's revenue. Such business recorded revenue of RMB2,161 million (2012: RMB2,109 million) for the year, representing an increase of RMB52 million, or approximately 2%, as compared to the same period last year, and accounting for approximately 35% (2012: 32%) of the Group's total revenue. Excluding the effects of a change in taxation policy from business tax to value-added tax, the growth was approximately 4% for the current year as compared to the same period of last year. The increase in revenue was mainly due to the Group's increase on the "merger and acquisition — consolidation — growth" development model and the regional companies' growth on the reclaim of proprietary routes, the expansion of the scope of operation and the extension of new routes and passenger sources.

Material logistics services

Material logistics services are among the major sources of revenue of the Group. During the year, revenue generated from such services amounted to RMB3,207 million (2012:

RMB3,171 million), representing an increase of RMB36 million, or approximately 1%, as compared to the same period last year and accounting for approximately 52% (2012: 48%) of the Group's total revenue. The increase in revenue was mainly due to the increase in supply.

Expressway services

As at 31 December 2013, the number of the Group's operating service zones was 66.5 pairs (2012: 62 pairs). The revenue generated from expressway service zones amounted to RMB632 million (2012: RMB553 million), representing an increase of RMB79 million, or approximately 14%, as compared to the same period last year, and accounting for approximately 10% (2012: 8%) of the Group's total revenue. Such revenue growth was mainly attributable to (i) an increased number of service zones; (ii) a year-on-year increase in passenger traffic due to factors such as improvement of service quality of service zones and the effect of "Toll-Free in Major Festivals and Holidays for Small Passenger Vehicles Policy (重大節假日免收小型客車通行費)"; and (iii) the increase in one-off admission fees.

Taiping Interchange

Revenue from the Taiping Interchange amounted to RMB161 million (2012: RMB138 million) for the year, representing an increase of RMB24 million, or approximately 17%, as compared to the same period last year. Such change was mainly due to the increased revenue as a result of (i) the increase in revenue for the year due to natural increase in traffic volume; and (ii) the increase in toll revenue due to the crackdown action led by GCGC against toll evasion activities.

Transportation intelligence services

Upon completion of the asset swap at the end of 2012, the Group ceased to operate the transportation intelligence services business in the year. Revenue from transportation

intelligence services for the same period last year amounted to RMB639 million, accounting for approximately 10% of the Group's total revenue.

Gross profit

Gross profit of the Group for the year amounted to RMB859 million (2012: RMB948 million), representing a decrease of RMB89 million, or approximately 9%, as compared to the same period last year. If the effect caused by the transportation intelligence services was excluded, gross profit for the current year decreased by RMB4 million year-on-year, which was mainly attributable to the effects of a change in taxation policy from business tax to value-added tax.

Gross profit by business segments (As at 31 December):

	2013		2012	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	450,361	53%	512,435	54%
Material logistics services	141,503	16%	117,361	12%
Expressway service zones	125,234	15%	118,669	13%
Taiping Interchange	138,523	16%	114,090	12%
Transportation intelligence services	—	—	85,392	9%
Others	3,214	0%	303	0%
Total	858,835	100%	948,250	100%

Motor transportation and auxiliary services

Gross profit of motor transportation and auxiliary services for the year amounted to RMB450 million (2012: RMB512 million), representing a decrease of RMB62 million, or approximately 12%, as compared to the same period last year. Gross profit margin was 21% (2012: 24%) for the year. The decrease in gross profit and gross profit margin was mainly due to (i) the effect of the policy regarding the replacement of business tax with value-added tax; and (ii) the projects acquired last year which were still at their incubation period with low gross profit margins.

Material logistics services

Gross profit from material logistics services business amounted to RMB141 million (2012: RMB117 million), representing an increase of RMB24 million, or approximately 21%, as compared to the same period last year, which was mainly attributable to an increase in turnover. Gross profit margin was 4% (2012: 4%) for the year, maintaining a similar level as that of last year.

Expressway service zones

Expressway service zone business attained gross profit of RMB125 million (2012: RMB119 million) during the year, representing an increase of RMB7 million, or approximately 6%, as compared to the same period last year, which was mainly attributable to an increase in turnover. Gross profit margin was 20% (2012: 21%).

Taiping Interchange

Gross profit of the Taiping Interchange for the year amounted to RMB139 million (2012: RMB114 million), representing an increase of RMB25 million, or approximately 21%, as compared to the same period last year. Gross profit margin was 86% (2012: 83%) for the year. The increase in gross profit margin was mainly due to the increased toll collected for five types of vehicles as a result of strengthened efforts led by the GCGC to combat escapes from paying tolls.

Transportation intelligence services

The Company no longer engaged in transportation intelligence services during the year. The Company recorded a gross profit of RMB85 million for the same period last year, which accounted for approximately 9% of the Group's total revenue.

Business tax and other surcharges

Business taxes and other surcharges decreased to RMB47 million from RMB106 million for last year, representing a decrease of RMB59 million or 55%. The decrease was mainly attributable to the taxation policy regarding replacing business tax with value-added tax.

Selling and administrative expenses

The Group's selling and administrative expenses for the year amounted to RMB567 million (2012: RMB664 million), representing a decrease of RMB97 million or 15% which compared with last year. The major causes are (i) the selling and administrative expenses of the transportation intelligence services decreased by RMB81 million; and (ii) improvement of the management of cost control.

Finance costs

Finance costs incurred for the year amounted to RMB43 million (2012: RMB47 million), representing a decrease of RMB4 million compared with last year, which was mainly due to the strengthening of the fund management.

Provision for impairment losses of assets

Asset impairment losses incurred for the year amounted to RMB16 million, an increase of RMB17 million as compared to negative of RMB1 million during the same period last year. The major reason for the loss was the increase in provision for doubtful debts of Tangshan Xingye Gongmao Group Company Limited (唐山興業工貿集團有限公司) and Tangshan City Kaiping District Xingye Rolling Mills (唐山市開平區興業軋製廠) by RMB11 million.

Investment income

Investment income for the year amounted to RMB12 million, representing an increase of RMB9 million as compared to RMB3 million during the same period last year. The main cause was attributed to the growth in profits of associates when compared with the same period last year.

Liquidity and capital structure

The Group adopted prudent financial management policies towards its financial management. The Group satisfied its requirement for cash in respect of its payment obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and bank borrowings, and enhanced capital allocation within the Group through the operation of cash pooling, in order to reduce the need for external borrowings and increase the efficiency of capital utilization.

Unit: RMB'000

Items	As at 31 December 2013	As at 31 December 2012
Borrowings	1,052,580	416,450
Less: Cash and cash equivalents	1,710,089	1,253,888
Net debt	(657,509)	(837,438)
Total liabilities	3,966,045	3,059,214
Total equity attributable to owners	2,210,890	1,958,208
Total equity	1,553,381	1,120,770
Total assets	6,176,936	5,017,423
Gearing ratio	(42.33%)	(74.72%)
Asset to liability ratio	64.21%	60.97%

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total equity attributable to owners

Asset to liability ratio = Total liabilities/Total assets

Cash flows

During the year, the Group satisfied its cash requirement for payment of its obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and bank borrowings.

Cash and cash equivalents during the year (after excluding the effect of exchange rate movement) were as follows:

	For the year ended 31 December		
	2013 RMB'000	2012 RMB'000	Change
Cash generated from/ (used in)			
Operating activities	302,543	(214,367)	516,910
Investing activities	(383,510)	(507,568)	124,058
Financing activities	539,214	(250,314)	789,528

Operating activities

The Group's net cash inflow from operating activities amounted to RMB303 million during the year (2012: net outflow of RMB214 million), representing an increase of RMB 517 million, which was mainly attributable to the increased efforts of the management to recover receivables.

Investing activities

Cash used in investing activities during the year was RMB384 million, which mainly caused by the acquisition of assets for its vehicle transportation and auxiliary services for RMB406 million.

Financing activities

The net cash inflow from financing activities during the year was RMB 539 million (2012: net outflow of RMB 250 million), which was mainly caused by the increase of the long and short-term borrowings.

Borrowings position

As at 31 December 2013, outstanding borrowings of the Group was RMB1,053 million, comprising (i) unsecured short-term loans of RMB617 million (31 December 2012: RMB5 million); which was mainly caused by an increase in short-term borrowings to reduce the use of bills for settlement due to cost considerations as loan interest rate was lower than the interest rate of bills after the material logistics business adopted bills as a means of settlement during the year; (ii) secured short-term loans of RMB10 million (31 December 2012: RMB5 million); (iii) secured long-term loans of RMB114 million (31 December 2012: RMB104 million); (iv) unsecured long-term loans of RMB12 million (31 December 2012: nil); (v) finance lease payables of RMB2 million (31 December 2012: RMB5 million); and (vi) bonds payable of RMB298 million (31 December 2012: RMB297 million).

Major acquisitions and establishment of new companies

For the period ended 31 December 2013, the Group invested in the establishment of 10 new companies, including Guangdong Gangtong Vehicles Transportation Company Limited, Guangzhou Yueyun Insurance Surveyors and Loss Adjusters Co., Ltd, Yang Jiang City Yueyun Langri Fuels Company Limited, Yang Jiang City YueyunLangri Logistics Company Limited, Yang Jiang City Yueyun Langri International Travel Service Co.,Ltd, Yang Jiang City Yueyun Langri Property Development Company Limited, Long Chuan County Public Transportation Co., Ltd, He Yuan City Chengnan Freight Station Co., Ltd, Zijin County Yueyun Property Lease Co., Ltd and Guangzhou Yueyun Transportation Co., Ltd, and acquired 3 new subsidiaries, including He Yuan City Yue Yun Lvdu Public Transportation Co., Ltd, He Yuan City Communication Group Tongxing Travel Automobile Company Limited and Yang Jiang City Yangzha New Image Public Transportation Company Limited. The Group had total investment costs of approximately RMB37 million in respect of these new companies.

Pledge of assets

As at 31 December 2013, fixed assets at the net value of RMB136 million (31 December 2012: RMB97 million) and land use rights at the net value of RMB39 million (31 December 2012: RMB22 million) of the Group were pledged as security for bank borrowings.

Foreign exchange risk and hedging

Most of the revenue and expenditure of the Group are settled or denominated in Renminbi, except for the revenue and expenditure related to cross-border transportation services. In 2013, the working capital and liquidity of the Group were slightly affected by exchange rate fluctuations. The Directors believe that the Group has sufficient foreign currency to meet its demand. Meanwhile, the Group will continue to pay close attention to the currency fluctuations of Renminbi, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

Contingent liabilities

No material contingent liabilities were recorded as at 31 December 2013.

5 YEARS FINANCIAL SUMMARY

For the years ended 31 December

	2013	2012	2011	2010	2009
Revenue	6,165,832	6,610,453	6,923,232	7,510,347	7,243,117
Total profit	298,287	223,338	252,084	240,689	-144,540
Income tax expenses	88,140	77,927	79,787	62,246	-44,607
Net profit	210,147	145,411	172,297	178,443	-99,934
Net profit attributable to owners of the Company	135,893	72,535	125,486	130,724	-149,193
Profit and loss attributable to minority interests	74,254	72,876	46,811	47,719	49,259

ASSETS AND LIABILITIES

As at 31 December

	2013	2012	2011	2010	2009
Total assets	6,176,936	5,017,423	6,906,732	6,395,258	6,405,554
Total liabilities	3,966,045	3,059,214	4,448,207	3,959,158	4,075,959
Net assets	2,210,891	1,958,209	2,458,525	2,436,100	2,329,595

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As at the date of this report, the Company has 11 directors and 7 supervisors as well as a group of senior management personnel. There is no family relationship between any of the Directors, the supervisors of the Company (the “Supervisors”) or the senior management of the Group.

DIRECTORS

The Company has 5 executive Directors, 2 non-executive Directors and 4 independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Xuan Zongmin (禰宗民), aged 53, is an executive Director and Chairman of the Board of the Company, he has served as a Director since June 2012 and was the general manager of the Company. Mr. Xuan obtained executive master degrees in business administration from Murdoch University in Australia and South China University of Technology (華南理工大學), successively. Currently, Mr. Xuan also serves as a director and the general manager of Guangdong Vehicles Transportation Group, a director and the chairman of Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd. (廣東廣江高速客運有限公司), Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd. (廣東省深汕高速客運有限公司) and Shenzhen Yueyun Investment Development Company Limited (深圳粵運投資發展有限公司), as well as a director and the vice-chairman of Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd. (廣東省廣陽高速客運有限公司). Other major past positions of Mr. Xuan include serving as the deputy chief of secretary section and chief of information section of the Department of Communications of Guangdong Province (廣東省交通廳), and served successively as the assistant to the general manager, the deputy general manager, a director and the general manager of Weisheng Transportation & Enterprises Company Limited (威盛運輸企業有限公司) in Hong Kong. From January 2001 to December 2004, Mr. Xuan was also a Director of the Company.

Mr. Tang Yinghai (湯英海), aged 45, is an executive Director and the general manager of the Company, he has served as a Director since June 2012 and was the deputy general manager of the Company. Mr. Tang graduated with a master degree in law from Renmin University of China (中國人民大學). He possesses professional qualifications as a senior accountant. Currently, Mr. Tang also serves as the deputy general manager of Guangdong Vehicles Transportation Group. He was the chief accountant of Guangdong Vehicles Transportation Group. Mr. Tang currently also serves as a director of Zhaoqing City Yueyun Motor Transportation Co., Ltd. (肇慶市粵運汽車運輸有限公司), Guangdong Yangjiang Vehicles Transportation Group Company Limited (廣東陽江汽車運輸集團有限公司) and Guangdong Yueyun Langri Co., Ltd. (廣東粵運朗日股份有限公司). Mr. Tang is also a director and the chairman of Kwong Fat Transport Limited (廣發運輸有限公司). Other major past positions of Mr. Tang include working for the Highway Construction Office of the Guangdong Province (廣東省公路工程處), successively the accountant and deputy supervisor of the Department of Communications of Guangdong Province (廣東省交通廳), and successively the deputy manager and the manager of accounting department, a director and the chief accountant of The Motor Transport Company of Guangdong and Hong Kong Limited (粵港汽車運輸聯營有限公司).

Mr. Yao Hanxiong (姚漢雄), aged 48, is an executive Director and the deputy general manager of the Company, as well as a director of Southern United Assets and Equity Exchange Co., Ltd. (南方聯合產權交易中心有限責任公司). Mr. Yao obtained a bachelor degree in road and bridge engineering from Chongqing Jiaotong University (重慶交通學院), and holds an executive master degree in business administration from Jinan University (暨南大學). He is also a senior engineer for roads and bridges with a specialized technical qualification certificate. Mr. Yao joined the Group in October 2007. Other major past positions of Mr. Yao include serving as the deputy manager and the manager of the second branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限第二分公司), and a director and the deputy general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建設集團有限公司). From 2002 to 2005, Mr. Yao was designated by the Organization Department of the Guangdong Provincial Party Committee to serve temporarily as the deputy chief executive (presiding over science and technology) of Deqing County, Zhaoqing City.

Mr. Fei Dachuan (費大川), aged 56, is an executive Director and the deputy general manager of the Company, the deputy general manager of Guangdong Vehicles Transportation Group and a senior economist. Currently, Mr. Fei also holds the following positions: a director and the chairman of Guangdong Provincial Guangshen Expressway Bus Company Limited (廣東省廣深高速巴士有限公司), Guangdong Provincial Guangshan Expressway Passenger

Transportation Company Limited (廣東省廣汕高速客運有限公司) and Guangdong Gangtong Motor Transportation Company Limited (廣東港通汽車運輸有限公司); a director and the vice chairman of Foshan Yueyun Public Transportation Company Limited (佛山市粵運公共交通有限公司) and Guangdong Provincial Shuntong Transportation Company Limited (廣東省順通運輸有限公司); an executive director and the general manager of Guangzhou Yueyun Investment Management Company Limited (廣州粵運投資管理有限公司); and a director of Guangzhou Yueyun Transportation Company Limited (廣州粵運交通運輸有限公司), Guangzhou Xintianwei Transportation Development Company Limited (廣州新天威交通發展有限公司), Meizhou Yueyun Vehicles Transportation Company Limited (梅州市粵運汽車運輸有限公司), Shenzhen Yueyun Investment Development Company Limited (深圳粵運投資發展有限公司) and Foshan Sanshui Yueyun Transportation Company Limited (佛山市三水區粵運交通有限公司). Prior to joining Guangdong Vehicles Transportation Group in 2006, Mr. Fei served successively as the deputy manager and the manager of business department of Weisheng Transportation & Enterprises Company Limited (威盛運輸企業有限公司), Guangdong branch, the deputy general manager of Weisheng Transportation & Enterprises Company Limited, Qigang branch, a director and the deputy general manager of The Motor Transport Company of Guangdong and Hong Kong Limited (粵港汽車運輸聯營有限公司), and the deputy general manager of Weisheng Transportation & Enterprises Company.

Mr. Guo Junfa (郭俊發), aged 50, is an executive Director of the Company and the chairman of the board of The Motor Transport Company of Guangdong and Hong Kong Limited (粵港汽車運輸聯營有限公司). Mr. Guo holds an executive master degree in business administration from the South China University of Technology (華南理工大學). He was selected and sent overseas to the University of British Columbia of Canada by the relevant department of Guangdong Province in 2003 to study the MPA course for a year. Mr. Guo has served as a director and the general manager of The Motor Transport Company of Guangdong and Hong Kong from August 2005 to August 2012. He also serves as the chairman of the board of Guangdong Yue Li Jia Passenger Transport Co., Ltd. (廣東粵利佳客運有限公司) and Cross Border Express Co., Ltd. (跨境快綫管理有限公司). Other major past positions of Mr. Guo include serving as director of the Technology Education Division of the Department of Communications of Guangdong Province (廣東省交通廳科技教育處處長), director of the Foreign Economic Division of the Department of Communications of Guangdong Province and the director of the Loan Office of World Bank of the Department of Communications of Guangdong Province (廣東省交通廳世界銀行貸款辦公室主任). He served as an executive Director from June 2007 to December 2007.

NON-EXECUTIVE DIRECTORS

Mr. Liu Wei (劉偉), aged 54, is a non-executive Director and has served as a Director of the Company since June 2012, and was the chairman of the board of the Company (the "Board") from November 2012 to March 2014. Mr. Liu graduated with a master degree from International East-West University (國際東西方大學), majoring in business administration, and possesses professional technical qualification as a senior economist. He is the deputy general manager and a member of the party committee of GCGC, the controlling Shareholder of the Company, and the secretary of the party committee and the chairman of

Guangdong Vehicles Transportation Group. Other major past positions of Mr. Liu include serving as the deputy chief of information section and secretary section of the Department of Communications of Guangdong Province (廣東省交通廳), the deputy manager of administration department, the office manager, a director and the deputy general manager of Weisheng Transportation & Enterprises Company Limited (威盛運輸企業有限公司), and the deputy general manager, the general manager, the deputy secretary, the secretary of the party committee and the chairman of Guangdong Vehicles Transportation Group successively from 1997 to 2008. From October 2002 to June 2009, Mr. Liu was a Director.

Mr. Li Bin (李斌), aged 45, is a non-executive Director and has served as a Director since December 2012. Mr. Li graduated from South China Normal University (華南師範大學) with a bachelor degree in computer science. He also graduated from the Guangdong University of Technology (廣東工業大學) with a bachelor degree in highway and urban road. He studied the Business Administration Graduate Seminar Course offered by Jinan University, and obtained qualifications as a senior engineer and a senior economist. Mr. Li has served successively as the executive staff of the general affairs department and the investment management department, and as the deputy head of the strategic development department of GCGC since April 2004. From March to October 2005, Mr. Li was seconded to the Guangdong State-owned Assets Supervision and Administration Commission. He has also served as a director of Guangdong Vehicles Transportation Group since December 2009. Other major past positions of Mr. Li include serving as the deputy manager of the operation department and chief of the information center and the communist party working group of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建设集團有限公司). Mr. Li served as a lecturer in computer science at the Guangdong Communications Polytechnic (廣東交通職業技術學院), and is currently a visiting professor of the polytechnic.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gui Shouping (桂壽平), aged 61, is an independent non-executive Director and has served as a Director since February 2004. Mr. Gui has engaged in the research of logistics technology and logistics load-unload machinery for a long time. Since 1997, he has been committed to teaching and scientific research at the South China University of Technology (華南理工大學). He served as the vice-president of the School of Traffic and Communications, the executive vice-chairman of Research Institute of Intelligent Transport System and Logistics Technology, the dean of the logistics engineering department of the School of Traffic and Communications, the vice president of the Electronic Trade Faculty and the vice president of the Economics and Trade Faculty of this university. His major concurrent positions include committee member of National Logistics and Information Standardisation Technology Committee, committee member of National Crane Mechanism Standardisation Technology Committee, executive board member of China Logistics Association and research fellow of the Logistics Planning Research Institute of China Federation of Logistics and Purchasing. Mr. Gui has obtained professional qualifications as a senior engineer as a research fellow. He graduated from Wuhan University of Water Transportation Engineering (武漢水運工程學院) in 1975 majoring in logistics construction.

Mr. Liu Shaobo (劉少波), aged 53, is an independent non-executive Director and has served as a Director since February 2004. Mr. Liu has been engaged in teaching and research in areas such as finance, securities and investment for a long time. He is a professor at Jinan University (暨南大學) and has been committed to teaching and research at Jinan University since 1987. He is currently a doctoral advisor in finance, the dean of the faculty of economics and the director of the Finance Research Institute of Jinan University. Mr. Liu served as the deputy dean and dean of the finance department of the School of Economics and the director of the Social Science Research Institute of

Jinan University, respectively. Mr. Liu's major concurrent positions include serving as the policy-making consultation expert of the Guangdong Provincial Government, policy-making consultation expert of the Guangzhou Municipal Government, vice-president of the Society for Guangdong Economics, vice-chairman of the Guangdong Provincial Society of Tertiary Industry and member of the Annual Council of Chinese Financial Society. Mr. Liu holds a master degree in economics from Jinan University and a doctorate degree in management from Sun Yat-sen University (中山大學). Mr. Liu is currently an independent director of Guangzhou Development Group Incorporated (廣州發展集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600098), and Guangzhou Canudilo Fashion & Accessories Co., Ltd. (廣州卡奴迪路服飾股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002656).

Mr. Peng Xiaolei (彭曉雷), aged 62, is an independent non-executive Director and has served as a Director since February 2004. Mr. Peng obtained his master degree in economics from Zhong Nan Finance University and has obtained the professional qualification of senior accountant. Mr. Peng was the deputy general manager and the chief accountant of Guangdong Guangye Assets Management Co., Ltd. (廣東省廣業資產經營有限公司) ("Guangye Assets") from 2002 to 2013. Mr. Peng was responsible for supervising the internal controls and reviewing the financial statements of Guangye Assets; he also compiled a number of financial regulatory handbooks for Guangye Assets. From 2001 to 2002, Mr. Peng was the deputy chief accountant of GCGC and was responsible for supervising the internal controls of GCGC and preparing its financial statements. Other major past positions of Mr. Peng include serving as a lecturer in finance and accounting and the deputy dean of the department of accountancy of Guangdong University of Business Studies, as well as the manager of the capital and finance department of the Guangdong Branch of China Unicom Limited.

Mr. Jin Wenzhou (靳文舟), aged 53, is an independent non-executive Director. Mr. Jin is currently a professor and PhD Supervisor of transportation engineering at Civil and Transportation of South China University of Technology, and the team leader of the Transportation Planning and Management Academic Team at South China University of Technology. Mr. Jin graduated from Jilin University with a master's degree of science in probability and statistics and further received a PhD degree in transport management engineering from Jilin University of Technology. From 1985 to 1999, Mr. Jin taught at Jilin University of Technology, during which, from 1996 to 1997, Mr. Jin was a senior visiting scholar at the Transportation Research Center at the University of London. Mr. Jin then began teaching at South China University of Technology in 1999 and was appointed to his current post as professor in 2001. Mr. Jin was also the former head of transportation department at Jilin University of Technology and the vice president of School of Civil and Transportation Engineering, South China University of Technology. Mr. Jin also holds the following posts: member of Guangdong Province Smooth Traffic Project Group (廣東省暢通工程專家組), supervisor of the Transportation Association of Guangdong Province (廣東省交通運輸協會), member of experts committee of Guangdong Traffic and Transport Association (廣東省城市公共交通協會), and member of guidance committee for Road Transport and Engineering Education of the Ministry of Education (教育部道路運輸與工程教學指導委員會).

SUPERVISORS

The Company has seven Supervisors, including two independent Supervisors (namely, Ms Lu Zhenghua and Mr. Bai Hua), three Supervisors representing the staff of the Company (namely, Ms. Ke Lin, Ms. Li Hui and Mr. Lei Jian) and two Supervisors appointed by the Shareholders (namely, Mr. You Xiacong and Ms. Li Haihong).

Mr. You Xiacong (游小聰), aged 46, has been a Supervisor since December 2012 and is the chairman of the supervisory committee of the Company. Mr. You is a senior accountant. He obtained a bachelor degree in transport and logistics financial accounting from the Xi'an Highway University (西安公路學院). He has served in the audit and compliance department of GCGC since August 2008. Mr. You has also served as the chairman of the supervisory committee of Guangdong Communication Enterprise Investment Company Limited (廣東交通實業投資有限公司) and Guangdong Provincial Expressway Development Co., Ltd. (廣東省高速公路發展股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock code: 000429), since October 2012. Mr. You served as a supervisor and the chairman of the supervisory committee of both Guangdong Vehicles Transportation Group and Guangdong Highway Design Institute Co., Ltd. (廣東省公路勘察規劃設計院股份有限公司) from August 2008 to September 2012. Mr. You also served as the finance manager and subsequently a director and the chief accountant of Kee Kwan Motor Road Company Limited (岐關車路有限公司).

Ms. Li Haihong (李海虹), aged 42, has been a Supervisor since December 2012. Ms. Li Haihong is a senior economist. She graduated from the Beijing University of Aeronautics & Astronautics, majoring in law. Ms. Li has served in the audit and compliance department of GCGC since October 2008. She has also served as a supervisor of Guangdong Communication Enterprise Investment Company Limited (廣東交通實業投資有限公司) since October 2012. Other major past positions of Ms. Li include serving as a supervisor of Guangdong Provincial Freeway Co., Ltd. (廣東省高速公路有限公司), deputy head of the operation contract department and head of the audit and compliance department of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建設集團有限公司).



Ms. Lu Zhenghua (陸正華), aged 51, is a Supervisor. Ms. Lu Zhenghua holds a master degree in economics from the Finance Department of Jinan University majoring in money and banking, and has obtained a Doctor of Philosophy degree in Business Management from the Faculty of Administration and Management of the Macau University of Science and Technology. Ms. Lu is a member of The Chinese Institute of Certified Public Accountants. She has also participated in formulating, and has provided advice and opinions on, the financial operation systems and listing financing plans of various companies. Since 1993, she has been committed to teaching finance courses in the School of Business Administration of South China University of Technology, and has been an associate professor since 2000. Ms. Lu acted as a teaching assistant and a lecturer of the Economics and Management Department of East China Jiaotong University. Ms. Lu is currently an independent director of Guangzhou Comet Co., Ltd. (廣州科密股份有限公司) and Guangdong Gensho Logistics Co., Ltd. She is also a director of Guangdong Dazhi Environmental Protection Technology Co., Ltd.

Mr. Bai Hua (白華), aged 44, is a Supervisor. Mr. Bai holds a master degree in Economics and a Doctor of Philosophy degree in Management from the Economics and Management School of Wuhan University. He is a member of The Chinese Institute of Certified Public Accountants (non-Practising). Mr. Bai has been a teacher of the Department of Accounting under the School of Management in Jinan University since 2003, and an associate professor and tutor of master degree students since 2005. Mr. Bai is currently an independent director of Luxiang Co., Ltd (stock code: 002192) and Guangzhou Echom Science & Technology Co., Ltd. (stock code: 002420), companies listed on the Shenzhen Stock Exchange. His other major appointments include being a director of Guangdong Institute of Auditors and a member of the Promotion Committee of Guangdong Institute of Certified Public Accountants.

Ms. Ke Lin (柯琳), aged 45, is a Supervisor. She is the secretary of discipline inspection committee and the chairman of labor union of the Company and Guangdong Vehicles Transportation Group, and the deputy general manager of Guangzhou Yueyun Investment Management Company Limited. Ms. Ke graduated from South China Normal University with a bachelor's degree, majoring in psychology. Ms. Ke joined Guangdong Vehicles Transportation Group as chairman of labor union in 2008. She has successively held various positions at Guangzhou University of Chinese Medicine, including staff member, senior staff member and section chief of human resources division, and section chief and head of general office of the discipline inspection committee.

Ms. Li Hui (李輝), aged 50, is a Supervisor and is currently the deputy manager of the Company's logistics management department. Ms. Li is also a supervisor of Guangdong Feida Traffic Engineering Company Limited. Ms. Li previously served as senior supervisor of the assets management department and deputy manager of the audit and compliance department of the Company. Prior to joining the Group, she had served in different accounting posts in various companies, including Unified Seafood Co., Inc. in the United States. Ms. Li obtained a bachelor's degree in accounting from the University of Southern California in 1999 and has professional qualifications as economist and auditor.

Mr. Lei Jian (雷建), aged 50, is a Supervisor and the manager of the passenger transport management department of the Company, and the manager of the operation management department of Guangdong Vehicles Transportation Group. Mr. Lei Jian graduated from Macau University of Science and Technology with an MBA degree in July 2004. He has obtained the professional qualification of a senior economist. Mr. Lei currently also holds the following positions: chairman of the board of directors of Chaozhou City Yueyun High Speed Passenger Traffic Company Limited (潮州市粵運高速客運有限公司) and Puning City Yueyun Development Co., Ltd. (普寧市粵運華展有限公司), and a director of Guangzhou Yueyun Transportation Company Limited (廣州粵運交通運輸有限公司), Shenzhen City Shenwei Lighter Transportation Company Limited (深圳市深威駁運有限公司), Guangdong Province Guangshen High Speed Coach Company Limited (廣東省廣深高速巴士有限公司), Guangdong Yueyun Number Two Transportation Company Limited (廣東粵運二汽運輸有限公司), Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd. (廣東廣江高速客運有限公司), Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd. (汕頭市潮陽粵運天島運輸有限公司), Guangdong Province Guangshan High Speed Passenger Traffic Company Limited (廣東省廣汕高速客運有限公司), Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd. (廣東省廣陽高速客運有限公司), Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd. (廣東省深汕高速客運有限公司), Zhongshan City Yueyun Tongxing Transportation Co., Ltd. (中山市粵運同興運輸有限公司), Shantou City Automobile Passenger Traffic Center Co., Ltd. (汕頭市汽車客運中心站有限公司), Guangzhou City Yueyun Motor Transportation Co., Ltd. (廣州市粵運汽車運輸有限公司), Heyuan City Yueyun Motor Transportation Co., Ltd. (河源市粵運汽車運輸有限公司) and Foshan City Sanshuiqu Yueyun Traffic Company Limited (佛山市三水區粵運交通有限公司). His other major past working experiences include working at Guangzhou Container Transportation Co., Ltd. (廣州集裝箱運輸公司), Guangdong Vehicles Transportation Co., Ltd. (廣東省汽車運輸公司), Guangdong Provincial Highway Administration Bureau (廣東省公路運輸管理局) and The Motor Transport Company of Guangdong and Hong Kong Limited. He also served as the

deputy general manager of Guangdong Vigor International Travel Services Limited (廣東活力國際旅行社), the deputy general manager of Guangdong Province Guangshen High Speed Coach Co., Ltd., and the general manager of Guangdong Province Guangshan High Speed Passenger Traffic Company Limited.

SENIOR MANAGEMENT

Mr. Rao Fengsheng (饒鋒生), aged 50, is the vice secretary of the party committee of the Company. Mr. Rao is a senior economist and qualified senior political commissar. He graduated from the Guangdong Social Science University with a degree in corporate management and from Beijing Institute of Technology (北京理工大學) with a bachelor. He obtained a bachelor of laws degree from Beijing Institute of Technology, graduated from Jinan University (暨南大學) with a postgraduate degree in applied psychology, and obtained a master degree in EMBA from South China University of Technology. Mr. Rao served as a Supervisor of the Company from June 2007 to May 2013, the manager of the human resources department of the Company from February 2003 to September 2006 the deputy secretary of the party committee and the secretary of the discipline inspection committee and the chairman of the labor union of the Company from September 2006 to January 2013. His other major past working experiences include working in the bridge research centre, technology office, the party committee and office of Guangdong Provincial Transportation Science Research Institute (廣東省交通科研院所) as the deputy director, and as the deputy manager of the administration department, the manager of the human resources department, the deputy director and a secretary of the branch of party of the Guangzhou office of Xin Yue Company Limited.



Mr. Wei Hengdong (魏衡東), aged 44, is the deputy general manager of the Company and a director and the chairman of Guangdong Province Transportation Engineering Company Limited, which is a subsidiary of the Company. Mr. Wei graduated from South China University of Technology, majoring in architecture, and is a qualified construction engineer. Mr. Wei previously held the following major positions: successively a director of Kwong Fat Transport Limited and Guangdong Provincial Motor Transportation Design House (廣東省汽車運輸建築設計室) under Guangdong Vehicles Transportation Group, the general manager of the properties management branch of Guangdong Vehicles Transportation Group, the chairman of Guangdong Yunxing Properties Management Company Limited (廣東運興物業管理公司), a director and the deputy general manager of Guangdong Vehicles Transportation Group, and successively the deputy general manager and a director and the deputy general manager of Weisheng Transportation & Enterprises Company Limited.

Mr. Luo Yongtao (羅永滔), aged 58, is the chief engineer of the Company and Guangdong Vehicles Transportation Group. Mr. Luo graduated from South China University of Technology, majoring in motor vehicle design and manufacturing, and is a senior engineer. He previously held the following major positions: successively a cadre and the deputy director of motor vehicle laboratory of the Guangdong Provincial Transportation Science Research Institute (廣東省交通科學研究所汽車研究室) and concurrently the deputy head and director of Guangdong Provincial Motor Vehicle Quality Supervision and Inspection Station (廣東省機動車輛質量監督檢驗站), head of Guangdong Motor Vehicle Quality Supervision and Inspection Station, and successively the manager of technology department, deputy chief engineer and head of vehicle repair plant and chief engineer of GD-HK Company.

Mr. Yu Wenhao (余文浩), aged 43, is a member of the party committee of the Company and the chairman and party secretary of Top-E. Mr. Yu obtained an executive master of business administration degree from South China University of Technology and is a qualified economist. The major positions previously held by Mr. Yu include: an accountant at the finance department of Guangdong Provincial Freeway Co., Ltd. (廣東省高速公路有限公司), deputy head and finance officer of the preparation office of Huizhou-Heyuan Expressway, chief accountant of Guangdong Huizhou-Heyuan Expressway Co., Ltd. (廣東省河惠高速公路有限公司), manager of the securities department of the Company, general manager of Guangdong Newway Advertising Limited, and general manager of Top-E.

Mr. Liu Zhiquan (劉志全), aged 48, has joined the Group since 2000 as the secretary to the Board and has served as the managing director of Guangdong Nan Yue Logistics (HK) Limited (廣東南粵物流股份(香港)有限公司) since July 2009. He obtained a master's degree in business administration in 1999. He graduated from the course of advanced study for secretaries of boards of directors provided by the training centre of the Ministry of Commerce of the PRC in 2004. Mr. Liu is currently a member of the Hong Kong Institute of Chartered Secretaries and possesses professional technical qualifications as an economist. The major past positions of Mr. Liu include serving as a cadre in Guangdong Navigation Administration Bureau (廣東省航務管理局), a secretary of secretary section in the Department of Communications of Guangdong Province (廣東省交通廳), the deputy manager of Guangdong Provincial Communication Development Co., Ltd. (廣東省交通開發公司), the managing director of Guangdong Yuefeng Real Estate Development Co., Ltd. (廣東粵峰房地產開發有限公司), and the deputy director at the General Manager's Office of Guangdong Highway Construction Co., Ltd. (廣東省公路建設公司). He had concurrently served as the office director and the manager of business department of the Company.



CORPORATE GOVERNANCE REPORT

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

The Company had fully complied with all the provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules during the year ended 31 December 2013.

The Company considers that sufficient measures have been taken to ensure that corporate governance practices of the Company were in line with the CG Code for the year ended 31 December 2013.

The following gives a brief account of the corporate governance of the Company for the year ended 31 December 2013.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises eleven Directors, including five executive Directors, two non-executive Directors and four independent non-executive Directors. The members are as follows:

Chairman:

Mr. Xuan Zongmin

Executive Directors:

Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Fei Dachuan and Mr. Guo Junfa

Non-executive Directors:

Mr. Liu Wei and Mr. Li Bin

Independent Non-executive Directors:

Mr. Gui Shouping, Mr. Liu Shaobo, Mr. Peng Xiaolei and Mr. Jin Wenzhou

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

The chairman and the general manager of the Company are two distinct and separate positions, which are held by Mr. Xuan Zongmin and Mr. Tang Yinghai respectively, Mr. Xuan Zongmin and Mr. Tang Yinghai are executive Directors.

The Board is accountable to the general meetings of the Company under its commitment to pursue the best interests of the Shareholders. The Board focuses on overall strategies and policies with particular attention paid to the business development and financial performance of the Company. Board members collectively and individually accept the responsibility for the management and control of the Company for the interests of Shareholders.

The main duties of the Board include: determining the operating plans and investment proposals of the Company, evaluating the performance of the Company, overseeing the management, convening general meetings and executing the resolutions passed in general meetings of the Company. The interests of Shareholders’ and the Company are the primary concern for every member of the Board. The Directors shall perform their duties in accordance with the relevant laws and regulations in a diligent manner.

Moreover, the Board is also responsible for reporting a clear and balanced assessment of the Company’s performance and prospects, preparing accounts that give a true and fair view of the Company’s financial position on a going concern basis and disclosing other price-sensitive announcements and financial information.

The management is responsible for implementing the policies and strategies as determined by the Board, and is delegated with the daily operations and administration of the Company.

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

All Directors (including non-executive Directors) were appointed for a term of office until the expiration of the current session of the Board and are eligible for re-election upon the expiry of their terms.

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

The Directors acknowledge that it is their responsibility to prepare the Group's financial statements and warrant that the financial statements are prepared in accordance with the requirements of laws and regulations and applicable accounting standards. The Directors also warrant the timely publication of the Group's financial statements.

For the year ended 31 December 2013, the Company held a total of eleven Board meetings, with an average attendance rate of 100%. The Company kept detailed minutes for the business transacted in such meetings.

The attendance records of each member of the Board at the Board meetings, annual general meeting (AGM) and extraordinary general meetings (EGM) for the year ended 31 December 2013 are set out below:

		Board Meetings		AGM and EGM	
		Attended/ held	Attendance rate	Attended/ held	Attendance rate
Executive Directors					
Mr. Xuan Zongmin (Chairman)	Appointed as a non-executive Director on 6 June 2012, and re-designated as an executive Director on 18 December 2012	11/11	100%	1/2	100%
Mr. Tang Yinghai	Appointed as a non-executive Director on 6 June 2012, and re-designated as an executive Director on 18 December 2012	11/11	100%	2/2	100%
Mr. Yao Hanxiong	Appointed on 18 December 2012	11/11	100%	1/2	100%
Mr. Fei Dachuan	Appointed on 4 April 2014	N/A	N/A	N/A	N/A
Mr. Guo Junfa	Appointed on 18 December 2012	11/11	100%	1/2	100%
Non-executive Directors					
Mr. Liu Wei	Appointed on 6 June 2012	11/11	100%	2/2	100%
Mr. Li Bin	Appointed on 18 December 2012	11/11	100%	1/2	100%
Independent Non-executive Directors					
Mr. Gui Shouping	Appointed on 2 February 2004	11/11	100%	1/2	100%
Mr. Liu Shaobo	Appointed on 2 February 2004	11/11	100%	1/2	100%
Mr. Peng Xiaolei	Appointed on 2 February 2004	11/11	100%	0/2	50%
Mr. Jin Wenzhou	Appointed on 4 April 2004	N/A	N/A	N/A	N/A

Note:

Mr. Liu Wei and Mr. Li Bin are both non-executive Directors of the Company. Mr. Liu Wei serves as the deputy general manager of GCGC, and Mr. Li Bin serves as the deputy head of strategic development department of GCGC. Therefore, as each of Mr. Liu Wei and Mr. Li Bin is deemed to have a material interest in the continuing connected transactions and the transactions contemplated under each of the Non-Exempt Continuing Connected Transaction Agreements, they had abstained from voting in the Board meetings held to approve the continuing connected transactions and the Non-Exempt Continuing Connected Transaction Agreements.

Apart from the above regular Board meetings, the Board met on other occasions when a board-level decision on a particular matter was required. The Directors received details of agenda items for decision and minutes of the committee meetings in advance of each Board meeting.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

In order to ensure the Directors of the Company have the comprehensive information, knowledge and skills required to perform the duties of directors, the Company has arranged lawyers to provide directors' training for newly appointed Directors upon approval of their appointments by the Shareholders. Meanwhile, the Company has also distributed relevant information to Directors from time to time for communicating the relevant requirements in the aspects of laws and regulations and listing rules to the Directors.

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

Name of Director	Read Materials	Participated Training
Mr. Liu Wei	√	√
Mr. Xuan Zongmin	√	√
Mr. Tang Yinghai	√	√
Mr. Yao Hanxiong	√	√
Mr. Fei Dachuan	√	√
Mr. Guo Junfa	√	√
Mr. Li Bin	√	√
Mr. Gui Shouping	√	√
Mr. Liu Shaobo	√	√
Mr. Peng Xiaolei	√	√
Mr. Jin Wenzhou	√	√

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' and Supervisors' securities transactions for the year ended 31 December 2013. Having made specific enquiries of all Directors and Supervisors, they have confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2013.

COMMITTEES OF THE BOARD

The Company has established an audit and corporate governance committee (the "Audit and Corporate Governance Committee"), a remuneration committee (the "Remuneration Committee") and a nomination committee (the "Nomination Committee").

The Company's audit and corporate governance committee, remuneration committee and nomination committee have laid down specific terms of reference, detailing the powers and responsibilities of these committees. All the committees shall 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.

Audit and Corporate Governance Committee

The Company has established the Audit and Corporate Governance Committee in compliance with the CG Code. The Company has been in compliance with the requirements relating to the audit committee as set out in Rule 3.21 of the Listing Rules for the year ended 31 December 2013. The primary duties of the Audit and Corporate Governance Committee are, among others, to appoint external auditors, review and supervise the Group's financial reporting process, review interim and annual results and internal control system of the Group and provide advice and comments to the Board, and monitor the corporate governance of the Company. As at 31 December 2013, the

Audit and Corporate Governance Committee had a total of three members, including two independent non-executive Directors, namely Mr. Peng Xiaolei (chairman) and Mr. Liu Shaobo, and one non-executive Director, namely Mr. Li Bin. The members of the Audit and Corporate Governance Committee met regularly with the management and external auditors and reviewed the external audit reports and financial statements of the Group, and made recommendations thereon. The Company has reported the financial position and internal audit results of the Company to the Audit and Corporate Governance Committee. The Company's auditor, Deloitte Touche Tohmatsu CPA LLP (Special General Partnership), also proposed management suggestions to the Audit and Corporate Governance Committee according to the audit result. The Audit and Corporate Governance Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2013 and recommended their adoption by the Board.

The Audit and Corporate Governance Committee reviews and monitors the Company's corporate governance, and makes recommendations thereon. The conduct, compliance and corporate governance of directors and employees are regulated by the Articles of Association and internal rules and systems of the Company. The Audit and Corporate Governance Committee reviews and monitors whether the directors, supervisors, management and employees of the Company have complied with the Corporate Governance Code, the Articles of Association and internal rules and systems.

The Audit and Corporate Governance Committee held two meetings for the year ended 31 December 2013 with an average attendance rate of 100%.

The Audit and Corporate Governance Committee members' attendance records of the Audit and Corporate Governance Committee's meetings for the year ended 31 December 2013 are set out below:

	Meetings attended/held	Attendance rate
Mr. Peng Xiaolei (Chairman)	2/2	100%
Mr. Liu Shaobo	2/2	100%
Mr. Li Bin	2/2	100%

Remuneration Committee

The Company has also established the Remuneration Committee to advise the Board in respect of the remuneration policy and structure of Directors and senior management of the Company and of the establishment of formal and transparent procedures in formulating remuneration policy; to review and approve the remuneration recommendations by the management according to the corporate policies and objectives set by the Board; to recommend to the Board the remuneration packages of Directors and senior management of the Company; to assess the performance of the executive Directors; to recommend and establish annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans. As at 31 December 2013, the Remuneration Committee consists of one executive Director, Mr. Xuan Zongmin, and two independent non-executive Directors, Mr. Gui Shouping and Mr. Liu Shaobo. Mr. Gui Shouping is the chairman of the Remuneration Committee. The Remuneration Committee held three meetings for the year ended 31 December 2013 with an average attendance rate of 100%. The Remuneration Committee proposed recommendations on improving the Company's remuneration policy for 2013 and advised on the remuneration of newly appointed directors and supervisors.

The Remuneration Committee members' attendance records of the Remuneration Committee's meetings for the year ended 31 December 2013 are set out below:

	Meetings attended/held	Attendance rate
Mr. Gui Shouping (Chairman)	3/3	100%
Mr. Liu Shaobo	3/3	100%
Mr. Xuan Zongmin	3/3	100%

Nomination Committee

The Company has also established the Nomination Committee, which is mainly responsible for reviewing the structure and composition of the Board and making recommendations on the appointment of Directors and shall be accountable to the Board. As at 31 December 2013, the Nomination Committee had one non-executive Director Mr. Liu Wei, and two independent non-executive Directors, Mr. Gui Shouping and Mr. Liu Shaobo. Mr. Liu Wei is the chairman of the Nomination Committee.

During the year ended 31 December 2013, the Nomination Committee held two meetings with an average attendance rate of 100%. The Nomination Committee members proposed and passed resolutions on nominated candidates of executive Directors and non-executive Directors in the nomination committee meeting.

The Nomination Committee nominates candidates for appointment as Directors. After considering the structure and personnel of the Board of Directors, provisions of the Articles of Association relevant to the Board, the education history, professional background and working experience of the proposed Director nominees, those who are considered to be suitable Director candidates will be recommended by members of the Nomination Committee to the Board of Directors for submission to the Shareholders' meeting by the Board for approval of appointments.

The Nomination Committee members' attendance records of the Nomination Committee's meetings for the year ended 31 December 2013 are set out below:

	Meetings attended/held	Attendance rate
Mr. Liu Wei (Chairman)	2/2	100%
Mr. Liu Shaobo	2/2	100%
Mr. Gui Shouping	2/2	100%

SUPERVISORY COMMITTEE

The supervisory committee (the "Supervisory Committee") of the Company comprises seven members, including two independent Supervisors (namely, Ms. Lu Zhenghua and Mr. Bai Hua), two Supervisors appointed by Shareholders (namely, Mr. You Xiacong and Ms. Li Haihong), and three Supervisors representing the staff of the Group (namely, Ms. Ke Lin, Ms. Li Hui and Mr. Lei Jian). 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 staff. For the year ended 31 December 2013, the Supervisory Committee examined the financial position and the legal compliance of the operations of the Company and conducted a due diligence review of the senior management of the Company through convening the Supervisory Committee's meetings and attending the Board meetings and general meetings of the Company, as well as performing its duties in a proactive and diligent manner under the principles of due care.

During the year ended 31 December 2013, the Supervisory Committee held one meeting.

INTERNAL CONTROL

The Board is responsible for the establishment and maintenance of the internal control system of the Company, reviewing the effectiveness of the key operational and financial procedures and maintaining the safe and effective operation of the Group's assets, so as to safeguard the interests of the Shareholders.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard the assets of the Group. The internal control system of the Company includes an optimised organizational structure and a comprehensive set of policies and standards. The responsibilities of each of the business and operational units shall be clearly presented to ensure effective control.

The Directors have conducted a review on the internal control system of the Company. For the year ended 31 December 2013, the Company attached great importance to its internal control. Having considered the resources and qualifications of the staff of the Company's accounting and financial reporting functions, the Directors considered that the Company could adopt a number of effective measures to monitor and control the Company's business and prevent potential risks, the particulars of which are as follows:

1. Financial control

Our Philosophy

The Company believes that risk management is the key to operate an enterprise as a going concern, and also the key to ensure our long term growth and profitability. This is especially true in an ever changing economic environment such as what we are facing

now. It is important to improve our risk management to align with our management development needs. The Company consistently upholds a belief that risk management is the first priority task of management personnel at all levels of the enterprise. Risk management is an integral and inseparable part of the duty of management's daily businesses of the Company.

Our Objectives

The Company focuses on the establishment of a scientific risk management system, controlling the risks which may hamper the achievement of our strategic and operational goals to the lowest extent acceptable to our management, ensuring compliance with the relevant laws and regulations of the PRC and relevant authorities, ensuring the proper implementation of material investments and operations in achieving the strategic goals set by the Company, enhancing the Company's operational efficiency, and minimising the effects of risk factors to optimise management effectiveness.

Establishment of Risk Management System

According to the actual operation environment and business conditions, our risk management was carried out by external accounting firms and an internal financial risk control unit to establish the risk management system to implement strict and effective risk control.

The Company has strictly complied with the relevant requirements of the Stock Exchange since its listing in 2005. We have engaged PricewaterhouseCoopers Zhong Tian LLP, Guangdong Zhengzhong Zhujiang Certified Public Accountants and Deloitte Touche Tohmatsu CPA LLP respectively through public tender to audit our statements over the years to ensure the external disclosed data are in compliance with the requirements of legal and accounting standards. The external accounting firms engaged by the Company possess the quality of the highest professional requirements and objectivity in the industry, and the financial reports disclosed to the Shareholders and market investors are true and valid.

The accounting firms engaged by the Company externally implemented measures such as strictly audit financial information, compact financial data and inspect risk matters, and proposed effective management recommendations to the Company for improving business operation, strengthening business risk management and refining project auditing process. The Company, taking into consideration its strategies and plans, annually adjusts its operation according to the operating recommendations from the accounting firms in order to effectively control its operation risk. The accounting firms have issued unqualified audit reports over the years.

The Company attached great importance to its internal control. After years of financial practices, we have formulated a series of financial rules and system which focused on various processes of financial management, such as approval authorization, payment limits and payment process, and gradually formulated a financial system mechanism. We used the financial system mechanism to establish specific and defined rules and requirements of financial standardization through various aspects such as risk identification, risk measurement and risk control, and reviewed the system formulation annually for modifications. All financial systems required all units to implement such amendments according to their own operation features.

The Company carried out various processes towards investment projects, such as feasible study, tender and settlement upon completion to strictly control the lawfulness and reasonableness of fund usage. It also established a standing book in order to control the budget of fund management and its usage. Each unit of the Company shall also comply with the system arrangement in respect of new investment projects which will be implemented subject to senior level approval.

The Company is subject to internal review annually by the supervisor appointed by GCGC, which reviewed its operation and identified operation risk. The Company also made rectifications according to the audit results to improve its operation management and to safeguard its sustainable development. The Company also designated its appointed members of the supervisory committee to audit all its units, as well as standardized its operation and reformed its business to ensure that the risk was controllable and the objectives were attained.

2. Operational Control

The management of the Company and all departments undertake their respective work and faithfully perform their functions and discharge their duties in accordance with the Articles of Association and systems of the Company to ensure the safe operation of the Company's businesses.

The Company carries out statistics compilation and analysis on its operations on a monthly basis, enabling the management to have a better grasp of the situation to make judgments and decisions. The material events of the Company are submitted to the Board and general meetings of the Company for consideration and voting in accordance with the Articles of Association. The Supervisors supervise the exercise of powers by the management and the Board in the management of affairs of the Company and provide advice and make recommendations.

3. Compliance Control

In the course of the Company's external expansion of operations, the relevant laws and regulations are complied with to strengthen the internal management systems of the Company. The management staff and departments of the Company entered into contracts and took part in tendering processes in accordance with the management requirements of the Company. The Company has in place a designated team of professionals for legal matters, which advises on the lawfulness and compliance of material operational decisions.

The Company has established its information disclosure mechanism pursuant to the "Measures for the Administration of Information Disclosure" to ensure that the Company can report matters of significance promptly and ensure the accuracy and timeliness of regular reports and provisional reports of the Company. The Company has also established Measures for the Administration of Insider Information Confidentiality and Registration (內幕信息保密和登記管理辦法) to strengthen the management of inside information of the Company.

The Company compiles regular statistics of connected transactions which occur in various subsidiaries and departments pursuant to the Listing Rules and Provisions on the Administration of Connected Transactions of the Company, to ensure that the proceeding and procedures of connected transactions and the disclosure of information are in compliance with the requirements of the Listing Rules.

4. Risk Management and Internal Audit

2013 internal audit was carried out according to the annual audit plan and requirements of the management, which identified and evaluated the risk control status of all business processes and the management system of the Company by combining various tasks, such as annual review of the Supervisory Committee, economic liabilities audit, construction project audit and construction

process tracking audit, special research and study and effectiveness monitoring, which fully sorted out and discovered the defects in our key business processes and management mechanism, providing helpful support for decision-making of management and optimization of management process in business department to promote expansion of revenue streams, cost cutting and efficiency enhancement and to fully unleash the internal audit effectiveness on optimising enterprise management and improving economic efficiency.

In 2013, the Company carried out 36 internal audit with and relevant items, and proposed 62 audit recommendations. Meanwhile, the internal audit had regularly followed up the implementation of audit recommendations to achieve the implementation of relevant company improvement plans.

AUDITOR

The Company has appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP as the auditor of the Company. The fees for the audit and non-audit services provided by the above auditor to the Group for the year ended 31 December 2013 amounted to RMB5,530,000 (before tax), of which RMB4,350,000 was audit service fees and RMB1,180,000 was interim review fees.

The statement of the auditor of the Company concerning their responsibilities in the financial statements of the Company is set out in the Auditors' Report on page 90 of this annual report.

JOINT COMPANY SECRETARIES

Ms. Zhang Li and Mr. Kwok Siu Man have been appointed as joint company secretaries (the "Joint Company Secretaries") of the Company. As Ms. Zhang does not possess the qualifications of company secretary under Rule 3.28 of the Listing Rules, the Company has made an application to the Stock Exchange for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with such requirements in relation to the appointment of Ms. Zhang as a joint company secretary of the Company on the condition that Mr. Kwok will provide assistance to Ms. Zhang during the waiver period until 8 November 2015 to enable her to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules). The waiver will be revoked if Mr. Kwok ceases to be a joint company secretary of the Company. It is expected that, after the waiver period, the Company will be able to demonstrate that Ms. Zhang can satisfy Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

Ms. Zhang has served as the manager of the Securities and Legal Department of the Company. She is a senior economist. Ms. Zhang is also a director of Guangdong Southchina Logistics Enterprise Co., Ltd. (廣東南粵物流實業有限公司), and a director of Guangdong Xinyue Communications Investment Company Limited (廣東新粵交通投資有限公司). Ms. Zhang Li joined the Company in March 2001 and worked as the deputy manager of the securities department of the Company. Prior to joining the Company, she worked in the securities department of Guangzhou Economic and Technological Development Zone International Trust and Investment Company (廣州經濟技術開發區國際信託投資公司). Ms. Zhang Li obtained a bachelor of economics degree from Huazhong University of Science and Technology (華中理工大學) in 1993 and obtained a master of economics degree from Jinan University (暨南大學) in 2002.

Mr. Kwok is the Head of Corporate Secretarial in Boardroom Corporate Services (HK) Limited. Mr. Kwok is a fellow member of The Institute of Chartered Secretaries and Administrators and The Institute of Financial Accountants in England and The Hong Kong Institute of Chartered Secretaries ("HKICS") and possesses a number of other professional qualifications. He holds a postgraduate diploma in laws and a bachelor of accountancy degree and has extensive experience in company secretarial practice. In addition, Mr. Kwok was the chief examiner and the longest-serving director of the HKICS. Currently, Mr. Kwok is acting as the company secretary of each of Far East Hotels And Entertainment Limited (Stock Code: 37) and OTO Holdings Limited (Stock Code: 6880), both of which are companies listed on the Stock Exchange.

During the year the Joint Company Secretaries have complied with Rule 3.29 of the Listing Rules for taking no less than 15 hours of relevant professional training.

GENERAL MEETINGS

The general meeting holds the highest authority of the Company. The Company held the 2012 Annual General Meeting on 30 May 2013 to consider and approve eight ordinary resolutions regarding, among others, the Directors Report for 2012, the payment of 2012 final dividend and appointment of Directors, supervisors and auditors, as well as a total of two special resolutions regarding the change of company name and amendments to the Articles of Association. The Company held an extraordinary general meeting on 31 December 2013 to consider and approve ordinary resolutions regarding the new continuing connected transactions, renewal of annual caps for existing continuing connected transactions and proposed appointment of Directors, and the special resolution of proposed amendments to the Articles of Association. The general meetings of the Company have complied with the relevant legal formalities to ensure participation of Shareholders and the exercise of their powers.

The Company highly values the functions of the general meetings, and therefore encourages all Shareholders to attend the general meetings, which serve as a direct and effective communication channel between the Board and the investors of the Company. The Articles of Association expressly provides for the rights of the Shareholders, including the right to attend, to receive notices to, and to vote in general meetings.

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

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

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

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

At the Shareholders' general meeting convened by the Company, Shareholders who have 5% or above of the total number of shares of the Company with voting rights are entitled to propose new motions in writing to the Company, and the Company should include proposed items within the terms of reference of a general meeting in the agenda of such meeting. However such proposal is required to be duly served on the Company within 30 days commencing from the issue date of the aforesaid notice of general meeting. Shareholders who submit the proposal shall comply with the following conditions: (1) the content of the proposal must not violate any provisions of laws and regulations and must be within the scope of the operations of the Company and the terms of reference of the general meeting; (2) the proposal must contain explicit topics and specific resolutions; and (3) the proposal must be submitted to or duly served on the Board of Directors in writing. Shareholders may submit the above proposal by way of telephone at 8620-37637013, by fax at 8620-32318269 or email at zqb@gdyueyun.com.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

In respect of any disclosable and significant event, the Company will make accurate and complete information disclosure through the publication of announcements, notices, circulars, interim and annual reports in a timely manner on the websites of the Stock Exchange and the Company, pursuant to the disclosure requirements under the Listing Rules. This is to ensure the right to information and participation of the Shareholders and to provide a true and fair view of the Company to the public.

The Company has established a specialised team responsible for investor relations. Placing strong emphasis on communication with investors, the Company considers that maintaining on-going and open communications with investors could enhance investors' understanding of and confidence in the Company as well as improving its corporate governance standards. The management of the Company maintains close communications with investors through different channels, such as news conferences and one-on-one meetings, so that investors may have a better understanding on the Company's management philosophy, operating environment and development strategies.

The Company maintains its website at <http://www.gdyueyun.com>, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

DIRECTORS' REPORT

The Board presents the report of the Directors for the year ended 31 December 2013 together with the audited financial statements of the Group for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

In 2013, the principal activities of the Company included the provision of motor vehicle transportation and auxiliary services, material logistics services, expressway service zones and related auxiliary services. The Company is an investment holding company and details of the principal activities of the Company's principal subsidiaries are set out in note (VI) 8 to the financial statements.

FINANCIAL RESULTS

The financial highlights of the year are set out on pages 4 to 5 of this annual report. The discussion and analysis of the Group's results and financial position of the year are set out on pages 33 to 46 of this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's results for the year ended 31 December 2013 prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant regulations (the "CASBE") are set out on page 97 of this annual report.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the current year as well as the last five financial years are set out on page 47 of this annual report.

NET PROFIT ATTRIBUTABLE TO SHAREHOLDERS AND DIVIDENDS

The Board recommended the payment of the final dividend of 2013 and resolved to propose an issue of bonus shares of the Company ("Shares"), as follows: (1) distribution of the final dividend of 2013 of RMB0.10 before tax per share, which amounted to approximately RMB41,760,000; and (2) issue of four bonus Shares for every ten existing Shares on the basis of the total share capital of the Company as at 31 December 2013 of 417,641,867 Shares (the "Bonus Shares Issue"). Following the shares issue, the Company's total share capital will increase from approximately RMB417,640,000 to RMB584,700,000, its retained profit will decrease from approximately RMB475,920,000 to RMB308,860,000, and the net assets per share attributable to owners of the Company will decrease from RMB3.481 (equivalent to HKD4.438) to RMB2.486 (equivalent to HKD3.170). The proposal is subject to approval by Shareholders at the annual general meeting ("AGM") to be held on 26 June 2014.

The payment of the final dividend is subject to approval by the Shareholders at the AGM. The Bonus Shares Issue is subject to the following conditions:

- (i) the approval of the Shareholders at the AGM and the Shareholders of H Shares and Shareholders of domestic Shares of the Company at the respective class meetings;
- (ii) the approval granted by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the listing of, and permission to deal in, the new H Shares to be issued under the Bonus Shares Issue; and
- (iii) if required, the compliance with the relevant laws and regulations and requirements under the Company Law of the PRC to effect the Bonus Shares Issue.

Upon approval, the Shareholders whose names appear on the registers of members at 4:30 p.m. on Thursday, 10 July 2014 will be entitled to the final dividend and the Bonus Shares Issue.

For the distribution of dividends, dividends for holders of Domestic Shares will be distributed and paid in RMB, while dividends for H Shares will be declared in RMB but paid in Hong Kong dollars ("HKD") (conversion of RMB into HKD shall be calculated on the average price of the medium prices of the conversion of RMB into HKD announced by the People's Bank of China five working days preceding the annual general meeting of the Company).

According to the Law on Enterprise Income Tax Law of the People's Republic of China and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China adopted in 2008, the Company shall be obliged to withhold 10% enterprise income tax when it distributes the 2013 final dividend and the H Shares to be issued pursuant to the proposed Bonus Shares Issue to non-resident enterprise shareholders of overseas H Shares (including Hong Kong Securities Clearing Company Nominees Limited, other corporate nominees or trustees, and other entities or organisations) whose names appear on the Company's H Share register of members at 4:30 p.m. on Thursday, 10 July 2014.

According to Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (CaiShuiZi [1994] No. 020) 財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號), individual shareholders of overseas H shares whose names appear on the Company's H share register of members at 4:30 p.m. on Thursday, 10 July 2014 and whose registered addresses are located in the Hong Kong Special Administrative Region or outside China are exempted from individual income tax of China.

According to the Individual Income Tax Law of the the People's Republic of China (中華人民共和國個人所得稅法) and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China, the Company shall be obliged to withhold 20% individual income tax when it distributes the 2013 final dividend and the Bonus Shares Issue to individual shareholders of H shares whose names appear on the Company's H share register of members at 4:30 p.m. on Thursday, 10 July 2014 and whose registered addresses are located in China. Individual shareholders of H Shares may apply for tax rebates, if any, in accordance with applicable regulations of the relevant taxation agreement or arrangement conditional upon further confirmation from the taxation authority of the PRC in respect of the information provided by such shareholders, if necessary.

Shareholders are suggested to seek advice from their taxation consultants in relation to taxation impacts in the PRC and Hong Kong and other matters arising from the ownership and disposal of the H Shares of the Company.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Thursday, 26 June 2014 and the register of members of the Company will be closed in order to determine the qualification of shareholders of the Company (the "Shareholders") to attend and vote at the AGM and their entitlement to the proposed final dividend payment and the Bonus Shares Issue (as defined below). The details are as follows:

- (i) To determine the qualification of Shareholders to attend and vote at the AGM:

Deadline for lodging transfer documents for registration	4:30 p.m. on Monday, 26 May 2014
Closure of register of members	Tuesday, 27 May 2014 to Thursday, 26 June 2014 (both days inclusive)
Date of record	Thursday, 26 June 2014

- (ii) To determine the Shareholders' entitlement to the proposed final dividend payment and the Bonus Shares Issue:

Deadline for lodging transfer documents for registration	4:30 p.m. on Thursday, 3 July 2014
Closure of register of members	Friday, 4 July 2014 to Thursday, 10 July 2014 (both days inclusive)
Date of record	Thursday, 10 July 2014

The register of members of the Company will be closed during the above periods. In order to determine the qualification of Shareholders to attend and vote at the AGM and their entitlement to the proposed final dividend payment and the Bonus Shares Issue (as defined below), all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by the above mentioned deadlines.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2013, the Group's total purchases attributable to the Group's five largest suppliers were 21.37%, and the Group's aggregate sales attributable to the Group's five largest customers were 28.86%.

GCGC does not hold over 50% of the interest in any of the top five suppliers. The purchases attributable to the largest supplier of the Group represented 7.55% of total purchases of the Group for the year ended 31 December 2013.

GCGC holds over 50% of the interest in one of the top five customers. The sales attributable to the largest customer of the Group represented 10.18% of total sales of the Group for the year ended 31 December 2013.

Save as disclosed above, during the year, none of the Directors, the Supervisors or their respective associates or any Shareholders who, to the best knowledge of the Directors, holds more than 5% of the issued share capital of the Company, has any interest in the top five suppliers or the top five customers of the Group for the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2013 and details of the distributable reserves of the Company as at 31 December 2013 are set out in note 35 to the financial statements prepared in accordance with the CASBE.

STATUTORY RESERVE FUNDS

Details of the statutory reserve funds are set out in note (VI) 35 to the financial statements prepared in accordance with the CASBE.

INVESTMENT PROPERTIES AND FIXED ASSETS

Particulars of the movements in investment properties and fixed assets of the Group and the Company during the year ended 31 December 2013 are set out in note (VI) 9 & 10 to the financial statements.

EMPLOYEE PENSION SCHEME

Details of the Company's employee pension scheme are set out in note (IX) 7 to the financial statements prepared in accordance with the CASBE.

DIRECTORS AND SUPERVISORS

The Directors who were under current term of office during the year ended 31 December 2013 and up to the date of this report are as follows:

Name	Date of Appointment as Director	Date of Resignation as Director
Executive Directors		
Mr. Xuan Zongmin	6 June 2012	N/A
Mr. Tang Yinghai	6 June 2012	N/A
Mr. Yao Hanxiong	18 December 2012	N/A
Mr. Fei Dachuan	4 April 2014	N/A
Mr. Guo Junfa	18 December 2012	N/A
Non-executive Directors		
Mr. Liu Wei	6 June 2012	N/A
Mr. Li Bin	18 December 2012	N/A
Independent Non-executive Directors		
Mr. Gui Shouping	2 February 2004	N/A
Mr. Liu Shaobo	2 February 2004	N/A
Mr. Peng Xiaolei	2 February 2004	N/A
Mr. Jin Wenzhou	4 April 2014	N/A

The Supervisors who were under current term of office during the year ended 31 December 2013 and up to the date of this report are as follows:

Name	Date of Appointment as Supervisor	Date of Resignation as Supervisor
Mr. You Xiaocong	18 December 2012	N/A
Ms. Li Haihong	18 December 2012	N/A
Ms. Lu Zhenghua	6 June 2012	N/A
Mr. Bai Hua	6 June 2012	N/A
Ms. Ke Lin	30 May 2013	N/A
Ms. Li Hui	2 February 2004	N/A
Mr. Lei Jian	30 May 2013	N/A

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

During the period of their current term of office as independent non-executive directors, Mr. Gui Shouping, Mr. Liu Shaobo, Mr. Peng Xiaolei and Mr. Jin Wenzhou provided the Board with objective opinions and independent guidance, which indicated that they possessed the required experience and independence to discharge their responsibilities. The Board of the Company has evaluated and reviewed their annual confirmation of independence pursuant to the independence criteria as set out in Rule 3.13 of the Listing Rules, which confirmed that they have complied with the independence requirement.

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT

The biographies of Directors, Supervisors and members of the senior management of the Company as at the date hereof are set out on pages 48 to 55 of this report.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, details of the following continuing connected transactions of the Group for the year ended 31 December 2013 are required to be disclosed in the annual report of the Company:

- (a) On 9 August 2006, the Company and GCGC, the controlling Shareholder of the Company, entered into a services master agreement (the "Taiping Interchange Repair Services Master Agreement"), pursuant to which the members of GCGC provide repair and renovation services for the Taiping Interchange to the Group with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Taiping Interchange Repair Services Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The parties to the Taiping Interchange Repair Services Master Agreement have agreed to renew the term until 31 December 2016. The annual caps of connected transactions for the three years ended 31 December 2011, 2012 and 2013 were RMB9,766,000, RMB600,000 and RMB1,575,000, respectively. The annual caps of connected transactions under the Taiping Interchange Repair Services Master Agreement for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB15,700,000, RMB15,355,000 and RMB40,813,000, respectively, were approved by the independent Shareholders at the Company's extraordinary general meeting held on 31 December 2013.

For further information relating to the above transactions, please refer to the Company's announcements dated 22 October 2010 and 30 September 2013 and the Company's circular dated 13 November 2013.

- (b) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a first right of operation agreement (the "First Right of Operation Agreement"), pursuant to which the Company has been granted preferential rights by GCGC to obtain operating rights of the expressway service zones controlled by the members of GCGC. When exercising such preferential rights, members of the Group entered into individual expressway services subcontracting agreements (the "Individual Expressway Services Subcontracting Agreements") with owners of each of the expressways, which were companies under the members of GCGC. At the extraordinary general meeting of the Company held on 3 January 2011, independent Shareholders approved the annual caps of connected transactions for the three years ended 31 December 2011, 2012 and 2013 of RMB112,317,000, RMB109,118,000 and RMB110,851,000 respectively under the Individual Expressway Services Subcontracting Agreements. As the transaction amounts for the financial year ended 31 December 2012 under the Individual Expressway Services Subcontracting Agreements entered into by the Group pursuant to the First Right of Operation Agreement were expected to exceed their approved annual cap, the Directors proposed to amend the annual caps of connected transactions for the financial year ended 31 December 2012. At the extraordinary general meeting of the Company held on 13 November 2012, independent Shareholders approved revision of the annual cap of connected transactions for the year ended 31 December 2013 under the Individual Expressway Services subcontracting agreements to RMB116,117,100. The annual caps of connected transactions under the Individual Expressway Services subcontracting agreements for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB141,021,100, RMB171,802,900 and RMB196,602,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 31 December 2013.

For further information relating to the above transactions, please refer to the Company's announcements dated 22 October 2010, 5 September 2012 and 30 September 2013 and the Company's circulars dated 9 November 2010, 27 September 2012 and 13 November 2013.

- (c) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a material purchase master agreement, pursuant to which the Group purchases construction materials from the members of GCGC. The annual caps of the connected transactions for material purchase services for the three years ended 31 December 2011, 2012 and 2013 in the amount of RMB306,000,000, RMB414,400,000 and RMB2,084,000,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 3 January 2011 by the Company. Since it was expected that the transaction amount for the financial year ended 31 December 2012 in respect of the total contracted amount under the individual agreements entered into by the Group pursuant to the Material Purchase Master Agreement would exceed its approved annual cap, the Directors proposed to revise such annual cap. At the extraordinary general meeting of the Company held on 13 November 2012, independent Shareholders approved revision of the annual transaction amount for the year ended 31 December 2012 in respect of the non-exempt continuing connected transactions contemplated under the Material Purchase Master Agreement to RMB1,012,780,000. The annual caps of connected transactions under the Material Purchase Master Agreement for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB2,380,000,000, RMB1,880,000,000 and RMB1,540,000,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 31 December 2013.

For further information relating to the above transactions, please refer to the Company's announcements dated 22 October 2010, 5 September 2012, and 30 September 2013 and the Company's circulars dated 9 November 2010, 27 September 2012 and 13 November 2013.

- (d) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a material logistics service master agreement ("the Material Logistics Service Master Agreement"), pursuant to which the Group provides material logistics service to the members of GCGC in the construction of expressway and other infrastructure projects. The annual caps of connected transactions for material logistics service for the three years ended 31 December 2011, 2012 and 2013 in the amount of RMB3,790,000,000, RMB4,655,950,000 and RMB4,508,050,000, respectively, were approved by independent Shareholders at the Company's extraordinary general meeting held on 3 January 2011. The annual caps of connected transactions under the Material Logistics Service Master Agreement for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB2,853,600,000, RMB2,712,300,000 and RMB1,856,050,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 31 December 2013.

For further information relating to the above transactions, please refer to the Company's announcements dated 22 October 2010 and 30 September 2013 and the Company's circulars dated 9 November 2010 and 13 November 2013.



(e) Rescue services entrustment agreements with respect to 21 expressways dated 1 April 2012 or 1 July 2012 (the "Rescue Services Entrustment Agreements") were entered into between Guangdong Vehicles Transportation Group or its member (as service provider) and a member of the GCGC Group for terms commencing from the respective dates of the Rescue Services Entrustment Agreements and ending on the dates when the management periods for the roads within the service areas as stipulated under relevant agreements ends. The maximum total annual transaction amount of the connected transactions for the first nine years during the terms of these agreements shall be RMB22,804,837, and nil thereafter.

On 30 September 2013, the Company and GCGC entered into a rescue services entrustment master agreement (the "Rescue Services Entrustment Master Agreement"), pursuant to which the Group provides the GCGC Group with rescue services. The GCGC Group and the Group may enter into individual execution agreements from time to time in respect of the provision of the rescue services upon specific terms in compliance with those under the Rescue Services Entrustment Master Agreement as agreed between the relevant parties. The annual caps of connected transactions under the Rescue Services Entrustment Master Agreement for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB36,002,600, RMB40,213,400 and RMB46,351,400, respectively, were approved by independent Shareholders at the Company's extraordinary general meeting held on 31 December 2013.

For further information relating to the above transactions, please refer to the Company's announcement dated 31 December 2012 and 30 September 2013 and the Company's circular dated 13 November 2013.

(f) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a transportation intelligence services and other auxiliary services master agreement (the "Transportation Intelligence Services and Other Auxiliary Services Master Agreement"), pursuant to which the Group provides transportation intelligence services to the members of GCGC pursuant to the execution agreements under the Master Agreement. The annual caps of connected transactions for transportation intelligence services and other auxiliary services for the three years ended 31 December 2011, 2012 and 2013 in the amount of RMB260,355,000, RMB366,936,000 and RMB359,785,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 3 January 2013. As the transaction amounts for the financial year ended 31 December 2012 under individual agreements entered into by the Group under the Transportation Intelligence Services and Other Auxiliary Services Master Agreement were expected to exceed their approved annual cap, the Directors proposed to amend the annual cap of connected transactions for the financial year ended 31 December 2012. At the extraordinary general meeting of the Company held on 13 November 2012, independent Shareholders approved revision of the annual cap of non-exempt continuing connected transactions contemplated under the Transportation Intelligence Services and Other Auxiliary Services Master Agreement for the year ended 31 December 2013 to RMB494,957,100. Upon completion of the asset swap at the end of 2012, the Group ceased to operate transportation intelligence services, but still provided other auxiliary services. The annual caps of connected transactions under the Transportation Intelligence Services and Other Auxiliary Services Master Agreement for the three years ending 31 December 2014, 2015 and 2016 were in the amount of RMB22,523,000, RMB20,973,000 and RMB20,973,000, respectively.

For further information relating to the above transactions, please refer to the Company's announcements dated 22 October 2010, 5 September 2012 and 30 September 2013 and the Company's circulars dated 9 November 2010 and 27 September 2012.

- (g) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a transportation intelligence service subcontract master agreement (the "Transportation Intelligence Service Subcontract Master Agreement"), pursuant to which the Group subcontracted its electrical and mechanical engineering business of transportation intelligence to the members of GCGC. The annual caps of connected transactions for the three years ending 31 December 2011, 2012 and 2013 in the amount of RMB37,148,000, RMB82,832,000 and RMB117,095,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 3 January 2011. Upon completion of the asset swap at the end of 2012, the Group ceased to operate transportation intelligence services.

For further information relating to the above transactions, please refer to the Company's announcement dated 22 October 2010 and the Company's circular dated 9 November 2010.

- (h) Pursuant to the loan agreements entered into with Guangdong Xin Yue Communications Investment Company Limited ("Guangdong Xin Yue") and Guangdong Oriental Thought Technology Company Limited ("Guangdong Oriental Thought"), respectively, by the Company, the Company will lend to Guangdong Xin Yue and Guangdong Oriental Thought entrusted loan(s) with aggregate annual amounts not exceeding RMB115,000,000 (such loans were

specified to be used as capital of Guangdong Xin Yue which may be required for market bidding from time to time, and working capital of Guangdong Xin Yue for providing highway intelligence transportation services) and RMB5,000,000 (such loans were specified to be used as working capital of Guangdong Oriental Thought) respectively for each of the three years ended 31 December 2013, at an interest rate equivalent to the interest rate for loans with the same duration made available to the Company by any of its principal banks from time to time. Guangdong Xin Yue, a 71% subsidiary of the Company at that time, was held as to more than 10% by GCGC. Guangdong Oriental Thought, a 51% subsidiary of the Company at that time, was held as to more than 10% by GCGC. The annual caps of connected transactions under the above two loan agreements in an aggregate amount of RMB120,000,000 for each of the three years ended 31 December 2011, 2012 and 2013, were approved by independent Shareholders at the extraordinary general meeting held on 3 January 2011.

For further information relating to the above transactions, please refer to the Company's announcement dated 22 October 2010 and the Company's circular dated 9 November 2010.

Upon completion of the asset swap at the end of 2012, Guangdong Xin Yue and Guangdong Oriental Thought ceased to be subsidiaries of the Company. They are currently the subsidiaries of GCGC.

- (i) On 29 December 2011, the Company and Guangdong Humen Bridge Company Limited (“Humen Bridge Company”) entered into an entrusted operation management contract (“Entrusted Operation Management Contract”), pursuant to which Humen Bridge Company was engaged to provide certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange for the period from 1 January 2012 to 31 December 2014 at an annual service fee of RMB4,200,000.

For further information relating to the above transaction, please refer to the Company’s announcement dated 29 December 2011.

- (j) The connected transactions respect of the Company and Guangdong Vehicles Transportation Group Leasing premises from Yueyun Investment Management.

- (1) On 19 June 2012, Guangzhou Yueyun Investment Management Company Limited (“Yueyun Investment Management”, a wholly-owned subsidiary of GCGC, as landlord) and Guangdong Vehicles Transportation Group (a wholly-owned subsidiary of the Company, as tenant) entered into a lease agreement (the “Yueyun-Guangdong Vehicles Lease Agreement”). Pursuant to the Yueyun-Guangdong Vehicles Lease Agreement, Guangdong Vehicles Transportation Group leased from Yueyun Investment Management the premises located at 23rd, 24th, 25th and 26th floors of Yueyun Building, 3 Zhongshan Second Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC, for office

purpose for a term from 1 June 2012 to 31 May 2013. The maximum amount of connected transactions under the Yueyun-Guangdong Vehicles Lease Agreement shall be RMB364,000 during the period from 1 January 2013 to 31 May 2013. On 26 March 2013, Yueyun Investment Management and Guangdong Vehicles Transportation Group entered into a termination agreement to terminate the Yueyun-Guangdong Vehicles Lease Agreement with effect from 1 April 2013.

- (2) On 26 March 2013, Yueyun Investment Management (as lessor) and the Company (as lessee) entered into a lease agreement (the “Yueyun Lease Agreement”) in respect of the leasing of the leased premises. Pursuant to the Yueyun Lease Agreement, the Company leased from Yueyun Investment Management the premises located at 8th, 15th, 17th, 18th, 19th, 21st, 23rd, 24th, 25th and 26th floors of Yueyun Building, 3 Zhongshan Second Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC, for office purpose for a term of one year from 1 April 2013 to 31 March 2014 for office purpose. The maximum amounts of connected transactions under the Yueyun Lease Agreement were RMB1,628,484 for the year ended 31 December 2013 and RMB470,028 for the year ending 31 December 2014.

For further information relating to the above transactions, please refer to the Company’s announcement dated 31 December 2012 and 26 March 2013.

(k) On 19 June 2012, Yueyun Investment Management (as appointor) and Guangdong Yunxing Property Management Company Limited (as appointee) entered into a property management entrustment agreement ("Property Management Entrustment Agreement") relating to the provision of property management services in respect of Yueyun Building for a term from 1 June 2012 to 31 May 2014. The maximum transaction amount for the above-mentioned connected transactions was RMB10,500,000 for the year ended 31 December 2013 and RMB5,000,000 for the period from 1 January 2014 to 31 May 2014. Guangdong Yunxing Property Management Company Limited is the wholly-owned subsidiary of Guangdong Vehicles Transportation Group.

For further information relating to the above transactions, please refer to the Company's announcement dated 31 December 2012.

(l) The Company and Guangdong Vehicles Transportation Group entered into the following connected transactions in respect of the provision of entrustment and business operation services during the terms of the entrusted management agreements (the "Entrusted Management Agreements"):

(1) an entrusted management agreement dated 22 June 2012 entered into between Yueyun Investment Management (as appointor) and Guangdong Vehicles Transportation Group (as appointee) in respect of the entrustment of the ownership and the business operation of Meizhou Yueyun Vehicles Transportation Company Limited ("Meizhou Yueyun"), Shenzhen Yueyun Investment Development Company Limited ("Shenzhen Yueyun") and Guangdong Yangjiang Vehicles Transportation Group Company Limited ("Yangjiang Transportation"). The term of such entrustment shall commence on the date when the transfer registration of each of Meizhou Yueyun,

Shenzhen Yueyun and Yangjiang Transportation to the name of Yueyun Investment Management with the relevant Administration for Industry and Commerce is completed and end on 31 December 2014.

(2) an entrusted management agreement dated 17 September 2012 entered into among GCGC (as appointor), the Company (as appointee) and Guangdong Gongbei Vehicles Transportation Company Limited ("Gongbei Transportation", as the subject company) in respect of the entrustment of the ownership and the business operations of Gongbei Transportation. The term of such entrustment shall commence on the completion date of the performance of the asset swap agreement and end on 31 December 2014.

(3) an entrusted management agreement dated 17 September 2012 entered into among GCGC (as appointor), the Company (as appointee) and Kee Kwan Motor Road Company Limited ("Kee Kwan", as the subject company) in respect of the entrustment of the ownership and the business operation of Kee Kwan for a term commencing on the completion date of the performance of the asset swap agreement and ending on 31 December 2014.

(4) an entrusted management agreement dated 17 September 2012 entered into among GCGC (as appointor), the Company (as appointee), Weisheng Transportation & Enterprises Company Limited ("Weisheng", as the subject company) and Guangdong Vehicles Transportation Group (as joint appointors) in respect of the entrustment of the ownership and the business operation of Weisheng for a term commencing on the completion date of the performance of the asset swap agreement and ending on 31 December 2014.

Pursuant to Rule 14A.25 of the Listing Rules, all the Entrusted Management Agreements would have to be aggregated for the purpose of considering the compliance obligations of the Company. The maximum annual aggregate amounts receivable by the Company and Guangdong Vehicles Transportation Group in respect of the provision of entrustment and business operation services under the Entrusted Management Agreements shall be RMB8,262,000 respectively for the two years ended 31 December 2013 and 31 December 2014, respectively.

For further information relating to the above transactions, please refer to the Company's announcement dated 31 December 2012.

- (m) On 1 January 2002, Guangdong Vehicles Transportation Group and Kwong Fat Transport Limited ("Kwong Fat Transport") entered into a target licence usage agreement (the "Target Licence Usage Agreement") pursuant to which Guangdong Vehicles Transportation Group agreed to allow vehicles operated by Kwong Fat Transport to use the target license obtained by Guangdong Vehicles Transportation Group from the relevant traffic authority for a term from 1 January 2002 to 31 December 2014. Annual caps for the years ended 31 December 2013 and 31 December 2014 are HKD1,500,000 and HKD1,500,000, respectively.

For further information relating to the above transactions, please refer to the Company's announcement dated 31 December 2012.

- (n) On 31 December 2012, Guangdong Province Transportation Engineering Company Limited ("Guangdong Transportation Engineering", a wholly-owned subsidiary of the Company, as the lessor) entered into two lease agreements with Guangdong Xinyue (as the lessee), and one lease agreement with Guangdong Xinyue Communications Investment Company Limited Intelligence Transportation

Research Institute ("Guangdong Xinyue Research Institute") (as the lessee) (collectively, the "Property Lease Agreements") in respect of property leasing matters. Each of the Property Lease Agreements, under which the leased premises were leased mainly for office and storage uses, was signed for a term from 1 January 2013 to 31 December 2013. The annual cap under the lease agreements for the year ended 31 December 2013 was RMB 3,295,086. On 30 December 2013, Guangdong Transportation Engineering (as the lessor) and each of Guangdong Xinyue and Guangdong Xinyue Research Institute (as the lessee) entered into the Property Lease Agreements in respect of the leasing of the leased premises for a term of one year from 1 January 2014 to 31 December 2014. The maximum amount for the year ending 31 December 2014 under the lease agreements is RMB2,041,917.60.

For further information relating to the above transactions, please refer to the Company's announcement dated 31 December 2012 and 30 December 2013.

- (o) On 30 September 2013, the Company and GCGC entered into an information systems services master agreement, pursuant to which GCGC Group will provide the Group with information system services, including construction of information systems, maintenance of information systems, software development and other information technology related services. The annual caps of connected transactions for information system services for the three years ending 31 December 2014, 2015 and 2016 are in the amount of RMB13,794,000, RMB12,378,000 and RMB10,992,000, respectively.

For further information relating to the above transactions, please refer to the Company's announcement dated 30 September 2013.

The following table sets out the relevant annual caps and the actual amounts for the year ended 31 December 2013 in relation to the continuing connected transactions of the Company.

Transaction	For the year ended 31 December 2013	
	Annual Cap (RMB'000)	Actual Amount (RMB'000)
Non-exempt continuing connected transactions approved by independent Shareholders		
(1) Priority operation rights and contracting obligations for expressway service zones under subsisting agreements	116,117	108,348
(2) Purchase of materials under subsisting agreements and the Material Purchase Master Agreement	2,084,000	354,877
(3) Provision of material logistics services under subsisting agreements and the Material Logistics Services Master Agreement	4,508,050	862,392
(4) Provision of other auxiliary services under subsisting agreements and the Transportation Intelligence Services and Other Auxiliary Services Master Agreement	494,957	25,653
(5) Subcontracting of certain work procedures in relation to expressway intelligence and outsourcing of construction labour under subsisting agreements and the Transportation Intelligence Service Subcontract Master Agreement	117,095	—
(6) Provision of financial assistance by the Company to Guangdong Xin Yue and Guangdong Oriental Thought	120,000	107,000

For the year ended
31 December 2013

Transaction	Annual Cap (RMB'000)	Actual Amount (RMB'000)
Discloseable continuing connected transactions exempt from independent Shareholders' approval		
(7) Provision of repair and renovation services for the Taiping Interchange by members of the GCGC Group to the Group under the Taiping Interchange Repair Services Master Agreement	1,575	115
(8) Management fees from toll fee collection services for the Taiping Interchange under the Entrusted Operation Management Contract	4,200	4,200
(9) Leasing of the leased premises from Guangdong Transportation Engineering to Guangdong Xin Yue Communications Investment Company Limited for office and storage uses under the Property Lease Agreements	3,295	3,295
(10) Provision of rescue services by Guangdong Vehicles Transportation Group or its member, Guangdong Yueyun Traffic Rescue Co., Ltd., to members of the GCGC Group under the Rescue Services Entrustment Agreements	22,805	22,407
(11) Leasing of leased premises by the Group from Yueyun Investment Management under the Lease Agreement	1,628	1,495
(12) Provision of property management services in respect of Yueyun Building by Guangdong Yunxing Property Management Company Limited to Yueyun Investment Management under the Property Management Entrustment Agreement	10,500	7,304
(13) Entrustment of its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operations of these companies to Guangdong Vehicles Transportation Group by Yueyun Investment Management under various Entrusted Management Agreements; Entrustment of GCGC'S 100% equity interest in Gongbei Transportation and Kee Kwan by GCGC to the Company, and entrustment of GCGC and Guangdong Vehicles Transportation Group's 100% equity interest in Weisheng and the business operations of these companies to the Company by GCGC and Guangdong Vehicles Transportation Group	8,262	8,262
(14) Agreement from Guangdong Vehicles Transportation Group to allow vehicles operated by Kwong Fat Transport to use the target license obtained by Guangdong Vehicles Transportation Group from the relevant traffic authority under the Target License Usage Agreement	1,198 (HKD1,500,000)	—

The independent non-executive Directors, Mr. Gui Shouping, Mr. Liu Shaobo and Mr. Peng Xiaolei have reviewed the above continuing connected transactions as set out in (1) to (15) and confirm that these transactions have been entered into:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interest of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group on pages 80 to 81 in this report in accordance with Rule 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

RELATED PARTY TRANSACTIONS

Details of material related party transactions of the Company occurring during the ordinary course of business of the Company are contained in the notes to consolidated financial statements. Such related party transactions constituting "connected transactions" or "continuing connected transactions" under the Listing Rules have been set out in the sections headed "Connected Transactions" and "Continuing Connected Transactions" above, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

As at 31 December 2013, the interests of Directors and Supervisors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for the Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company

None of the Directors or Supervisors holds any interest in the shares, underlying shares and debentures of the Company.

(b) Long positions in shares, underlying shares and debentures of associated corporations of the Company

Name of Associated corporation	Name of Director/ Supervisor	Nature of Interests	Number of shares held	Percentage in relevant class of share capital	Note
Guangdong Provincial Expressway Development Co. Ltd. ("Guangdong Expressway")	Yao Hanxiong	Personal	2,393	0.00026	(1)

Notes:

- (1) Yao Hanxiong is deemed to be interested in 2,393 shares as a result of his beneficial interest in the said shares of Guangdong Expressway.

Save as disclosed above, as at 31 December 2013, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2013 was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors, Supervisors or senior management officers of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Details of the remuneration of the Directors and Supervisors of the Company and the five highest paid individuals of the Group are set out in note 5 to the Notes on related party relationships and transactions to the financial statements prepared in accordance with the CASBE.

There were no arrangements under which a Director or Supervisor had waived or agreed to waive any remuneration in respect of the year ended 31 December 2013.

Pursuant to B.1.5 of the CG Code, the remuneration range of the members of the senior management for the year ended 31 December 2013 is set out below:

Remuneration range (RMB)	Number of persons
300,000 to 500,000	5
500,000 to 700,000	4
700,000 to 900,000	1

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at 31 December 2013, no Director or Supervisor has entered into any service contract with the Company or any of its subsidiaries, which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

None of the Directors or Supervisors of the Company 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 2013.

BOARD COMMITTEES

The Company has established an audit and corporate governance committee, a remuneration committee and a nomination committee. For details regarding the board committees, please refer to the relevant contents of the section Corporate Governance Report as set out on pages 59 to 61 of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2013, the Group had 13,936 employees and the staff costs (including remuneration of Directors) of the Group was RMB920 million for the year. 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, education backgrounds, qualifications, abilities and contributions of the employees. The performance bonus is determined according to the performance assessment results 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 Company has always attached great importance to the training and development of human resources:

- (1) Endeavor to provide proper training and education to management personnel. We have adjusted budgeted standards for training expenses at headquarters and implementation plan thereof to provide funding guarantee for training and education. 100% of management personnel have participated in training course. 12 members of senior management have participated in the forum for training of cadres in Guangdong Province (廣東幹部培訓大講壇), and two of them participated in the CEO training course

in Tsinghua University, and human resources management personnel under the Company have been organized in participating in two stages of professional trainings successively: over 110 persons participated in the training on the labor related laws and regulations for stage one and about 90 persons for stage two, which are related to training on management of problem employees, building of talent echelon and other issues through analysis on typical cases, with basic module of human resources management as main line. We have brought the function of networking colleges as main front into full play, and made great efforts to enhance training and education of management personnel at all levels, with almost 200 people participated in internet learning sessions throughout the year.

- (2) Diligently implement cultivations and practices at key posts. It mainly refers to pushing ahead with the construction of expert team, talent reserve team and professional team. In view of the needs of the related business, we have organized seven expert pools with 25 newly elected professionals for dynamic management, which is the first step in the construction of talent reserve team. In particular, we have carried out investigations for talent reserves of financial expatriates and collected the related information and recommended candidates in line with the requirement of new projects, and organized over 290 persons to participate in various forms of professional or managerial skill training so as to push ahead with the construction of the professional talent team.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the reporting period, 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 2013.

DONATIONS

Donations of RMB457,245.90 was made by the Group during the year ended 31 December 2013.

AUDITOR

On 30 May 2013, with the approval of the annual general meeting, the Company appointed Deloitte Touche Tohmatsu Certified Public Accountants LLP. as the auditor of the Company. Deloitte Touche Tohmatsu Certified Public Accountants LLP. has audited the Group's financial statements which are prepared in accordance with the CASBE. The Company will propose a resolution at the annual general meeting to be held on 26 June 2014 to appoint KPMG Huazhen (special general partnership) as the auditor of the Company.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

- (1) The Shareholders considered and approved certain amendments to the Articles of Association at the AGM held on 30 May 2013. Amendments to the Articles of Association are for the purposes to (a) make corresponding amendments to the relevant articles of the Articles of Association due to the change of the Chinese and English names of the Company; and (b) make corresponding changes to the content of the relevant scope of operations of the Articles of Association to reflect the actual operating status following the reorganization of the Company. For further information, please refer to the Company's circular dated 11 April 2013.
- (2) The Shareholders considered and approved certain amendments to the Articles of Association at the AGM held on 31 December 2013, in order to (a) further reflect the change of Company name; (b) reflect the change in the shareholding of the Company pursuant to the Share Transfer Agreements (as defined below under "Changes in Shareholding of the Company" of this section); and (c) increase the composition of the Board from nine Directors to 11 Directors to allow

the Company to appoint additional Directors with different education backgrounds, qualifications and experiences that could help diversify and enhance oversight of the Board and better equip the Board to manage the Company's business pursuant to the Company's policy concerning diversity of the Board. For further information, please refer to the Company's circular dated 13 November 2013.

The legal advisers to the Company as to Hong Kong laws and laws of the PRC have respectively confirmed that the proposed amendments to the Articles of Association are in compliance with the requirements of the Listing Rules and do not violate the applicable laws of the PRC. The Company has confirmed that there is nothing unusual about the proposed amendments to the Articles of Association for a company listed in Hong Kong.

MATERIAL LITIGATION OR ARBITRATION

As at 31 December 2013, the Board was aware of the following material litigation involving the Company:

The Company has brought a legal proceedings before the Guangzhou Intermediate People's Court against Tangshanshi Shuihou Zhagang Yi Chang (唐山市稅後軋鋼一廠), Tangshan Xingye Gongmao Jituan Co., Ltd (唐山興業工貿集團有限公司) and Tangshanshi Kaipingqu Xingye Zhazhichang (唐山市開平區興業軋製廠) to recover the sum paid in advance by the Company to purchase steel products in the amount of RMB472,397,000 together with compensation for breach of contract. The Company has applied to the court for a charging order against the defendants' assets. The Guangzhou Intermediate People's Court gave its judgment on 7 June 2011, pursuant to which the defendants had to repay the prepayments of the Company with a penalty. On 12 July 2011, the Guangzhou Intermediate People's Court issued a certificate of judgment (《裁判文書生效證明》) to confirm that the relevant ruling became effective on 30 June 2011. The Company has applied to the court for filing and executing the certificate which is currently being executed by the court.

SUPERVISORS' REPORT

Dear Shareholders:

In 2013, based on the principle of safeguarding the interest of all Shareholders, the Supervisory Committee of the Company lawfully performed its supervisory functions in strict accordance with the Company Law, the Articles of Association and the relevant requirements of the Stock Exchange. The Supervisory Committee monitored the Company's production and operation activities, financial position and the performance by the Directors and senior management members of their duties, providing strong support for the Company's standardized operations. We hereby present the tasks carried out by the Supervisory Committee of the Company during the year:

1. CONVENING SUPERVISORY COMMITTEE MEETINGS

On 20 March 2013 the Supervisory Committee convened the eighth meeting of the fourth session of the Supervisory Committee. The meeting was convened and held in compliance with the Company Law and the Articles of Association. The resolutions of the meeting was legal and valid. The followings were considered and passed at the meeting: Annual Work Report of the Supervisory Committee for 2012, Work Plan of the Supervisory Committee for 2013 and Resolution on the Election of the Supervisory Committee of the Company.

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

In 2013, members of the Supervisory Committee of the Company attended various meetings relating to major business operations and decision making of the Company, such as Shareholders' meetings, meetings of the Board of Directors and the party-executive joint conferences between the Party and the Government. They also reviewed and monitored the voting procedures for major decisions and resolutions, and examined the lawful operation of the Company.

Regarding the Company's major investments, significant capital flows, material litigation, financial conditions and other significant events which require shareholder notification, the Supervisory Committee conducted three comprehensive reviews during the Reporting Period, involving the Company and its 15 subsidiaries.

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

(1) The operation of the Company according to the laws

In 2013, the procedures for convening board meetings and the process for passing resolutions complied with laws and regulations. The Board was able to strictly execute each of the resolutions and authorizations given at the general meetings. Directors and the management of the Company were able to perform their duties in accordance with the resolutions of the general meetings. The Supervisory Committee was not aware of any violation of the laws, regulations and the Articles of Association or other matters which will damage the interest of the Company and the Shareholders in the course of performing corporate duties by Directors and senior management of the Company.

(2) Financial audit of the Company

Deloitte Touche Tohmatsu Certified Public Accountants LLP. has audited the 2013 Financial Report of the Company and issued a standard unqualified audit report. Upon examination by the Supervisory Committee, the audit report issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP gives a fair view of the Company's true and objective financial position and operating results.

(3) Connected transactions

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

You Xiaocong
Chairman of the Supervisory Committee

Guangzhou, the PRC
19 March 2014

CHANGES IN SHARE CAPITAL AND PARTICULARS OF SHAREHOLDERS

SHARE CAPITAL

Details of the share capital of the Company are set out in the note (VI) 33 to financial statements prepared in accordance with the CAS.

PRE-EMPTIVE RIGHTS

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

SUBSTANTIAL INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

To the best knowledge of the Directors, as at 31 December 2013, Shareholders who had interests or short positions in the shares and underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in relevant class of share capital	Percentage in total share capital
GCGC (Note)	Domestic shares	142,266,080	Beneficial owner	50.87	34.06
	Domestic shares	137,375,787	Interest of controlled corporations	49.13	32.90
Guangdong Provincial Highway Construction Company Limited ("Highway Construction")	Domestic shares	96,476,444	Beneficial owner	34.50	23.10
Guangdong Communication Enterprise Investment Company Limited ("GCGC Investment")	Domestic shares	22,371,349	Beneficial owner	8.00	5.36
Sinopec (Hong Kong) Limited	H shares	22,100,000	Beneficial owner	16.01	5.29
Pope Asset Management, LLC	H shares	22,064,462	Investment manager	15.99	5.28
Shah Capital Management	H shares	12,209,000	Investment manager	8.62	2.92
Guangdong Province Road & Bridge Construction Development Company Limited ("Road & Bridge Construction")	Domestic shares	10,346,749	Beneficial owner	3.70	2.48
Guangdong Weisheng Transportation & Enterprises Company Limited ("Weisheng Transportation")	Domestic shares	8,181,245	Beneficial owner	2.93	1.96

Note:

Highway Construction and GCGC Investment are wholly-owned subsidiaries of GCGC. Accordingly, GCGC is deemed to be interested in the domestic shares held by Highway Construction and GCGC Investment. GCGC is also deemed to be interested in the 18,527,994 domestic shares of the Company held by its other subsidiaries, namely Road & Bridge Construction and Weisheng Transportation.

Save as disclosed above, as at 31 December 2013, the Company was not aware of any other interests or short positions in the shares or underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

As at 31 December 2013, GCGC held 142,266,080 domestic shares of the Company, representing 34.06% of the total issued share capital of the Company, while Highway Construction held 96,476,444 legal person shares of the Company, representing 23.10% of the total issued share capital of the Company.

GCGC is a controlling Shareholder of the Company. Its legal representative is Li Jing and its registered capital as at 31 December 2013 was RMB26,800,000,000. It is principally engaged in the investment, construction and management of expressways in Guangdong Province.

CHANGES IN SHAREHOLDING OF THE COMPANY

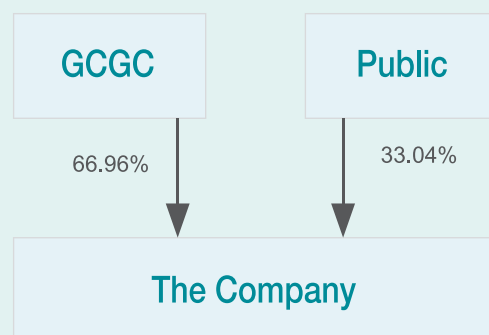
On 13 September 2013, the Board of Directors of GCGC, the controlling Shareholder of the Company, approved the share

transfer agreements (the “Share Transfer Agreements”) entered into by GCGC with each of Highway Construction, GCGC Investment, Road & Bridge Construction and Weisheng Transportation, respectively. Pursuant to the Share Transfer Agreements, GCGC shall acquire at nil consideration all the shares in the Company held by Highway Construction, GCGC Investment, Road & Bridge Construction and Weisheng Transportation, representing approximately 32.90% of the total issued share capital of the Company.

Highway Construction, GCGC Investment and Road & Bridge Construction are direct wholly-owned subsidiaries of GCGC, while Weisheng Transportation is an indirect wholly-owned subsidiary of GCGC.

Before and after the completion of the transfers under the Share Transfer Agreements, GCGC remains the controlling Shareholder of the Company directly or indirectly holding 66.96% of the total issued share capital of the Company.

Immediately after the completion of the transfers under the Share Transfer Agreements, the shareholding structure of the Company is as follows:



The above mentioned shareholding changes has come into effect subject to the granting of approval from the relevant competent government authorities.

SUFFICIENCY OF PUBLIC FLOAT

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



FINANCIAL STATEMENTS

Auditor's Report

Consolidated Balance Sheet

Balance Sheet of the Company

Consolidated Income Statement

Income Statement of the Company

Consolidated Cash Flow Statement

Cash Flow Statement of the Company

Consolidated Statement of

Changes In Shareholders' Equity

Statement of Changes in Shareholders'

Equity of the Company

Notes to the Financial Statements

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (14) No. P0314

TO THE SHAREHOLDERS OF

GUANGDONG YUEYUN TRANSPORTATION COMPANY LIMITED (FORMERLY KNOWN AS GUANGDONG NAN YUE LOGISTICS COMPANY LIMITED):

We have audited the accompanying financial statements of Guangdong Yueyun Logistics Company Limited (the "Company"), which comprise the Company's and consolidated balance sheets as at 31 December 2013, and the Company's and consolidated income statements, the Company's and consolidated statements of changes in shareholders' equity and the Company's and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of the Company is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an audit opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. China Standards on Auditing require that we comply with the Code of Ethics for Chinese Certified Public Accountants and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, Certified Public Accountants consider the internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. OPINION

In our opinion, the financial statements of the Company present fairly, in all material respects, the company's and consolidated financial position as of 31 December 2013, and the company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu CPA LLP

Shanghai, China

Chinese Certified Public Accountants

Liu Liyan

Chinese Certified Public Accountants

Yuan Feng

19 March 2014

CONSOLIDATED BALANCE SHEET

At 31 December 2013

RMB

ITEM	Notes	2013.12.31	2012.12.31
Current Assets:			
Cash and bank balances	(VI) 1	1,717,993,999.71	1,262,848,441.36
Notes receivable	(VI) 2	5,000,000.00	22,090,366.56
Accounts receivable	(VI) 3	752,645,715.22	731,119,119.17
Prepayments	(VI) 4	524,893,262.66	143,217,738.68
Other receivables	(VI) 5	210,531,999.01	296,890,221.41
Inventories	(VI) 6	175,705,590.22	139,912,918.40
Non-current assets due within one year		734,786.40	—
Other current assets		9,341,397.14	23,370,076.66
Total Current Assets		3,396,846,750.36	2,619,448,882.24
Non-current Assets:			
Long-term receivables		—	—
Long-term equity investments	(VI) 8	205,177,709.13	190,179,330.04
Investment properties	(VI) 9	65,511,714.03	42,540,117.76
Fixed assets	(VI) 10	1,367,390,427.02	1,201,230,256.06
Construction in progress	(VI) 11	147,438,556.91	126,354,825.87
Intangible assets	(VI) 12	614,492,984.64	567,928,835.67
Goodwill	(VI) 13	61,206,135.90	27,229,945.36
Long-term prepaid expenses	(VI) 14	37,430,177.90	30,777,739.82
Deferred tax assets	(VI) 15	170,269,350.37	158,132,240.10
Other non-current assets	(VI) 16	111,171,889.92	53,600,406.11
Total Non-current Assets		2,780,088,945.82	2,397,973,696.79
TOTAL ASSETS		6,176,935,696.18	5,017,422,579.03

ITEM	Notes	2013.12.31	2012.12.31
Current Liabilities:			
Short-term borrowings	(VI) 18	626,554,858.03	10,400,000.00
Notes payable	(VI) 19	453,403,442.66	848,060,316.34
Accounts payable	(VI) 20	917,633,504.96	824,154,984.10
Receipts in advance	(VI) 21	830,345,917.82	282,928,880.49
Employee benefits payable	(VI) 22	114,595,310.23	92,731,469.80
Taxes payable	(VI) 23	130,080,294.75	101,778,908.59
Interests payable	(VI) 24	2,535,638.24	1,450,000.00
Dividends payable	(VI) 25	27,108,564.15	36,495,530.40
Other payables	(VI) 26	312,163,240.48	364,942,281.13
Non-current liabilities due within one year	(VI) 27	50,521,566.26	50,368,362.89
Total Current Liabilities		3,464,942,337.58	2,613,310,733.74
Non-current Liabilities:			
Long-term borrowings	(VI) 28	87,916,694.66	69,732,489.66
Bonds payable	(VI) 29	298,024,078.94	297,037,810.39
Long-term payables	(VI) 30	85,091,801.16	46,651,523.81
Provisions	(VI) 31	—	979,200.00
Deferred tax liabilities	(VI) 15	7,894,283.45	7,193,940.84
Other non-current liabilities	(VI) 32	22,176,218.23	24,308,797.84
Total Non-current Liabilities		501,103,076.44	445,903,762.54
TOTAL LIABILITIES		3,966,045,414.02	3,059,214,496.28

CONSOLIDATED BALANCE SHEET
At 31 December 2013

ITEM	Notes	2013.12.31	2012.12.31
Shareholders' Equity:			
Share capital	(VI) 33	417,641,867.00	417,641,867.00
Capital reserve	(VI) 34	453,886,352.20	453,534,816.70
Special reserve		14,833,820.53	9,771,609.17
Surplus reserve	(VI) 35	130,421,930.77	122,766,499.46
Retained profits	(VI) 36	517,684,409.50	411,164,608.79
Translation differences arising on translation of financial statements denominated in foreign currencies		(38,886,623.71)	(34,773,808.84)
Total shareholders' equity attributable to equity holders of the Company		1,495,581,756.29	1,380,105,592.28
Minority interests	(VI) 37	715,308,525.87	578,102,490.47
TOTAL SHAREHOLDERS' EQUITY		2,210,890,282.16	1,958,208,082.75
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		6,176,935,696.18	5,017,422,579.03

The accompanying notes form part of the financial statements.

The financial statements on page 107 to 300 were signed by the following:

Liu Wei
Legal representative

Tang Yinghai
Principal in charge
of accounting body

Leng Xuelin
Head of accounting
department

BALANCE SHEET OF THE COMPANY

At 31 December 2013

RMB

ITEM	Notes	2013.12.31	2012.12.31
Current Assets:			
Cash and bank balances	(VI) 1	1,204,812,278.53	768,274,457.86
Notes receivable	(VI) 2	5,000,000.00	16,953,962.80
Accounts receivable	(VI) 3	448,979,488.81	544,769,717.95
Prepayments	(VI) 4	203,441,882.37	139,877,384.48
Other receivables	(VI) 5	245,627,902.06	331,791,115.22
Inventories	(VI) 6	83,582,043.31	93,894,712.38
Other current assets		—	4,626,815.68
Total Current Assets		2,191,443,595.08	1,900,188,166.37
Non-current Assets:			
Long-term equity investments	(VI) 8	799,918,167.66	796,333,925.02
Fixed assets	(VI) 10	3,867,674.12	4,941,768.41
Construction in progress	(VI) 11	10,365,330.46	2,480,000.00
Intangible assets	(VI) 12	191,690,587.40	207,322,623.42
Long-term prepaid expenses	(VI) 14	8,205,738.45	16,968,665.16
Deferred tax assets	(VI) 15	135,404,942.08	129,917,883.70
Total Non-current Assets		1,149,452,440.17	1,157,964,865.71
Total assets		3,340,896,035.25	3,058,153,032.08

BALANCE SHEET OF THE COMPANY
At 31 December 2013

ITEM	Notes	2013.12.31	2012.12.31
Current Liabilities:			
Short-term borrowings	(VI) 18	480,000,000.00	—
Notes payable	(VI) 19	327,477,270.09	848,060,316.34
Accounts payable	(VI) 20	438,870,540.68	534,550,344.49
Receipts in advance	(VI) 21	128,566,243.07	42,885,596.98
Employee benefits payable	(VI) 22	17,998,637.25	12,298,804.97
Taxes payable	(VI) 23	40,483,968.20	64,521,749.67
Interests payable	(VI) 24	896,111.08	—
Other payables	(VI) 26	598,110,193.25	302,574,984.17
Total Current Liabilities		2,032,402,963.62	1,804,891,796.62
TOTAL LIABILITIES		2,032,402,963.62	1,804,891,796.62
Shareholders' Equity:			
Share capital	(VI) 33	417,641,867.00	417,641,867.00
Capital reserve	(VI) 34	545,094,147.15	544,699,247.11
Surplus reserve	(VI) 35	127,943,841.91	120,288,410.60
Retained profits	(VI) 36	217,813,215.57	170,631,710.75
TOTAL SHAREHOLDERS' EQUITY		1,308,493,071.63	1,253,261,235.46
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,340,896,035.25	3,058,153,032.08

The accompanying notes form part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

Item	Notes	RMB	
		2013	2012
I. Total operating income	(VI) 38	6,165,831,692.86	6,610,453,367.98
Less: Operating costs	(VI) 38	5,306,996,967.70	5,662,203,460.55
Business taxes and levies	(VI) 39	47,247,555.10	105,803,852.58
Selling expenses		63,377,368.00	99,795,739.71
Administrative expenses		503,166,362.04	564,452,414.01
Financial expenses	(VI) 40	43,225,734.28	47,118,623.88
Impairment losses of assets	(VI) 41	16,076,440.90	(1,313,515.97)
Add: Investment income	(VI) 42	11,945,935.96	2,867,331.38
Including: Income from investments in associates and joint ventures	(VI) 42	11,210,791.51	5,086,924.08
II. Operating profit		197,687,200.80	135,260,124.60
Add: Non-operating income	(VI) 43	106,631,264.92	97,993,496.99
Including: Gains from disposal of non-current assets	(VI) 43	2,515,648.06	8,625,226.62
Less: Non-operating expenses	(VI) 44	6,030,972.68	9,915,342.60
Including: Losses from disposal of non-current assets	(VI) 44	1,664,441.78	1,912,607.09
III. Total profit		298,287,493.04	223,338,278.99
Less: Income tax expenses	(VI) 45	88,140,142.56	77,926,961.67
IV. Net profit		210,147,350.48	145,411,317.32
Net profit attributable to shareholders of the Company		135,892,609.02	72,535,413.29
Net profit attributable to minority interests		74,254,741.46	72,875,904.03
V. Earnings per share:			
(I) Basic earnings per share	(VI) 46	0.33	0.17
(II) Diluted earnings per share	(VI) 46	0.26	0.14
VI. Other comprehensive income	(VI) 47	(6,614,049.45)	(17,013.77)
(I) Items that could not be reclassified subsequently to profit or loss		—	—
(II) Items that could be reclassified subsequently to profit or loss on certain conditions		(6,614,049.45)	(17,013.77)
Including: Translation differences arising on translation of financial statements denominated in foreign currencies		(6,614,049.45)	(17,013.77)
VII. Total comprehensive income:		203,533,301.03	145,394,303.55
Total comprehensive income attributable to shareholders of the Company		131,779,794.15	72,562,054.61
Total comprehensive income attributable to minority interests		71,753,506.88	72,832,248.94

The accompanying notes form part of the financial statements.

INCOME STATEMENT OF THE COMPANY

For the year ended 31 December 2013

RMB

ITEM	Notes	2013	2012
I. Operating income	(VI) 38	2,636,639,051.75	3,216,237,251.83
Less: Operating costs	(VI) 38	2,409,245,050.21	3,010,245,948.99
Business taxes and levies	(VI) 39	8,382,012.57	8,462,903.06
Selling expenses		44,664,595.19	65,046,463.78
Administrative expenses		91,985,740.58	103,073,670.86
Financial expenses	(VI) 40	4,809,447.60	8,808,069.10
Impairment losses of assets	(VI) 41	16,248,401.21	(1,901,369.26)
Add: Investment income	(VI) 42	34,923,061.51	3,554,357.38
Including: Income from investments in associates and joint ventures		3,189,342.60	1,050,702.79
II. Operating profit		96,226,865.90	26,055,922.68
Add: Non-operating income	(VI) 43	38,609.94	4,564,146.58
Including: Gains from disposal of non-current assets	(VI) 43	20,832.04	386,594.70
Less: Non-operating expenses	(VI) 44	1,015,872.25	56,948.07
Including: Losses from disposal of non-current assets	(VI) 44	16,785.02	51,487.05
III. Total profit		95,249,603.59	30,563,121.19
Less: Income tax expenses	(VI) 45	18,695,290.46	7,876,663.17
IV. Net profit		76,554,313.13	22,686,458.02
V. Earnings per share:			
(I) Basic earnings per share		N/A	N/A
(II) Diluted earnings per share		N/A	N/A
VI. Other comprehensive income		—	—
VII. Total comprehensive income:		76,554,313.13	22,686,458.02

The accompanying notes form part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2013

RMB

Item	Notes	2013	2012
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		7,461,458,536.11	7,029,365,440.52
Receipts of tax refunds		—	1,981,332.25
Other cash receipts relating to operating activities	(VI) 48(1)	128,613,210.62	338,306,789.20
Sub-total of cash inflows from operating activities		7,590,071,746.73	7,369,653,561.97
Cash payments for goods purchased and services received		5,844,463,822.44	6,137,503,623.36
Cash payments to and on behalf of employees		895,337,037.07	861,229,901.31
Payments of various types of taxes		274,707,201.82	331,298,175.61
Other cash payments relating to operating activities	(VI) 48(2)	273,020,415.69	253,988,832.29
Sub-total of cash outflows from operating activities		7,287,528,477.02	7,584,020,532.57
Net Cash Flow from Operating Activities		302,543,269.71	(214,366,970.60)
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		16,720,000.00	60,300,000.00
Cash receipts from investment income		894,525.84	13,850,356.20
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		14,790,256.91	19,507,702.84
Other cash received relating to investing activities	(VI) 48(3)	103,564,877.52	3,265,477.09
Sub-total of cash inflows from investing activities		135,969,660.27	96,923,536.13
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		493,230,999.28	356,470,922.54
Cash payments to acquire investments		4,800,000.00	81,700,000.00
Net cash payments for acquisitions of subsidiaries and other business units		3,422,644.17	—
Other cash payments relating to investing activities	(VI) 48(4)	18,026,089.83	166,320,564.79
Sub-total of cash outflows from investing activities		519,479,733.28	604,491,487.33
Net Cash Flow from Investing Activities		(383,510,073.01)	(507,567,951.20)

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 December 2013

Item	Notes	2013	2012
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		14,173,863.71	20,700,000.00
Including: Cash receipts from capital contributions of minority interest of subsidiaries		14,173,863.71	20,700,000.00
Cash receipts from borrowings		1,079,534,781.66	448,052,741.41
Cash receipts from issue of bonds		—	297,300,000.00
Other cash received relating to financing activities	(VI) 48(5)	39,510,446.49	25,090,756.53
Sub-total of cash inflows from financing activities		1,133,219,091.86	791,143,497.94
Cash repayments of borrowings		445,218,731.22	737,072,658.78
Cash payments for distribution of dividends or settlement of interest expenses		120,780,700.81	119,422,832.96
Including: Cash payments for distribution of dividends to minority interest of subsidiaries		48,886,004.63	59,715,280.54
Other cash payments relating to financing activities	(VI) 48(6)	28,005,255.38	184,962,484.71
Sub-total of cash outflows from financing activities		594,004,687.41	1,041,457,976.45
Net Cash Flow from Financing Activities		539,214,404.45	(250,314,478.51)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		(2,046,363.68)	(14,181.46)
V. Net Increase (Decrease) in Cash and Cash Equivalents		456,201,237.47	(972,263,581.77)
Add: Opening balance of Cash and Cash Equivalents	(VI) 49(2)	1,253,888,037.55	2,226,151,619.32
VI. Closing Balance of Cash and Cash Equivalents	(VI) 49(2)	1,710,089,275.02	1,253,888,037.55

The accompanying notes form part of the financial statements.

CASH FLOW STATEMENT OF THE COMPANY

For the year ended 31 December 2013

RMB

ITEM	Notes	2013	2012
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,248,640,775.32	3,771,581,781.84
Other cash receipts relating to operating activities	(VI) 48(1)	3,600,638.68	28,901,803.00
Sub-total of cash inflows from operating activities		3,252,241,414.00	3,800,483,584.84
Cash payments for goods purchased and services received		3,484,467,415.75	4,271,242,081.44
Cash payments to and on behalf of employees		43,176,103.23	33,523,238.23
Payments of various types of taxes		63,877,374.51	110,293,904.39
Other cash payments relating to operating activities	(VI) 48(2)	97,713,333.89	108,951,842.28
Sub-total of cash outflows from operating activities		3,689,234,227.38	4,524,011,066.34
Net Cash Flow from Operating Activities		(436,992,813.38)	(723,527,481.50)
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		—	1,218,622.57
Cash receipts from investment income		31,458,206.66	1,652,644.87
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		17,548.05	821,646.21
Other cash receipts relating to investing activities	(VI) 48(3)	109,169,828.59	25,815,741.91
Sub-total of cash inflows from investing activities		140,645,583.30	29,508,655.56
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		11,452,749.12	8,834,165.70
Other cash payments relating to investing activities	(VI) 48(4)	17,542,505.08	19,326,224.89
Sub-total of cash outflows from investing activities		28,995,254.20	28,160,390.59
Net Cash Flow from Investing Activities		111,650,329.10	1,348,264.97

CASH FLOW STATEMENT OF THE COMPANY
For the year ended 31 December 2013

ITEM	Notes	2013	2012
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		680,000,000.00	180,000,000.00
Other cash receipts relating to financing activities	(VI) 48(5)	323,337,199.35	3,326,916.35
Sub-total of cash inflows from financing activities		1,003,337,199.35	183,326,916.35
Cash repayments of borrowings		200,000,000.00	240,000,000.00
Cash payments of dividends or settlement of interest expenses		41,290,510.60	65,530,821.86
Other cash payments relating to financing activities	(VI) 48(6)	914,166.57	172,195,520.56
Sub-total of cash outflows from financing activities		242,204,677.17	477,726,342.42
Net Cash Flow from Financing Activities		761,132,522.18	(294,399,426.07)
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents		747,782.77	(33,160.36)
V. Net Increase (Decrease) in Cash and Cash Equivalents		436,537,820.67	(1,016,611,802.96)
Add: Opening balance of Cash and Cash Equivalents	(VI) 49(2)	768,274,457.86	1,784,886,260.82
VI. Closing Balance of Cash and Cash Equivalents	(VI) 49(2)	1,204,812,278.53	768,274,457.86

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2013

RMB

ITEM	2013								Total shareholders' equity
	Attributable to shareholders of the Company							Minority interests	
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Others	Total		
I. At 1 January 2013	417,641,867.00	453,534,816.70	9,771,609.17	122,766,499.46	411,164,608.79	(34,773,808.84)	1,380,105,592.28	578,102,490.47	1,958,208,082.75
II. Changes for the year	—	351,535.50	5,062,211.36	7,655,431.31	106,519,800.71	(4,112,814.87)	115,476,164.01	137,206,035.40	252,682,199.41
(I) Net profit	—	—	—	—	135,892,609.02	—	135,892,609.02	74,254,741.46	210,147,350.48
(II) Other comprehensive income	—	—	—	—	—	(4,112,814.87)	(4,112,814.87)	(2,501,234.58)	(6,614,049.45)
Subtotal of (I) and (II)	—	—	—	—	135,892,609.02	(4,112,814.87)	131,779,794.15	71,753,506.88	203,533,301.03
(III) Shareholders' contributions and reduction in capital	—	(43,364.54)	—	—	—	—	(43,364.54)	100,985,923.00	100,942,558.46
1. Capital contribution from shareholders	—	—	—	—	—	—	—	101,884,128.36	101,884,128.36
2. Others	—	(43,364.54)	—	—	—	—	(43,364.54)	(898,205.36)	(941,569.90)
(IV) Profit distribution	—	—	—	7,655,431.31	(29,372,808.31)	—	(21,717,377.00)	(39,499,038.38)	(61,216,415.38)
1. Transfer to surplus reserve	—	—	—	7,655,431.31	(7,655,431.31)	—	—	—	—
2. Distributions to shareholders	—	—	—	—	(21,717,377.00)	—	(21,717,377.00)	(39,499,038.38)	(61,216,415.38)
(V) Special reserve	—	—	5,062,211.36	—	—	—	5,062,211.36	3,965,643.90	9,027,855.26
1. Transfer to special reserve in the year	—	—	16,828,225.32	—	—	—	16,828,225.32	13,618,241.62	30,446,466.94
2. Amount utilised in the year	—	—	(11,766,013.96)	—	—	—	(11,766,013.96)	(9,652,597.72)	(21,418,611.68)
(VI) Others	—	394,900.04	—	—	—	—	394,900.04	—	394,900.04
III. At 31 December 2013	417,641,867.00	453,886,352.20	14,833,820.53	130,421,930.77	517,684,409.50	(38,886,623.71)	1,495,581,756.29	715,308,525.87	2,210,890,282.16

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2013

RMB

ITEM	2012							Total shareholders' equity	
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	Others	Total		
Consolidated Statement of Changes in Shareholders' Equity									
I. At 31 December 2011	417,641,867.00	274,825,436.40	2,954,571.68	120,497,853.66	353,921,236.48	(34,800,450.16)	1,135,040,515.06	177,006,357.49	1,312,046,872.55
Add: Effect of business combination under common control	—	640,862,873.66	4,639,916.21	45,564,923.06	54,010,840.99	—	745,078,553.92	401,399,675.37	1,146,478,229.29
II. At 1 January 2012	417,641,867.00	915,688,310.06	7,594,487.89	166,062,776.72	407,932,077.47	(34,800,450.16)	1,880,119,068.98	578,406,032.86	2,458,525,101.84
III. Changes for the year	—	(462,153,493.36)	2,177,121.28	(43,296,277.26)	3,232,531.32	26,641.32	(500,013,476.70)	(303,542.39)	(500,317,019.09)
(I) Net profit	—	—	—	—	72,535,413.29	—	72,535,413.29	72,875,904.03	145,411,317.32
(II) Other comprehensive income	—	—	—	—	—	26,641.32	26,641.32	(43,655.09)	(17,013.77)
Subtotal of (I) and (II)	—	—	—	—	72,535,413.29	26,641.32	72,562,054.61	72,832,248.94	145,394,303.55
(III) Shareholders' contributions and reduction in capital	—	(462,153,493.36)	(1,105,248.22)	(45,564,923.06)	(41,975,723.17)	—	(550,799,387.81)	(74,287,522.27)	(625,086,910.08)
1. Capital contribution from shareholders	—	281,810,000.00	—	—	—	—	281,810,000.00	—	281,810,000.00
2. Free transfer of assets	—	(336,914,603.66)	(866,054.28)	(45,564,923.06)	(41,975,723.17)	—	(425,311,304.17)	(47,636,927.83)	(472,948,232.00)
3. Effect of business combination under common control	—	(407,048,889.70)	(249,193.94)	—	—	—	(407,298,083.64)	(26,650,594.44)	(433,948,678.08)
(IV) Profit distribution	—	—	—	2,268,645.80	(27,327,158.80)	—	(25,058,513.00)	—	(25,058,513.00)
1. Transfer to surplus reserve	—	—	—	2,268,645.80	(2,268,645.80)	—	—	—	—
2. Distributions to shareholders	—	—	—	—	(25,058,513.00)	—	(25,058,513.00)	—	(25,058,513.00)
(V) Special reserve	—	—	3,282,369.50	—	—	—	3,282,369.50	1,151,730.94	4,434,100.44
1. Transfer to special reserve in the year	—	—	8,200,528.48	—	—	—	8,200,528.48	4,349,518.70	12,550,047.18
2. Amount utilised in the year	—	—	(4,918,158.98)	—	—	—	(4,918,158.98)	(3,197,787.76)	(8,115,946.74)
IV. At 31 December 2012	417,641,867.00	453,534,816.70	9,771,609.17	122,766,499.46	411,164,608.79	(34,773,808.84)	1,380,105,592.28	578,102,490.47	1,958,208,082.75

The accompanying notes form part of the financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY

For the year ended 31 December 2013

RMB

ITEM	2013				Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained profits	
I. At 1 January 2013	<u>417,641,867.00</u>	<u>544,699,247.11</u>	<u>120,288,410.60</u>	<u>170,631,710.75</u>	<u>1,253,261,235.46</u>
II. Changes for the year	—	394,900.04	7,655,431.31	47,181,504.82	55,231,836.17
(I) Net profit	—	—	—	76,554,313.13	76,554,313.13
(II) Profit distribution	—	—	7,655,431.31	(29,372,808.31)	(21,717,377.00)
1. Transfer to surplus reserve	—	—	7,655,431.31	(7,655,431.31)	—
2. Distributions to shareholders	—	—	—	(21,717,377.00)	(21,717,377.00)
(III) Others	—	394,900.04	—	—	394,900.04
III. At 31 December 2013	<u>417,641,867.00</u>	<u>545,094,147.15</u>	<u>127,943,841.91</u>	<u>217,813,215.57</u>	<u>1,308,493,071.63</u>

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY OF THE COMPANY
For the year ended 31 December 2013

RMB

ITEM	2012					Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained profits	
I. At 1 January 2012	417,641,867.00	238,064,703.29	—	118,019,764.80	175,272,411.53	948,998,746.62
II. Changes for the year	—	306,634,543.82	—	2,268,645.80	(4,640,700.78)	304,262,488.84
(I) Net profit	—	—	—	—	22,686,458.02	22,686,458.02
(II) Shareholders' contributions and reduction in capital	—	306,634,543.82	—	—	—	306,634,543.82
1. Capital contribution from shareholders	—	281,810,000.00	—	—	—	281,810,000.00
2. Effect of business combination under common control	—	24,824,543.82	—	—	—	24,824,543.82
(III) Profit distribution	—	—	—	2,268,645.80	(27,327,158.80)	(25,058,513.00)
1. Transfer to surplus reserve	—	—	—	2,268,645.80	(2,268,645.80)	—
2. Distributions to shareholders	—	—	—	—	(25,058,513.00)	(25,058,513.00)
III. At 31 December 2012	417,641,867.00	544,699,247.11	—	120,288,410.60	170,631,710.75	1,253,261,235.46

The accompanying notes form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

(I) INFORMATION

Guangdong Yueyun Transportation Company Limited (the “Company”) was established in the People’s Republic of China (the “PRC”) on 28 December 1999 as a limited company under the name of Guangdong Yuedi Communications Company Limited by Guangdong Provincial Highway Construction Company Limited, Guangdong Communication Enterprise Investment Company Limited, Guangdong Province Road & Bridge Construction Development Company Limited, Guangdong Weisheng Transportation Enterprise Company Limited and Guangdong Guantong Expressway Assets Management Company Limited. On 25 December 2000, Guangdong Yuedi Communications Company Limited was converted to a joint stock limited company under the approval of the People’s Government Municipality Yue Ban Han [2000] No. 685 and Economic and Trade Commission of Guangdong Province Yue Jing Mao Jian Du [2000] No. 1057. On 1 April 2002, under the approval of Administration of Industry and Commerce of Guangdong Province, Guangdong Yuedi Communications Company Limited was renamed as Guangdong Nan Yue Logistics Company Limited. The registered capital of the Company was RMB 292,187,322.00. On 5 August 2013, under the approval of Administration of Industry and Commerce of Guangdong Province, Guangdong Nan Yue Logistics Company Limited was renamed as Guangdong Yueyun Transportation Company Limited.

In 2005, according to the shareholders’ resolution and the revised Company’s Memorandum and Articles, and being approved by State-owned Assets Supervision and Administration Commission of the State Council Guo Zi Gai Ge [2005] No. 62 and China Securities Regulatory Commission Zheng Jian Guo He Zi [2005] No. 21, the Company initially offered 138,000,000 H shares with a nominal value of RMB 1.00 per H share on the Main Board of The Stock Exchange of Hong Kong Limited (“SEHK”), including 125,454,545 new H shares, and 12,545,455 H shares converted from Domestic shares. The registered capital of the Company was changed to RMB 417,641,867.00 after the placing and public offer.

The Company and its subsidiaries (the “Group”) are principally engaged in the following businesses: (1) transportation and related service, including Guangdong Province passenger, interprovincial passenger and freight transportation, multi-modal logistics, passenger and freight station, storage, lightering, automobile leasing and repair, and cross-border transportation services, in particular operating routes between Hong Kong Special Administrative Region of the PRC (“Hong Kong”) and the Guangdong Province the PRC; (2) material logistics services, mainly including logistics management for expressway and other sizable infrastructure projects; (3) expressway service zones operation and related auxiliary services, such as operating food and beverage network, convenience stores, outdoor advertising for expressways, vehicle maintenance and leasing service; (4) transportation intelligence services, including safety facilities installation and maintenance and toll collection (the business was disposed on 31 December 2012 and (5) toll collection and operation businesses at Taiping Interchange in the Guangdong Province, the PRC.

The Company’s ultimate holding company is Guangdong Provincial Communication Group Company Limited (“GCGC”). The address of the Company’s registered office is 8 Floor, No. 1731-1735 Airport Road, Guangzhou, China. The legal representative of the Company is Liu Wei.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation of financial statements

The Group has adopted the Accounting Standards for Business Enterprises (“CAS”) issued by the Ministry of Finance of the PRC (“MoF”), including CAS No. 9 “Employee Compensation”, CAS No. 30 “Presentation of Financial Statements”, No. 33 “Consolidated Financial Statements”, CAS No. 39 “Fair Value Measurements”, and CAS No. 40 “Joint Arrangement” issued in January and February 2014. In addition, the Group has disclosed relevant financial information in accordance with the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on SEHK.

Going Concern

As of 31 December 2013, the Group has total current liabilities in excess of total current assets of RMB 68,095,587.22. As the Group has the unutilized bank facilities of approximate RMB 3.7 billion, the Group will be able to operate as a going concern with sufficient funds. As a result, the financial statements are prepared on a going concern basis.

2. Statement of compliance with CAS

The financial statements of the Company have been prepared in accordance with CAS, and present truly and completely, the Company’s and consolidated financial position as of 31 December 2013, and the Company’s and consolidated results of operations and cash flows for the year then ended.

3. Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring fair value, an entity shall use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value. The valuation techniques include the market approach, the cost approach and the income approach.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

3. Basis of accounting and principle of measurement *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

A fair value measurement of a liability or an entity's own equity instrument follows the below principles: When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is available, an entity shall measure the fair value of the liability or equity instrument using the quoted price. When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument from the perspective of a market participant that holds the identical item as an asset at the measurement date. When a quoted price for the transfer of an identical or a similar liability or entity's own equity instrument is not available and the identical item is not held by another party as an asset, an entity shall measure the fair value of the liability or equity instrument using a valuation technique from the perspective of a market participant that owes the liability or has issued the claim on equity.

4. Accounting period

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

5. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's overseas subsidiaries choose Hong Kong dollar ("HKD") as its functional currency on the basis of the primary economic environment in which it operates. The Group adopts RMB to prepare its financial statements.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

6.1 *Business combinations involving enterprises under common control*

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

6.2 *Business combinations not involving enterprises under common control and goodwill*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination not involving enterprises under common control is achieved in stages that involve multiple transactions, the cost of combination is the sum of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The equity interest in the acquiree held before the acquisition date is remeasured at its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income. The other comprehensive income of the acquiree before the acquisition date relating to the previously held interest in the acquiree is transferred to investment income.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

6. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control *(Continued)*

6.2 *Business combinations not involving enterprises under common control and goodwill (Continued)*

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date. Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognised as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognises the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. It is tested for impairment at least at the end of each year.

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognised if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognized in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

7. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. The entity controls an investee when it is exposed, or has rights, to variable returns from its involvement in the relevant activities with the investee and has the ability to affect those returns through its power over the investee.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

No matter when the business combination occurs in the reporting period, subsidiaries acquired through a business combination involving enterprises under common control are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest reporting period are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the PRC subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company. Where the accounting policies and accounting periods adopted by foreign subsidiaries are inconsistent with those of the Company, appropriate adjustments are made to the subsidiaries' financial statements in accordance with the accounting policies and accounting periods of the Company.

All significant intra-group balances and transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of shareholders' equity of the subsidiary, the excess amount are still allocated against minority interests.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under shareholders' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained profits.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognised as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

The Group might lose control of a subsidiary in two or more arrangements. One or more of the following may indicate that the Group should account for the multiple agreements as a single transaction: (1) they are entered into all the same time or in contemplation of each other; (2) they form a single transaction designed to achieve an overall commercial effect; (3) the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; and or (4) one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. When the Group loses control of a subsidiary considered as a single transaction, it is accounted for as a single transaction that the difference between the accumulated disposal considerations before lost of control and the Group's share of the net assets of the subsidiary is recognized as other comprehensive income. When the Group loses control of a subsidiary in two or more arrangements not considered as a single transaction, they are accounted for as individual transactions.

8. Recognition criteria of cash and cash equivalents

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

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Translation of transactions and financial statements denominated in foreign currencies

9.1 *Transactions denominated in foreign currencies*

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognised in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalisation are capitalised as part of the cost of the qualifying asset during the capitalisation period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortised cost) of available-for-sale monetary items are recognised as other comprehensive income and included in capital reserve.

When the consolidated financial statements include foreign operation(s), if there is foreign currency monetary item constituting a net investment in a foreign operation, exchange difference arising from changes in exchange rates are recognised as "Translation differences arising on translation of financial statements denominated in foreign currencies" in shareholder's equity, and in profit and loss for the period upon disposal of the foreign operation.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognised in profit and loss or as other comprehensive income included in capital reserve.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

9. Translation of transactions and financial statements denominated in foreign currencies

(Continued)

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; shareholders' equity items except for retained profits are translated at the spot exchange rates at the dates on which such items arose; all items in the income statement as well as items reflecting the distribution of profits are translated at the average exchange rate of the accounting year; the opening balance of retained profits is the translated closing balance of the previous year's retained profits; the closing balance of retained profits is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in foreign currencies under the shareholders' equity in the balance sheet.

Cash flows arising from a transaction in foreign currency and the cash flows of a foreign subsidiary are translated at the average exchange rate of the accounting year. The effect of exchange rate changes on cash and cash equivalents is regarded as a reconciling item and presented separately in the cash flow statement as "effect of exchange rate changes on cash and cash equivalents".

The opening balances and the comparative figures of previous year are presented at the translated amounts in the previous year's financial statements.

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. In the case of partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognised in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognised amounts.

10.1 Determination of fair value

For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

10.2 Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.3 Classification, recognition and measurement of financial assets

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

10.3.1. Financial Assets at Fair Value through Profit or Loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of selling in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognising the gains or losses on them on different bases; or (2) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) Mixed financial tools that are related to embedded derivatives and financial assets at FVTPL designated under CAS No. 22 "Recognition and Measurement of Financial Instruments". Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognised in profit or loss.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.3 Classification, recognition and measurement of financial assets *(Continued)*

10.3.2. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group's management has the positive intention and ability to hold to maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

10.3.3. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, dividends receivable and other receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

10.3.4. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income and included in the capital reserve, except that impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.4 Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost;
- (9) Other objective evidence indicating there is an impairment of a financial asset.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.4 Impairment of financial assets *(Continued)*

- Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The Group assesses the asset individually for impairment for both the financial asset that is individually significant and the financial asset that is not individually significant. The difference between the estimated future cash flows of the financial asset and the carrying amount is recognised as an impairment loss.

- Impairment of available-for-sale financial asset

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.4 Impairment of financial assets *(Continued)*

- Impairment of financial assets measured at cost
If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognised as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognised.

10.5 Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognised; and (2) the sum of the consideration received for the part derecognised and any cumulative gain or loss allocated to the part derecognised which has been previously recognised in other comprehensive income, is recognised in profit or loss.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.6 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities.

10.6.1. Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL consist of financial liabilities held for trading and those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; or (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial liability may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring liabilities or recognising the gains or losses on them on different bases; or (2) The financial liability forms part of a group of financial liabilities or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (3) Mixed financial tools that are related to embedded derivatives and financial assets at FVTPL designated under CAS No. 22 "Recognition and Measurement of Financial Instruments".

Financial liabilities at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value or any dividend or interest expenses related to the financial liabilities are recognised in profit or loss.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.6 Classification, recognition and measurement of financial liabilities *(Continued)*

10.6.2. Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Besides financial guarantee contracts, other financial liabilities are subsequently measured at amortised cost using the effective interest method, with gain or loss arising from derecognition or amortisation recognised in profit or loss.

10.6.3. Financial guarantee contracts

Financial guarantee contracts represent those contracts in which the guarantor and the creditor agrees that the guarantor will settle debts or assume liabilities in accordance with terms therein if the debtor fails to make payment. Financial guarantee contracts other than those designated as financial liabilities at fair value through profit or loss or loan commitments that are not designated at fair value through profit or loss and granted at a rate below market rates are initially recognised at fair value less directly attributable transaction fees, and shall be subsequently measured at the higher of the following: the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 "Contingencies" and the amount initially recognised less cumulative amortisation recognized in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 "Revenue".

10.7 Derecognition of Financial Liabilities

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognises a financial liability or a part of it, it recognises the difference between the carrying amount of the financial liability (or part of the financial liability) derecognised and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

10. Financial instruments *(Continued)*

10.8 *Offsetting financial assets and financial liabilities*

Where the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet. Except for the above circumstances, financial assets and financial liabilities shall be presented separately in the balance sheet and shall not be offset.

10.9 *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognise any changes in the fair value of equity instruments.

11. Receivables

The Group's receivables include accounts receivable, other receivables, etc. Accounts receivables from sales of goods or rendering of services are initially recognised at the fair value of the contract.

11.1 *Receivables that are individually significant and for which bad debt provision is individually assessed*

Basis or monetary criteria for determining an individually significant receivable	The Group considers accounts receivable above RMB 10 million (including RMB 10 million) and other receivables above RMB 2 million (including RMB 2 million) as receivables that are individually significant.
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Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	The Group assesses the receivables individually for impairment. The bad debt is provided when the group will not receive the debt based on the original terms, and the amount for provision is the difference between the present value of expected future cash flows and the carrying amount.
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11.2 *Receivables that are not individually significant but for which bad debt provision is individually assessed*

If there is objective evidence that receivables that are not individually significant has been impaired, the Group will individually assesses them and made bad debt provision based on the difference between its present value of expected future cash flows and carrying amounts.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Inventories

12.1 *Categories of inventories and initially measured*

The Group's inventories mainly include materials in transit, raw materials, low cost and short-lived materials, packaging materials, work in progress, finished goods, goods on hand and construction cost, etc. Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

Construction contracts are accounted for at actual cost, which comprises the direct and indirect costs attributable to executing the contract incurred during the period from the date of entering into the contract to the final completion of the contract. The cumulative costs incurred and cumulative gross profits (or losses) recognised for contracts in progress are offset against the progress billings and the net amount is presented in the balance sheet. Where the aggregate of cumulative costs incurred and cumulative gross profits (or losses) recognised exceed the progress billings for contracts in progress, the surplus is shown as inventories. Where the progress billings for contracts in progress exceed the aggregate of cumulative costs incurred and cumulative gross profits (or losses) recognised, the surplus is shown as receipts in advance.

Travelling and bidding expenses, etc incurred for entering into a contract is recognised as costs of the contract when the contract is entered into if such expenditure can be separately identified and reliably measured and it is probable that the contract will be obtained. Otherwise, such expenditure is charged to profit or loss for the current period.

12.2 *Valuation method of inventories upon delivery*

The actual cost of inventories upon delivery is calculated using the weighted average method.

12.3 *Amortisation method for low cost and short-lived consumable items and packaging materials*

Packaging materials and low cost and short-lived consumable items are amortised using the immediate write-off method.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

12. Inventories *(Continued)*

12.4 *Basis for determining net realisable value of inventories and provision methods for decline in value of inventories*

At the balance sheet date, inventories are measured at the lower of cost and net realisable value. If the net realisable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realisable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events. Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realisable value on an item-by-item basis. After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realisable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

12.5 *Inventory count system*

The perpetual inventory system is maintained for stock system.

13. Long-term equity investments

13.1 *Determination of investment cost*

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

13. Long-term equity investments

13.2 *Subsequent measurement and recognition of profit or loss*

13.2.1. Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an entity that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

13.2.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence and a joint venture is a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

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

13.2.2. Long-term equity investment accounted for using the equity method *(Continued)*

Under the equity method, the Group recognises its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognises its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealised profits or losses resulting from the Group's transactions with its associates and joint ventures are recognised as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in shareholders' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognised as other comprehensive income which is included in the capital reserve.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognized according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognized.

For long-term equity investments in associates and joint ventures which had been held by the Group before its first-time adoption of CAS, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortised and is recognised in profit or loss on a straight line basis over the original remaining life.

13.2.3. Disposal of long-term equity investments

On disposal of a long term equity investment, the difference between the proceeds actually received and receivable and the carrying amount is recognised in profit or loss for the period. For a long-term equity investment accounted for using the equity method, the amount included in the shareholders' equity attributable to the percentage interest disposed is transferred to profit or loss for the period.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

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

13.3 *Basis for determining joint control and significant influence over investee*

The entity controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

13.4 *Methods of impairment assessment and determining the provision for impairment loss*

The Group reviews the long-term equity investments at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If an impairment indication exists, the recoverable amount is estimated. If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Once an impairment loss is recognised for a long-term equity investment, it will not be reversed in any subsequent period.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

14. Investment properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes a land use right that is leased out; a land use right held for transfer upon capital appreciation; and a building that is leased out.

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

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

The Group reviews the investment properties at each balance sheet date to determine whether there is any indication that they have suffered an impairment loss. If there is any indication that such assets may be impaired, the recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once an impairment loss is recognised for an investment property, it will not be reversed in any subsequent period.

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

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Fixed assets

15.1 Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of over one accounting year. A fixed asset is recognised only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost.

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

15.2 Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful life (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	10 - 50	0 - 5	1.9 - 10
Building improvement	3 - 5	0	20 - 33.33
Transportation vehicle	5 - 8	0 - 5	11.88 - 20
Machinery and equipment	5 - 12	0 - 5	7.92 - 20
Office equipment and others	3 - 10	0 - 5	9.5 - 33.33
Pier	44	0	2.27

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

15. Fixed assets *(Continued)*

15.3 *Methods of impairment assessment and determining the provision for impairment losses of fixed assets*

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of such assets is recognised, it is not be reversed in any subsequent period.

15.4 *Identification basis and valuation methods for fixed assets acquired under finance leases*

The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life. If there is no reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over the shorter of the lease term and its useful life.

15.5 *Other explanations*

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and account for any change as a change in an accounting estimate.

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognised. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognised in profit or loss for the period.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

16. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognised in profit or loss for the period.

Once the impairment loss of construction in progress is recognised, it is not be reversed in any subsequent period.

17. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalised when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalisation of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. Capitalisation of borrowing costs is suspended during periods in which the acquisition, construction or production of a qualifying asset is suspended abnormally and when the suspension is for a continuous period of more than 3 months. Capitalisation is suspended until the acquisition, construction or production of the asset is resumed. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalised is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalised on such borrowings by applying a capitalisation rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general- purpose borrowings.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Intangible assets

18.1 Intangible assets

Intangible assets include land use rights, toll bridge franchise operating rights, line license use rights and line operation rights, coastline use right, computer software, trademark rights, passenger service licences, etc.

Intangible assets, other than toll bridge franchise operating rights which are recorded based on the amount of shareholder's capital contribution recognised according to approved assessment, are measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortised.

Estimated useful life of intangible assets are as follows:

Items	Estimated useful lives (year)
Land use right	20-68
Computer software	5-10
Coastline use right	48
Passenger service licences	Indefinite
Toll bridge franchise operating rights	30
Trademark rights	10
Line license use rights and line operation rights	3-8

The Group assesses at each balance sheet date estimated useful lives and amortization method of intangible assets with a finite useful life, such as land use rights, computer software, coastline use right, toll bridge franchise operating rights, trademark rights and line license use rights and line operation rights, and makes adjustments when necessary.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

18. Intangible assets *(Continued)*

18.2 *Research and development expenditure*

Expenditure during the research phase is recognized as an expense in the period in which it is incurred.

Expenditure during the development phase that meets all of the following conditions at the same time is recognized as intangible asset. Expenditure during development phase that does not meet the following conditions is recognized in profit or loss for the period.

- (1) It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (2) the Group has the intention to complete the intangible asset and use or sell it;
- (3) the Group can demonstrate the ways in which the intangible asset will generate economic benefits, including the evidence of the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- (4) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- (5) the expenditure attributable to the intangible asset during its development phase can be reliably measured.

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

18.3 *Methods of impairment assessment and determining the provision for impairment losses of intangible assets*

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

19. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortized over the current and subsequent periods (together of over one year). Long-term prepaid expenses are amortized using the straight-line method over the expected periods in which benefits are derived.

The Group assesses at each balance sheet date whether there is any long-term prepaid expenses may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

20. Provisions

Provisions are recognized when the Group has a present obligation related to a contingency, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account factors pertaining to a contingency such as the risks, uncertainties and time value of money. Where the effect of the time value of money is material, the amount of the provision is determined by discounting the related future cash outflows.

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

21. Revenue recognition

21.1 Revenue from sale of goods

Revenue from sale of goods is recognized when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (3) the amount of revenue can be measured reliably; (4) it is probable that the associated economic benefits will flow to the Group; and (5) the associated costs incurred or to be incurred can be measured reliably.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

21. Revenue recognition *(Continued)*

21.2 Revenue from rendering of services

Revenue from rendering of services is recognized when (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; (3) the stage of completion of the transaction can be determined reliably; and (4) the associated costs incurred or to be incurred can be measured reliably. Revenue from rendering of services is recognized using the percentage of completion method at the balance sheet date. The stage of completion of a transaction for rendering for services is determined based on services performed to date as a percentage of total services to be performed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the costs incurred that will be recoverable, and the costs incurred are recognized as expenses for the period. When it is not probable that the costs incurred will be recovered, revenue is not recognized.

21.3 Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognized using the percentage of completion method at the balance sheet date. The stage of completion of a contract is determined using the proportion that completed contract work bears to the estimated total contract work.

Where the outcome of a construction contract cannot be estimated reliably, (1) if contract costs are expected to be recoverable, contract revenue is recognized to the extent of contract costs that are expected to be recoverable; and contract costs are recognized as expenses in the period in which they are incurred; (2) if contract costs are not expected to be recoverable, they are recognized as expenses immediately when incurred and contract revenue is not recognized. When the uncertainties that prevented the outcome of the construction contract from being estimated reliably no longer exist, revenue and expenses associated with the construction contract are recognized using the percentage of completion method.

If the estimated total contract costs exceed total contract revenue, the expected loss is recognized immediately as an expense for the period.

The cumulative costs incurred and cumulative gross profits (or losses) recognized for contracts in progress and the progress billings are offset and the net amount is presented in the balance sheet. Where the aggregate of cumulative costs incurred and cumulative gross profits (or losses) recognized exceed the progress billings for contracts in progress, the surplus is shown as inventory. Where the progress billings for contracts in progress exceed the aggregate of cumulative costs incurred and cumulative gross profits (or losses) recognized, the surplus is shown as receipts in advance.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

22. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the period. According to grants' nature that is explicitly stipulated in the relevant government documents, government grants are classified into government grants related to assets and government grants related to income.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.

For repayment of a government grant already recognized, if there is related deferred income, the repayment is offset against the carrying amount of the deferred income, and any excess is recognized in profit or loss for the period. If there is no related deferred income, the repayment is recognized immediately in profit or loss for the period.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

23. Income tax

The income tax expenses include current income tax and deferred income tax.

23.1 *Current income tax*

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

23.2 *Deferred tax assets and deferred tax liabilities*

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognised.

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

23. Income tax *(Continued)*

23.2 *Deferred tax assets and deferred tax liabilities (Continued)*

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

24. Operating leases and finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

24.1 *The Group as lessee under operating leases*

Operating lease payments are recognised on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

24.2 *The Group as lessor under operating leases*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with over an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

24.3 *The Group as lessee under finance leases*

At the commencement of the lease term, the Group records the leased asset at an amount equal to the lower of the fair value of the leased asset and the present value of the minimum lease payments at the inception of the lease, and recognises a long-term payable at an amount equal to the minimum lease payments. The difference between the recorded amounts is accounted for as unrecognised finance charge. Besides, initial direct costs that are attributable to the leased item incurred during the process of negotiating and securing the lease agreement are also added to the amount recognised for the leased asset. Identification basis and valuation methods for fixed assets acquired under finance leases refer to Note II 15.4.

Unrecognised finance charges are recognised as finance charge for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred. The net amount of minimum lease payments less unrecognised finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

(II) SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

25. Employee benefits

In the accounting period in which employees render service to the Group, short-term employee benefits actually occurred are recognized by the Group as liabilities and included in the profit or loss of current period or cost of related assets.

The Group participated in defined contribution plan established by the government. During the accounting period in which employees render service to the Group, the amount of employee benefits is determined on the accrual basis and proportion in accordance with relevant requirements and recognizes as liabilities and included in the profit or loss of current period or cost of related assets.

The Group provides defined benefit scheme for qualified employees. The cost of providing benefits is determined using the projected unit credit method which make estimates based on unbiased and mutually compatible actuarial assumptions about demographic variables and financial variables that will influence the cost of the benefit and to determine how much benefit is attributable to the current and prior periods. The periods begin from the date when service by the employee first leads to benefits under the plan until the date when further service by the employee will not lead to material amount of further benefits under the plan. Pursuant to the Group's defined benefit plan, further service by the qualified employees will not lead to material amount of further benefits when the plan was initially set up, therefore, the cost of providing benefits related to the employee benefit liability of the Group at initial recognition is fully charged to profit or loss during that period which the amount is determined by the present value of defined benefit scheme discounted by the discount rate by reference to market yields at the end of the reporting period on government bonds of a currency and term consistent with the currency and term of the defined benefit scheme. At each of the end of the reporting period, the Group will re-measure the obligation of defined benefit scheme and recongise the actuarial gains or losses into other comprehensive income.

The Group provided termination benefit to employees and recognized as a liability and relevant expenditure at the earlier of (1) the Group has a formal plan for termination of employment relationship and (2) cannot unilaterally withdraw from the termination plan. A provision for the compensation payable arising from the termination of employment relationship with employees is recognised with a corresponding charge to the profit or loss for the period.

26. Changes in accounting policies

The Group early adopted the new CAS No. 9 "Employee Compensation", CAS No. 30 "Presentation of Financial Statements", No. 33 "Consolidated Financial Statements", CAS No. 39 "Fair Value Measurements", and CAS No. 40 "Joint Arrangement" issued by the MoF in January and February 2014 from 1 January 2013. Therefore, the Group has changed certain accounting policies, such as the new definition of control which affects the scope of consolidation. However, the early adoption of those five standards has no significant impact on the Group's financial statements for current year and prior year.

(III) SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND CRITICAL ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of accounting policies described in Note II, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates of the Group.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if such change affects that period only; or recognised in the period of the change and future periods, if such change affects both.

– Significant judgments made in applying accounting policies

The following are the significant judgments that the Group has made in the process of applying the accounting policies and that have significant effect on the amounts recognised in the financial statements.

Perpetual Subordinated Convertible Securities ("PSCS")

On 17 September 2012, the Company entered into an asset swap agreement (the "Asset Swap Agreement") and the PSCS agreement. In accordance with the above agreements, the Company acquired 100% equity interest in Guangdong Vehicles Transportation Group Company Limited ("GVTG") held by GCGC and transferred 51%, 71% and 90% equity interests respectively in Guangdong Oriental Thought Technology Company Limited, Guangdong Xinyue Communications Investment Company Limited and Guangdong Nan Yue Logistics International Services Company Limited (together the "Disposal Group"), all held by the Company, to GCGC and the excess of consideration for the acquisition of GVTG over the consideration for the disposal of the Disposal Group will be settled by the Company through the issue of PSCS to GCGC.

For the PSCS issued by the Company on 31 December 2012, the Company made an adjustment, based on the terms related to the rights and duties of PSCS in the PSCS agreement, that the Company neither has a contract obligation to transfer cash or other financial assets to other entities, nor to exchange a financial asset or a financial liability in potential adverse conditions with other entities, and the Company will transfer a fixed number of the Company's own equity instrument (except for adjustment of special diluted issue), thus PSCS was treated as an equity instrument and record as "capital reserve".

(III) SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND CRITICAL ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES *(Continued)*

– **Key assumptions and uncertainties in accounting estimates**

The following are the key assumptions and uncertainties in accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods.

Bad debt

The Group recognizes bad debt provision based on judgement of recoverable amount of receivables. When there are signs that receivables can't be retrieved, bad debt provision will be made. Assessment of bad debt provision needs to use judgment and estimation. If there is difference between the re-assessment and current estimated result, the difference will influence carry amount of accounts receivable and the profits and losses for the estimated change period.

Useful lives and net estimated residual values of fixed assets

The Group determines the useful life and net residual value of a fixed asset. Such estimates are based on experience on actual useful life and residual value of certain fixed assets of similar nature and function, and may be adjusted for major changes due to technology evolution and the severe business environment. The Group will review the useful life, estimated net residual value of fixed assets at least once at every year end. Any changes will be treated as changes in accounting estimates.

Deferred tax assets

The realization of deferred tax assets is mainly determined by actual future taxable income and actual tax rate of temporary difference in future utilization year. If the actual future taxable income is less than estimates, or the actual tax rate is lower than estimates, the recognized deferred tax assets shall be reversed, and be recognized in profit and loss for the period in which the reversal is incurred. In addition, as it is unable to determine whether the deductible tax losses and deductible temporary differences in future can obtain the amount of taxable income to be used to deduct, the Group did not recognize deferred tax assets in respect of the deductible tax losses and deductible temporary differences amounted to RMB 272,901,388.50 (31 December 2012: RMB 270,324,686.46). If the actual future taxable income is more than estimates, or the actual tax rate is higher than estimates, deferred tax assets shall be adjusted accordingly and recognized in the profit and loss in the period in which they are incurred.

(III) SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND CRITICAL ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES *(Continued)*

– **Key assumptions and uncertainties in accounting estimates** *(Continued)*

Impairment of goodwill

Performing impairment test for goodwill requires a calculation of the present value of estimated future cash flows of the asset group or a set of asset group related to goodwill, and an estimation of the future cash flows expected to arise from such asset group or such set of asset group. It also requires determining a suitable interest rate before tax that reflects current market assessments of the time value of money and the risks specific to the asset.

Liabilities of retirement benefits

The benefit scheme to be offered to the retired staff and the internal retirees in future is recognized as a liability by the Group. The amount of these benefits expenses and liabilities is calculated and paid based on various assumptions, which include the discount rate, the wage growth rate during retirement, the growth rate of medical expenses and other factors. Although management considers these assumptions to be reasonable, actual experience and changes in the assumptions will affect the expense and liability balances related to employee retirement benefits expenses of the Group.

(IV) TAXES

1. Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value-added tax	Income from sale of goods	13%, 17%
Value-added tax	Transportation income (Note)	Exempted, 0%, 3%, 11%
Value-added tax	Income from rendering of service (Note)	6%
Business tax	Income from highway facilities and other auxiliary facilities, and income from rendering of service (Note)	5%
Business tax	Income from construction contracts and toll income	3%
Business tax	Transportation income (Note)	Exempted, 3%
City maintenance and construction tax	Value-added tax and business tax payables	5%, 7%
Educational surtax and surcharges	Value-added tax and business tax payables	3%, 2%
Embankment protection fee	Taxable operating income	0.05%, 0.1%, 0.13%
Culture construction fee	Taxable operating income	3%
Enterprise income tax	Taxable profit	25%
Hong Kong profits tax	Assessable profit	16.5%

Note: Since 1 November 2012, the Group and its subsidiaries that meet the conditions of levying VAT instead of BT pilot shall apply the VAT rate stipulated by the Implementation Measures of the Pilot of Changing from Business Tax into Value-added Tax for Transportation Industry and Certain Modern Service Industries (Cai Shui [2012] No. 111). Accordingly, certain transportation revenues of the Group arising from cross-border transportation would exempt VAT or apply zero VAT rate, and part of the subsidiaries would use the simplified tax levy rate of 3% to account for VAT; service revenues of the Group arising from warehousing would apply 6% VAT rate.

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1. Information of subsidiaries

(1) Subsidiaries established or acquired before 2013

Sequence number	Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Actual capital contribution at the end of the period	Share proportion (%)	Proportion of voting power (%)	Established or acquired
1	Guangdong New Way Advertising Company Limited	Domestic and non-financial	Guangdong China	Expressway Services	RMB 33,000,000.00	RMB 33,000,000.00	100.00	100.00	Established
2	Dongguan City Nan Yue Jia Fu Logistics Company Limited	Domestic and non-financial	Guangdong China	Material Logistics Services	RMB 10,000,000.00	RMB 10,000,000.00	100.00	100.00	Established
3	Guangdong Yueyun Transportation (HK) Company Limited (Formerly known as Guangdong Nan Yue Logistics (HK) Limited)	Overseas subsidiary	Hongkong China	Material Logistics Services	HKD 1,500,000.00	RMB 1,323,750.00	100.00	100.00	Established
4	Guangdong Top-E-Expressway Service Zone Company Limited	Domestic and non-financial	Guangdong China	Expressway Services	RMB 100,000,000.00	RMB 96,631,192.00	95.56	95.56	Business combinations involving enterprises under common control
5	Guangdong Guantong Expressway Assets Management Company Limited	Domestic and non-financial	Guangdong China	Expressway Services	RMB 10,000,000.00	RMB 10,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
6	Guangdong Jingdaoda Expressway Economic Development Company Limited	Domestic and non-financial	Guangdong China	Expressway Services	RMB 10,000,000.00	RMB 10,277,412.45	100.00	100.00	Business combinations involving enterprises under common control
7	Guangdong South China Logistics Enterprise Company Limited	Domestic and non-financial	Guangdong China	Material Logistics Services	RMB 100,000,000.00	RMB 124,457,237.80	98.40	98.40	Business combinations involving enterprises under common control
8	The Motor Transport Company Of Guangdong and Hong Kong Limited	Overseas subsidiary	Hongkong China	Cross-border Transportation Services	HKD 9,000,000.00	RMB 121,196,428.59	62.00	62.00	Business combinations involving enterprises under common control
9	Gang Tong (HK) Motor Transport Company Limited	Overseas subsidiary	Hongkong China	Cross-border Transportation Services	HKD 500,000.00	HKD 500,000.00	100.00	100.00	Business combinations involving enterprises under common control
10	Yue Kong Shipping Company Limited	Overseas subsidiary	Hongkong China	Cross-border Transportation Services	HKD 20,000.00	HKD 20,000.00	100.00	100.00	Business combinations involving enterprises under common control
11	Man Kam To Coach Management Company Limited	Overseas subsidiary	Hongkong China	Cross-border Transportation Services	HKD 100,000.00	HKD 69,000.00	69.00	69.00	Business combinations involving enterprises under common control
12	Carson Development Limited	Overseas subsidiary	Hongkong China	Cross-border Transportation Services	HKD 10,000.00	HKD 8,868,920.00	100.00	100.00	Business combinations involving enterprises under common control
13	Guangdong Yue Li Jia Passenger Transport Company (Hong Kong)	Overseas subsidiary	Hongkong China	Cross-border Transportation Services	HKD 10,000.00	HKD 7,000.00	70.00	70.00	Business combinations involving enterprises under common control

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of subsidiaries (Continued)

(1) Subsidiaries established or acquired before 2013 (Continued)

Sequence number	Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Actual capital contribution at the end of the period	Share proportion (%)	Proportion of voting power (%)	Established or acquired
14	The Motor Transport Company Of Guangdong and Hong Kong (Guangzhou) Limited	Domestic and non-financial	Guangdong China	Cross-border Transportation Services	HKD 25,000,000.00	RMB 25,319,234.10	62.00	62.00	Business combinations involving enterprises under common control
15	Shenzhen Yuegang Transport Company Limited	Domestic and non-financial	Guangdong China	Cross-border Transportation Services	HKD 8,273,755.35	RMB 8,273,755.35	100.00	100.00	Business combinations involving enterprises under common control
16	Guangdong Yue Li Jia Passenger Transport Company (Guangzhou)	Domestic and non-financial	Guangdong China	Cross-border Transportation Services	HKD 3,500,000.00	RMB 2,310,000.00	70.00	70.00	Business combinations involving enterprises under common control
17	Guangdong Province Transportation Engineering Company Limited	Domestic and non-financial	Guangdong China	Rental Services	RMB 17,040,000.00	RMB 69,564,856.62	100.00	100.00	Business combinations involving enterprises under common control
18	G/TS	Domestic and non-financial	Guangdong China	Investment and Domestic Transportation	RMB 300,000,000.00	RMB 448,110,000.00	100.00	100.00	Business combinations involving enterprises under common control
19	Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 2,010,000.00	67.00	67.00	Business combinations involving enterprises under common control
20	Guangdong Province Yangjiang City Guangyang High-Speed Railway Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 500,000,000.00	RMB 335,000,000.00	67.00	67.00	Business combinations involving enterprises under common control
21	Guangdong Yunxing Property Management Co., Ltd.	Domestic and non-financial	Guangdong China	Property Management	RMB 500,000,000.00	RMB 500,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
22	Chaozhou City Yueyun High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 500,000,000.00	RMB 255,000,000.00	51.00	51.00	Business combinations involving enterprises under common control
23	Guangdong Yueyun Second Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 5,000,000,000.00	RMB 2,550,000,000.00	51.00	51.00	Business combinations involving enterprises under common control
24	Foshan City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 20,000,000,000.00	RMB 128,000,000,000.00	51.00	51.00	Business combinations involving enterprises under common control
25	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 100,000,000,000.00	RMB 68,212,500,000.00	51.00	51.00	Business combinations involving enterprises under common control
26	Deqing County Yueyun Bus Terminal Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 19,778,320,000.00	RMB 13,844,824,000.00	70.00	70.00	Business combinations involving enterprises under common control

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of subsidiaries (Continued)

(1) Subsidiaries established or acquired before 2013 (Continued)

Sequence number	Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Actual capital contribution at the end of the period	Share proportion (%)	Proportion of voting power (%)	Established or acquired
27	Zhaocing City Yueyun Logistics Co., Ltd.	Domestic and non-financial	Guangdong China	Logistics Services	RMB 2,000,000.00	RMB 2,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
28	Foshan City Sanshui District Yueyun Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 20,000,000.00	RMB 10,200,000.00	51.00	51.00	Business combinations involving enterprises under common control
29	Guangdong Yueyun Traffic-Rescue Co., Ltd.	Domestic and non-financial	Guangdong China	Traffic-Rescue	RMB 30,000,000.00	RMB 60,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
30	Guangdong Province Guangshen High-Speed Coach Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 6,000,000.00	RMB 3,060,000.00	51.00	51.00	Business combinations involving enterprises under common control
31	Shenzhen City Shenwei Lighter Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 12,000,000.00	RMB 6,600,000.00	55.00	55.00	Business combinations involving enterprises under common control
32	Guangdong Yueyun Langri Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 104,500,000.00	RMB 78,560,686.61	51.00	51.00	Business combinations involving enterprises under common control
33	Yangdong Bus Terminal Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 16,969,900.00	100.00	100.00	Business combinations involving enterprises under common control
34	Yangchun Langri Fuels Co., Ltd.	Domestic and non-financial	Guangdong China	Fuel Supply	RMB 1,000,000.00	RMB 1,609,540.00	100.00	100.00	Business combinations involving enterprises under common control
35	Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 300,000.00	60.00	60.00	Business combinations involving enterprises under common control
36	Yangjiang City Yueyun Langri Public Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 2,000,000.00	RMB 1,300,000.00	65.00	100.00	Business combinations involving enterprises under common control
37	Yangchun City's Third Motor Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 580,000.00	RMB 196,660.00	70.00	100.00	Business combinations involving enterprises under common control
38	Yangdong County Yongdong Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,794,686.61	100.00	100.00	Business combinations involving enterprises under common control
39	Yangchun City Yueyun Langri Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 150,000.00	RMB 150,000.00	100.00	100.00	Business combinations involving enterprises under common control

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of subsidiaries (Continued)

(1) *Subsidiaries established or acquired before 2013 (Continued)*

Sequence number	Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Actual capital contribution at the end of the period	Share proportion (%)	Proportion of voting power (%)	Established or acquired
40	Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
41	Yangxi County Yueyun Langri City-Village Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises under common control
42	Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,682,600.00	RMB 2,146,740.93	51.00	51.00	Business combinations involving enterprises under common control
43	Zhongshan City Eastern Station Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 630,000.00	RMB 630,000.00	100.00	100.00	Business combinations involving enterprises under common control
44	Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 3,700,000.00	70.00	70.00	Business combinations involving enterprises under common control
45	Guangzhou City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 503,000.00	RMB 3,853,222.82	51.00	51.00	Business combinations involving enterprises under common control
46	Guangzhou City Yueyun Public Bus Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 900,000.00	RMB 900,000.00	100.00	100.00	Business combinations involving enterprises under common control
47	Guangzhou City Yueyun Auto Maintenance Co., Ltd.	Domestic and non-financial	Guangdong China	Maintenance	RMB 100,000.00	RMB 100,000.00	100.00	100.00	Business combinations involving enterprises under common control
48	Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd.	Domestic and non-financial	Guangdong China	Station reconstruction	RMB 30,000,000.00	RMB 42,000,000.00	60.00	60.00	Business combinations involving enterprises under common control
49	Guangdong Yuntong Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,296,513.20	100.00	100.00	Business combinations involving enterprises under common control
50	Heyuan City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 10,000,000.00	RMB 120,100,000.00	51.00	51.00	Business combinations involving enterprises under common control
51	Foshan City Yueyun Hexing Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,020,408.00	RMB 5,247,896.42	51.00	73.00	Business combinations involving enterprises under common control
52	Zhaocang High-tech Zone Yueyun Development Co., Ltd.	Domestic and non-financial	Guangdong China	Station Reconstruction	RMB 1,000,000.00	RMB 1,000,000.00	100.00	100.00	Business combinations involving enterprises under common control

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of subsidiaries (Continued)

(2) *New Subsidiaries that have been established during the year*

Sequence number	Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Actual capital contribution at the end of the period	Proportion of ownership interest (%)	Proportion of voting power (%)
1	Yang Jiang City Yueyun Langri Fuels Company Limited	Domestic and non-financial	Guangdong China	Fuel Retail	RMB 3,000,000.00	RMB 3,000,000.00	100.00	100.00
2	Yang Jiang City Yueyun Langri Logistics Company Limited	Domestic and non-financial	Guangdong China	General Freight	RMB 2,000,000.00	RMB 2,000,000.00	100.00	100.00
3	Long Chuan County Public Transportation Co., Ltd	Domestic and non-financial	Guangdong China	Public Passenger Transportation	RMB 500,000.00	RMB 500,000.00	100.00	100.00
4	Yang Jiang City Yueyun Langri Property Development Company Limited	Domestic and non-financial	Guangdong China	Property Development	RMB 5,000,000.00	RMB 5,000,000.00	100.00	100.00
5	Guangdong Gangtong Vehicles Transportation Company Limited	Domestic and non-financial	Guangdong China	Passenger Transportation between Guangzhou and Hongkong	HKD 5,000,000.00	HKD 5,000,000.00	100.00	100.00
6	Yang Jiang City Yueyun Langri International Travel Service Co., Ltd	Domestic and non-financial	Guangdong China	Tourism	RMB 500,000.00	RMB 500,000.00	100.00	100.00
7	Guangzhou Yueyun Insurance Surveyors and Loss Adjusters Co., Ltd	Domestic and non-financial	Guangdong China	Insurance Inspection, Appraisal and Risk Assessment	RMB 2,000,000.00	RMB 1,020,000.00	51.00	51.00
8	Heyuan City Chengnan Freight Station Co., Ltd	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100.00	100.00
9	Zijin County Yueyun Property Lease Co., Ltd	Domestic and non-financial	Guangdong China	Property Management	RMB 500,000.00	RMB 500,000.00	100.00	100.00
10	Guangzhou Yueyun Transportation Co., Ltd	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 3,000,000.00	100.00	100.00

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1. Information of subsidiaries (Continued)

(3) *New subsidiaries that have been consolidated during the period through a business combination not involving enterprises under common control*

Sequence number	Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital	Actual capital contribution at the end of the period	Proportion of ownership interest (%)	Proportion of voting power (%)
1	Heyuan City Yueyun Tongxing Travel Automobile Company Limited (Note 2)	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100.00	100.00
2	Heyuan City Yueyun Lvdu Public Transportation Co., Ltd. (Note 3)	Domestic and non-financial	Guangdong China	Public Passenger Transportation	RMB 9,000,000.00	RMB 9,000,000.00	100.00	100.00
3	Yangjiang City Yangzhi New Image Public Transportation Company Limited (Note 4)	Domestic and non-financial	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100.00	100.00

(4) *Subsidiaries that are excluded from consolidation in the period*

Sequence number	Full name of the subsidiary	Type	Place of incorporation	Nature of business	Registered capital
1	Yangjiang City Xinhe Management Consultant Company Limited (Note 5)	Domestic and non-financial	Guangdong China	Management Consultant	RMB 300,000.00

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

1. Information of subsidiaries *(Continued)*

Note 1: According to the shareholders' agreement of these subsidiaries, the Group acquired a higher proportion of voting right than the interests owned by the Group.

Note 2: In 2013, pursuant to the relevant contract, Heyuan City Communication Group Tongfa Vehicles Transportation Company Limited, a minority shareholder of Heyuan City Yueyun Motor Transportation Co., Ltd. which is a subsidiary of the Group, agreed to invest land use right, properties, 100% equity interests of Heyuan City Yueyun Tongxing Travel Automobile Company Limited (formerly known as Heyuan City Communication Group Tongxing Travel Automobile Company Limited), vehicles and other road transportation resources ("Heyuan Tongfa Roadway Transportation Business") to Heyuan City Yueyun Motor Transportation Co., Ltd. Please refer to Note (IX) 1 for the details.

Note 3: In 2013, pursuant to the relevant contract, Guangdong Province Heyuan City Vehicles Transportation Group Company Limited, a minority shareholder of Heyuan City Yueyun Motor Transportation Co., Ltd. which is a subsidiary of the Group, agreed to inject land use right, properties, 100% equity interests of Heyuan City Yueyun Lvdu Public Transportation Co., Ltd. (formerly known as Heyuan City Lvdu Public Transportation Co., Ltd.), vehicles and other road transportation resources ("Heyuan Qiyun Roadway Transportation Business") to Heyuan City Yueyun Motor Transportation Co., Ltd. Please refer to Note (IX) 1 for the details.

Note 4: Guangdong Yueyun Langri Co., Ltd., a subsidiary of the Group, holds 35% equity interest of Yang Jiang City Yangzha New Image Public Transportation Company. In 2013, Yangjiang City Yueyun Langri Public Transportation Co., Ltd, a subsidiary of Guangdong Yueyun Langri Co., Ltd. acquired 65% equity interest of Yang Jiang City Yangzha New Image Public Transportation Company Limited which was held by Lin Xipan. After the equity transfer, Guangdong Yueyun Langri Co., Ltd has directly and indirectly held 100% equity interest of Yang Jiang City Yangzha New Image Public Transportation Company Limited. Please refer to Note (IX) 1 for the details.

Note 5: The Group disposed Yangjiang City Xinhe Management Consultant Company Limited through deregistration during this year.

Note 6: As of the 31 December 2013, the Company and its subsidiaries did not issue any debt securities, except for the bond payable issued by GVTG as disclosed in Note VII 29.

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. New entities that have been consolidated in the year and entities that are excluded from consolidation in the year

(1) *New entities that have been consolidated in the year*

Name	RMB	
	Net assets as at 2013.12.31	Net profit (loss) for 2013
Yang Jiang City Yangzha New Image Public Transportation Company Limited (Note)	806,832.14	(1,679,892.72)
Yang Jiang City Yueyun Langri Fuels Company Limited	2,944,453.70	(55,546.30)
Yang Jiang City Yueyun Langri Logistics Company Limited	1,473,259.82	(526,740.18)
Yang Jiang City Yueyun Langri International Travel Service Co., Ltd	497,813.06	(2,186.94)
Yang Jiang City Yueyun Langri Property Development Company Limited	4,988,898.30	(11,101.70)
Guangzhou Yueyun Insurance Surveyors and Loss Adjusters Co., Ltd	1,995,365.66	(4,634.34)
Heyuan City Yueyun Lvdu Public Transportation Co., Ltd (Note)	3,181,568.33	(7,589,102.15)
Heyuan City Yueyun Tongxing Travel Automobile Company Limited (Note)	562,000.28	(363,433.32)
Longchuan County Public Transportation Co., Ltd	(281,019.37)	(835,565.96)
Zijin County Yueyun Property Lease Co., Ltd	453,430.88	(46,569.12)
Heyuan City Chengnan Freight Station Co., Ltd	997,328.37	(2,671.63)
Guangdong Gangtong Vehicles Transportation Company Limited	6,281,517.19	14,974.50
Guangzhou Yueyun Transportation Co., Ltd	2,997,055.46	(2,944.54)

Note: Heyuan City Yueyun Tongxing Travel Automobile Company Limited, Heyuan City Yueyun Lvdu Public Transportation Co., Ltd and Yang Jiang City Yangzha New Image Public Transportation Company Limited were acquired in the year through a business combination in which all of the combining enterprises are not ultimately controlled by the same parties before and after the combination. Therefore, it is considered as a business combination not involving enterprises under common control. The financial position as at acquisition date and 31 December 2012, and the operating results and the cash flows from acquisition date to 31 December 2013 of the new subsidiaries that have been acquired during the year through a business combination not involving enterprises under common control are referred to Note IX.

(V) BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

2. New entities that have been consolidated in the year and entities that are excluded from consolidation in the year (Continued)

(2) Entities that are excluded from consolidation in the year

Name	Net assets at the date of disposal	Net loss from the beginning of the year to the date of disposal
Yangjiang City Xinhe Management Consultant Company Limited	1,208,961.86	(12,062.83)

RMB

Note: The Group disposed Yangjiang City Xinhe Management Consultant Company Limited through deregistration which was completed on 18 January 2013 (date of deregistration). Its operating results and cash flows before the date of deregistration have been included in the Group's consolidated financial statements for the year. The cash of RMB 483,584.75 paid to minority shareholders of the Group due to the deregistration of the subsidiary is included in "Other cash payments relating to investing activities" in consolidated statement of cash flows.

3. Business combinations not involving enterprises under common control in the year

Acquirees	Goodwill	The measurement of goodwill
Heyuan Tongfa Roadway Transportation Business	111,064.06	The consideration transferred in excess of the share of fair value of identifiable net assets
Heyuan Qiyun Roadway Transportation Business	28,448,664.51	
Yang Jiang City Yangzha New Image Public Transportation Company Limited	5,416,461.97	

4. Exchange rates for translating major financial statement items of foreign operations

In preparing the consolidated financial statements, assets and liabilities of foreign operations on the balance sheet are translated at the exchange rate 0.7862 of HKD to RMB; all items in the income statement as well as items reflecting the distribution of profits are translated at the exchange rate 0.7985 of HKD to RMB.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

1. Cash and bank balances

CONSOLIDATED

Item	2013.12.31		2012.12.31	
	Original currency	RMB	Original currency	RMB
Cash:				
RMB	13,464,555.99	13,464,555.99	14,114,316.76	14,114,316.76
HKD	64,802.40	50,947.65	63,377.35	51,386.35
Bank balances:				
RMB	1,623,245,040.10	1,623,245,040.10	1,180,528,591.34	1,180,528,591.34
USD	289,094.98	1,762,583.19	75,899.07	477,061.02
HKD	91,027,820.27	71,566,148.09	72,416,743.41	58,716,682.08
Other currency funds (Note)				
RMB	7,190,893.18	7,190,893.18	8,228,348.70	8,228,348.70
HKD	907,951.55	713,831.51	902,880.01	732,055.11
Total		<u>1,717,993,999.71</u>		<u>1,262,848,441.36</u>

Note: The other currency funds at the end of this year are customs deposit, security deposit for bank acceptance bills, letter of guarantee and performance bonds, bidding deposit and special fund for sale of house with total amount of RMB 7,904,724.69 (2012.12.31: RMB 8,960,403.81).

COMPANY

Item	2013.12.31		2012.12.31	
	Original currency	RMB	Original currency	RMB
Cash:				
RMB	11,458.96	11,458.96	12,602.12	12,602.12
Bank balances:				
RMB	1,204,800,819.57	1,204,800,819.57	768,261,855.74	768,261,855.74
Total		<u>1,204,812,278.53</u>		<u>768,274,457.86</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

2. Notes receivable

- (1) Categories of notes receivable

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Bank acceptances	<u>5,000,000.00</u>	<u>22,090,366.56</u>	<u>5,000,000.00</u>	<u>16,953,962.80</u>

- (2) At the end of the current year, the Group has discounted bank acceptances to banks which are not yet due of RMB 15,600,000.00 (2012.12.31: Nil), but has no endorsed bank acceptances to other parties which are not yet due (2012.12.31: Nil). The Company has no discounted commercial acceptances to banks or endorsed commercial acceptances to other parties which are not yet due at the end of the current and prior year.

3. Accounts receivable

CONSOLIDATED

- (1) Disclosure of accounts receivable by categories:

RMB

Category	2013.12.31				2012.12.31			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	593,887,230.28	76.38	14,564,922.29	2.45	565,312,262.13	74.82	14,564,922.29	2.58
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	183,625,987.82	23.62	10,302,580.59	5.61	190,259,130.46	25.18	9,887,351.13	5.20
Total	<u>777,513,218.10</u>	<u>100.00</u>	<u>24,867,502.88</u>	<u>3.20</u>	<u>755,571,392.59</u>	<u>100.00</u>	<u>24,452,273.42</u>	<u>3.24</u>

The Group determines that accounts receivable of over RMB 10,000,000.00 (RMB 10,000,000.00 included) is considered as individually significant accounts receivable.

Before accepting new clients, the Group assessed the credit worthiness of potential clients and set corresponding credit limits according to the internal credit assessment policies. Except for the requirement that new clients usually need to make payments in advance, various companies of the Group have different credit policies, depending on their business market and operation requirements. Credit period is generally 3 months, while the credit period of major clients can be extended to 6 months.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

3. Accounts receivable (Continued)

CONSOLIDATED (Continued)

(1) Disclosure of accounts receivable by categories: (Continued)

The aging analysis of the accounts receivable according to the date of transaction is as follows:

RMB

Aging	2013.12.31				2012.12.31			
	Amount	Proportion (%)	Bad		Amount	Proportion (%)	Bad	
			debt provision	Carrying amount			debt provision	Carrying amount
Within 3 months	475,943,150.18	61.21	—	475,943,150.18	482,666,420.42	63.88	—	482,666,420.42
Over 3 months and within 6 months	40,260,499.87	5.18	—	40,260,499.87	31,848,936.82	4.22	—	31,848,936.82
Over 6 months and within 1 year	48,205,202.02	6.20	—	48,205,202.02	18,615,408.71	2.46	—	18,615,408.71
Over 1 year and within 2 years	7,933,841.21	1.02	306,019.41	7,627,821.80	120,684,107.56	15.97	17,454.15	120,666,653.41
Over 2 years and within 3 years	111,657,764.96	14.36	26,749.30	111,631,015.66	51,380,508.00	6.80	124,490.37	51,256,017.63
Over 3 years	93,512,759.86	12.03	24,534,734.17	68,978,025.69	50,376,011.08	6.67	24,310,328.90	26,065,682.18
Total	777,513,218.10	100.00	24,867,502.88	752,645,715.22	755,571,392.59	100.00	24,452,273.42	731,119,119.17

The Group, considering the past receipts record and the debtors' financial ability, assessed the accounts receivable past due are not impaired except for the amount on which bad debt provision has been made.

(2) The Group has not reversed or written off bad debt of accounts receivables during the year.

COMPANY

(1) Disclosure of accounts receivable by categories:

RMB

Category	2013.12.31				2012.12.31			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	393,338,920.40	83.34	14,264,922.29	3.63	525,061,299.09	92.48	14,264,922.29	2.72
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	78,622,146.27	16.66	8,716,655.57	11.09	42,689,996.72	7.52	8,716,655.57	20.42
Total	471,961,066.67	100.00	22,981,577.86	4.87	567,751,295.81	100.00	22,981,577.86	4.05

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

3. Accounts receivable *(Continued)*

COMPANY (Continued)

(1) Disclosure of accounts receivable by categories: *(Continued)*

The Company determines that accounts receivable of over RMB 10,000,000.00 (RMB 10,000,000.00 included) is considered as individually significant accounts receivable.

Before accepting new clients, the Company assessed the credit worthiness of potential clients and set corresponding credit limits according to the internal credit assessment policies. Except for the requirement that new clients usually need to make payments in advance, the Company sets different credit policies for different clients. Credit period is generally 3 months, while the credit period of major clients can be extended to 6 months.

Aging analysis of accounts receivable according to the date of transaction is as follows:

Aging	2013.12.31				2012.12.31			
	Amount	Proportion (%)	Bad		Amount	Proportion (%)	Bad	
			debt provision	Carrying amount			debt provision	Carrying amount
Within 3 months	233,882,680.52	49.56	—	233,882,680.52	337,640,680.99	59.47	—	337,640,680.99
Over 3 months and within 6 months	16,330,410.13	3.46	—	16,330,410.13	25,947,319.46	4.57	—	25,947,319.46
Over 6 months and within 1 year	31,438,086.30	6.66	—	31,438,086.30	2,303,694.43	0.41	—	2,303,694.43
Over 1 year and within 2 years	1,379,243.34	0.29	—	1,379,243.34	78,302,972.01	13.79	—	78,302,972.01
Over 2 years and within 3 years	72,802,971.08	15.43	—	72,802,971.08	91,808,556.00	16.17	—	91,808,556.00
Over 3 years	116,127,675.30	24.60	22,981,577.86	93,146,097.44	31,748,072.92	5.59	22,981,577.86	8,766,495.06
Total	471,961,066.67	100.00	22,981,577.86	448,979,488.81	567,751,295.81	100.00	22,981,577.86	544,769,717.95

The Company, considering the past receipts record and the debtors' financial ability, assessed the accounts receivable past due are not impaired, except for the amount on which bad debt provision has been made.

(2) The Company have not reversed or written off bad debt of accounts receivable during the year.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

4. Prepayments

CONSOLIDATED

(1) Aging analysis of prepayments is as follows:

RMB

Aging	2013.12.31				2012.12.31			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	468,080,554.60	46.82	—	468,080,554.60	127,664,891.11	21.03	—	127,664,891.11
Over 1 year and within 2 years	53,599,398.50	5.36	—	53,599,398.50	1,255,138.65	0.21	—	1,255,138.65
Over 2 years and within 3 years	167,656.45	0.02	—	167,656.45	6,379,757.60	1.05	346,823.20	6,032,934.40
Over 3 years	477,784,482.69	47.80	474,738,829.58	3,045,653.11	471,651,046.20	77.71	463,386,271.68	8,264,774.52
Total	999,632,092.24	100.00	474,738,829.58	524,893,262.66	606,950,833.56	100.00	463,733,094.88	143,217,738.68

(2) Individually significant prepayments aged over 1 year

RMB

Debtors	Creditors	Amount	Aging	Reasons for not settled
The Group	Company A	202,346,895.70	Over 3 years	Long-term outstanding, the Group won the lawsuit, while the execution is under progress.
	Company B	176,052,126.35	Over 3 years	
	Company C	99,091,241.20	Over 3 years	
	Company D	50,000,000.00	Over 1 year	The prepayment will be settled in due course.
Total		527,490,263.25		

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

4. Prepayments (Continued)

COMPANY

(1) Aging analysis of prepayments is as follows:

RMB

Aging	2013.12.31				2012.12.31			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	150,543,050.70	22.20	—	150,543,050.70	122,166,216.11	20.24	—	122,166,216.11
Over 1 year and within 2 years	50,116,898.00	7.39	—	50,116,898.00	3,945,500.00	0.65	—	3,945,500.00
Over 2 years and within 3 years	25,500.00	—	—	25,500.00	6,203,441.60	1.03	346,823.20	5,856,618.40
Over 3 years	477,495,263.25	70.41	474,738,829.58	2,756,433.67	471,295,321.65	78.08	463,386,271.68	7,909,049.97
Total	678,180,711.95	100.00	474,738,829.58	203,441,882.37	603,610,479.36	100.00	463,733,094.88	139,877,384.48

(2) Individually significant prepayments aged over 1 year:

RMB

Debtors	Creditors	Amount	Aging	Reasons for not settled
The Company	Company A	202,346,895.70	over 3 years	Long-term outstanding, the Company won the lawsuit, while the execution is under progress.
	Company B	176,052,126.35	over 3 years	
	Company C	99,091,241.20	over 3 years	
	Company D	50,000,000.00	Over 1 year	The prepayment will be settled in due course.
Total		527,490,263.25		

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

5. Other receivables

CONSOLIDATED

(1) Disclosure of other receivables by categories:

Category	2013.12.31				2012.12.31			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and for which bad debt provision has been assessed individually	162,034,779.93	64.18	34,771,111.41	21.46	218,176,132.50	64.44	34,771,111.41	15.94
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	90,451,378.78	35.82	7,183,048.09	7.94	120,371,448.77	35.56	6,886,248.45	5.72
Total	252,486,158.51	100.00	41,954,159.50	16.62	338,547,581.27	100.00	41,657,359.86	12.30

RMB

The Group determines that other receivables of over RMB 2,000,000.00 (RMB 2,000,000.00 included) is considered as individually significant other receivables.

Aging analysis of other receivables is as follows:

Aging	2013.12.31				2012.12.31			
	Amount	Proportion (%)	Bad		Amount	Proportion (%)	Bad	
			debt provision	Carrying amount			debt provision	Carrying amount
Within 1 year	88,892,198.14	35.20	—	88,892,198.14	83,518,168.34	24.67	50,776.40	83,467,391.94
Over 1 year and within 2 years	22,509,692.32	8.92	224,820.83	22,284,871.49	133,983,422.43	39.58	17,978.95	133,965,443.48
Over 2 years and within 3 years	25,126,550.72	9.95	264,143.24	24,862,407.48	24,264,350.38	7.17	601,364.98	23,662,985.40
Over 3 years	115,957,717.33	45.93	41,465,195.43	74,492,521.90	96,781,640.12	28.58	40,987,239.53	55,794,400.59
Total	252,486,158.51	100.00	41,954,159.50	210,531,999.01	338,547,581.27	100.00	41,657,359.86	296,890,221.41

RMB

(2) The Group has not reversed or written off bad debt of other receivables during the year.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

5. Other receivables (Continued)

COMPANY

(1) Disclosure of other receivables by categories:

RMB

Category	2013.12.31				2012.12.31			
	Carrying amount		Bad debt provision		Carrying amount		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables that are individually significant and for which bad debt provision has been assessed individually	267,403,740.83	96.00	32,384,587.67	12.11	355,694,910.92	97.53	32,384,587.67	9.10
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	11,136,170.10	4.00	527,421.20	4.74	9,008,213.17	2.47	527,421.20	5.85
Total	278,539,910.93	100.00	32,912,008.87	11.82	364,703,124.09	100.00	32,912,008.87	9.02

The Company determines that other receivables of over RMB 2,000,000.00 (RMB 2,000,000.00 included) is considered as individually significant other receivables.

Aging analysis of other receivables is as follows:

RMB

Aging	2013.12.31				2012.12.31			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	53,053,160.58	19.04	—	53,053,160.58	61,496,282.22	16.86	—	61,496,282.22
Over 1 year and within 2 years	34,203,370.62	12.28	—	34,203,370.62	163,346,566.46	44.79	—	163,346,566.46
Over 2 years and within 3 years	59,486,898.81	21.36	—	59,486,898.81	71,776,428.01	19.68	527,421.20	71,249,006.81
Over 3 years	131,796,480.92	47.32	32,912,008.87	98,884,472.05	68,083,847.40	18.67	32,384,587.67	35,699,259.73
Total	278,539,910.93	100.00	32,912,008.87	245,627,902.06	364,703,124.09	100.00	32,912,008.87	331,791,115.22

(2) The Company has not reversed or written off bad debt of other receivable during the year.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

6. Inventories

CONSOLIDATED

RMB

Item	2013.12.31			2012.12.31		
	Gross carrying amount	Provision for decline in value of inventories	Carrying amount	Gross carrying amount	Provision for decline in value of investment	Carrying amount
Raw materials	28,642,280.03	—	28,642,280.03	14,991,819.54	—	14,991,819.54
Merchandise (Finished goods)	142,228,065.45	—	142,228,065.45	121,595,597.04	—	121,595,597.04
Reusable materials (packing material, consumables)	—	—	—	35,505.00	—	35,505.00
Construction contracts cost (Amounts due from customers for contract work)	4,835,244.74	—	4,835,244.74	3,289,996.82	—	3,289,996.82
Total	<u>175,705,590.22</u>	<u>—</u>	<u>175,705,590.22</u>	<u>139,912,918.40</u>	<u>—</u>	<u>139,912,918.40</u>

COMPANY

RMB

Item	2013.12.31			2012.12.31		
	Gross carrying amount	Provision for impairment losses	Carrying amount	Gross carrying amount	Provision for impairment losses	Carrying amount
Merchandise (Finished goods)	83,582,043.31	—	83,582,043.31	93,894,712.38	—	93,894,712.38

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

7. Joint ventures and associates of the Group

CONSOLIDATED

Name of investee	Place of incorporation	Nature of business	Proportion of ownership interest held by the Group (%)	Proportion of voting power in the investee held by the Group (%)	Total assets		Total net assets of the Group as at 2013.12.31	Total operating income for 2013	Total net profit (loss) for 2013	Net profit (loss) attributable to the shareholders of the Company for 2013
					as at 2013.12.31	as at 2013.12.31				
Joint ventures										
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	Guangdong, China	Wholesale and Manufacture of Oil	50.00	50.00	55,472,765.24	54,474,091.62	27,237,045.81	136,080,410.49	8,029,818.85	4,004,139.00
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	Guangdong, China	Tourism Consulting	50.00	50.00	8,649,015.81	2,142,377.11	1,071,688.56	1,203,659.65	155,550.54	77,775.27
Guangdong Province Bus Terminal Co., Ltd.	Guangdong, China	Passenger Terminal	50.00	50.00	1,042,480.17	1,027,610.17	515,462.80	—	(3,315.42)	(1,657.71)
Associates										
Guangdong Feida Traffic Engineering Company Limited	Guangdong, China	Construction Installation	30.00	30.00	226,745,473.54	30,671,034.19	9,201,310.26	130,599,818.21	4,253,120.54	756,731.34
Southern United Assets and Equity Exchange Company Limited	Guangdong, China	State-owned Property Exchange Business	20.00	20.00	144,560,000.00	101,380,000.00	20,276,000.00	46,970,000.00	5,310,000.00	760,000.00
Guangdong Foda Expressway Economy Development Company Limited	Guangdong, China	Service	49.00	49.00	5,157,244.30	3,158,532.44	1,547,680.90	—	(49,204.29)	(24,110.10)
Lufeng Shenshan Expressway Company Limited	Guangdong, China	Others	45.00	45.00	6,800,437.73	4,820,069.26	2,169,031.17	3,887,211.00	1,680,430.75	756,193.84
Shenzhen Yueyun Investment Development Company Limited	Guangdong, China	Transportation	20.00	20.00	285,320,534.04	240,526,474.50	48,105,294.90	28,454,954.08	686,446.20	137,289.24
Express Cross-Border Coach Management Company Limited	Hongkong, China	Transportation	23.86	23.86	7,602,821.38	(1,332,224.68)	(317,868.81)	17,363,542.53	1,254,433.99	—
Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd.	Guangdong, China	Transportation	42.00	42.00	6,203,561.49	3,436,693.75	1,443,411.38	7,056,825.31	559,389.81	234,943.72
Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd.	Guangdong, China	Transportation	42.00	42.00	7,356,660.37	2,811,723.69	1,180,923.95	7,122,449.78	804,617.98	337,939.56
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	Guangdong, China	Transportation	40.00	40.00	5,010,713.24	(507,226.56)	(202,890.62)	10,661,352.05	44,351.05	—
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	Guangdong, China	Transportation	40.00	40.00	17,030,577.96	4,001,067.84	1,600,427.14	18,287,246.74	1,064,487.52	425,795.01
Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Guangdong, China	Transportation	37.00	37.00	19,227,053.21	15,990,617.89	5,916,588.62	22,162,453.29	16,368.99	6,056.53

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

7. Joint ventures and associates of the Group (Continued)

CONSOLIDATED (Continued)

Name of investee	Place of incorporation	Nature of business	Proportion of ownership interest held by the Group (%)	Proportion of voting power held by the investee in the investee Group (%)	Total		Total net assets as at 2013.12.31	Total net assets as at 2013.12.31	Total net assets attributable to the shareholders as at 2013.12.31	Total operating income for 2013	Total net profit (loss) for 2013	Net profit(loss) attributable to the shareholders of the Company for 2013
					assets as at 2013.12.31	assets as at 2013.12.31						
Shantou Branch of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Guangdong, China	Transportation	37.00	37.00	4,785,849.71	4,578,655.78	1,694,102.64	6,320,058.30	(753,231.34)	(278,695.60)		
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	Guangdong, China	Transportation	48.00	48.00	45,467,799.04	40,158,394.83	19,276,029.52	34,433,668.13	3,742,998.22	1,734,885.58		
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Guangdong, China	Passenger Terminal	20.00	20.00	154,581,110.99	68,468,379.86	13,693,675.97	—	15,793,369.72	3,158,671.94		
Shantou City Automobile Passenger Traffic Center Co., Ltd.	Guangdong, China	Passenger Terminal	35.00	35.00	88,176,239.81	69,052,231.51	24,168,281.03	10,349,530.82	(40,312.12)	(1,361,712.82)		
Yangjiang City Jiqiang Automobile Sales & Maintenance Co., Ltd.	Guangdong, China	Vehicle Maintenance	49.00	49.00	619,950.56	603,173.12	295,554.83	168,466.56	(143,004.47)	(70,072.19)		
Guangdong Guangye Shentong Natural Gas Co., Ltd.	Guangdong, China	Gas Station	30.00	30.00	21,303,130.28	18,353,426.80	5,506,028.04	30,068,928.61	179,452.05	53,835.60		
CNPC Yueyun Natural Gas Co. Ltd.	Guangdong, China	Gas Station	24.00	24.00	53,193,031.97	50,667,848.98	11,676,928.74	74,141,210.53	2,094,930.46	502,783.31		

Note: All the associates and joint ventures of the Group are non-listed companies.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS

8. Long-term equity investments

CONSOLIDATED

(1) Categories of investment:

Item	RMB	
	2013.12.31	2012.12.31
Investments accounted for using cost method	1,911,704.51	2,899,016.97
Investments accounted for using equity method	204,614,480.91	188,628,789.36
Less: impairment of long-term equity investment	1,348,476.29	1,348,476.29
Carrying amount	<u>205,177,709.13</u>	<u>190,179,330.04</u>

(2) Long-term equity investments accounted for using the cost method are as follows:

Investee	Investment		Decrease due to change of consolidation scope (Note 3)	2013.12.31	Cash dividend	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power
	cost	2012.12.31				
Huadu Jindaoda Expressway Economic Development Company Limited	80,000.00	80,000.00	—	80,000.00	—	N/A
Guangdong Southern Container Transportation Joint Company	1,268,476.29	1,268,476.29	—	1,268,476.29	—	N/A
Puning City Yueyun Development Co., Ltd.	255,000.00	255,000.00	—	255,000.00	—	Note 2
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd.	308,228.22	308,228.22	—	308,228.22	—	Note 2
Yangjiang City Yangzha New Image Public Transportation Co., Ltd.	987,312.46	987,312.46	987,312.46	—	—	Note 2
Total	<u>2,899,016.97</u>	<u>2,899,016.97</u>	<u>987,312.46</u>	<u>1,911,704.51</u>	<u>—</u>	

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

8. Long-term equity investments (Continued)

CONSOLIDATED (Continued)

(2) Long-term equity investments accounted for using the cost method are as follows: (Continued)

Note 1: Investees of long-term equity investments accounted for using the cost method are non-listed companies.

Note 2: GVTG holds 51% equity interest of Puning City Yueyun Development Co., Ltd. Guangdong Yueyun Langri Co., Ltd. holds 30% and 35% equity interest of Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. and Yangjiang City Yangzha New Image Public Transportation Co., Ltd respectively. As these investees are operated by individual shareholders or other entities, GVTG and Guangdong Yueyun Langri Co., Ltd. does not have any control, joint-control or significant influence over these companies, therefore the cost method was used to account for these long-term equity investments.

Note 3: As described in Note (V) 1, Yangjiang City Yueyun Langri Public Transportation Co., Ltd, a subsidiary of the Group, acquired 65% equity interest of Yangjiang City Yangzha New Image Public Transportation Co., Ltd. from Lin Xipan. After the equity transfer, Yangjiang City Yangzha New Image Public Transportation Co., Ltd. has become a subsidiary of the Group.

(3) Long-term equity investment accounted for using the equity method are as follows:

Investee	Inception amount	2012.12.31	Increase/ decrease	Profit and loss movement adjustment		Changes of other shareholders' equity (Note 2)	2013.12.31	RMB	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power
				Investment income or loss	Dividends received				
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	15,000,000.00	23,269,680.82	—	4,004,139.00	—	—	27,273,819.82	N/A	
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	1,500,000.00	854,926.58	—	77,775.27	—	—	932,701.85	N/A	
Guangdong Fei Da Traffic Engineering Company Limited	11,200,000.00	10,423,381.31	—	756,731.33	—	394,900.04	11,575,012.68	N/A	
Southern United Assets and Equity Exchange Company Limited	20,000,000.00	19,313,265.49	—	760,000.00	—	—	20,073,265.49	N/A	
Guangdong Foda Expressway Economic Development Company Limited	490,000.00	1,359,453.59	—	(24,110.10)	—	—	1,335,343.49	N/A	
Lufeng Shenshan Expressway Company Limited	450,000.00	1,757,838.30	—	756,193.84	—	—	2,514,032.14	N/A	
Express Cross-Border Coach Management Company Limited	41,350.80	—	—	—	—	—	—	N/A	

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

8. Long-term equity investments (Continued)

CONSOLIDATED (Continued)

(3) Long-term equity investment accounted for using the equity method are as follows: (Continued)

Investee	Inception amount	2012.12.31	Increase/ decrease	Profit and loss movement adjustment		Changes of other shareholders' equity (Note 2)	2013.12.31	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power
				Investment income or loss	Dividends received			
Shenzhen Yueyun Investment Development Company Limited	48,590,601.78	47,968,153.60	—	137,289.24	—	—	48,105,442.84	N/A
Guangdong Province Bus Terminal Co., Ltd	500,000.00	515,462.81	—	(1,657.71)	—	—	513,805.10	N/A
Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd	420,000.00	1,377,280.39	—	234,943.72	(210,000.00)	—	1,402,224.11	N/A
Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd	420,000.00	1,013,630.26	—	337,939.56	(210,000.00)	—	1,141,569.82	N/A
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd	200,000.00	—	—	—	—	—	—	N/A
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd	800,000.00	1,162,819.83	—	425,795.01	—	—	1,588,614.84	N/A
Guangdong Province Guangshan High Speed Passenger Traffic Co. Ltd.	1,110,000.00	5,833,292.25	—	6,056.53	—	—	5,839,348.78	N/A
Shantou Office of Guangdong Province Guangshan High Speed Passenger Traffic Co. Ltd.	740,000.00	1,941,066.00	—	(278,695.60)	—	—	1,662,370.40	N/A
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	17,019,116.69	17,646,811.60	—	1,734,885.58	—	—	19,381,697.18	N/A
Guangzhou City Tianhe Coach Terminal Co., Ltd.	2,000,000.00	10,531,545.47	—	3,158,671.94	—	—	13,690,217.41	N/A
Shantou City Automobile Passenger Traffic Center Co., Ltd.	25,206,264.17	31,410,468.32	—	(1,361,712.82)	—	—	30,048,755.50	N/A
Yangjiang City Jiqiang Automobile Sales & Maintenance Co., Ltd.	490,000.00	365,627.02	—	(70,072.19)	—	—	295,554.83	N/A
Guangdong Guangye Shentong Natural Gas Co., Ltd.	6,000,000.00	5,452,192.42	—	53,835.60	—	—	5,506,028.02	N/A
CNPC Yueyun Natural Gas Co., Ltd.	12,000,000.00	6,431,893.30	4,800,000.00	502,783.31	—	—	11,734,676.61	N/A
Total	164,177,333.44	188,628,789.36	4,800,000.00	11,210,791.51	(420,000.00)	394,900.04	204,614,480.91	

Note 1: Investees of long-term equity investments accounted for using the equity method in the Group are non-listed companies.

Note 2: The change of other shareholders' equity was due to the changes of other shareholders' equity of Guangdong Fei Da Traffic Engineering Company Limited.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

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

CONSOLIDATED (Continued)

(4) Provisions for impairment losses of long-term equity investments

	RMB	
Investee	2013.12.31	2012.12.31
Huadu Jindaoda Expressway Economic Development Company Limited	80,000.00	80,000.00
Guangdong Southern Container Transportation Joint Company	1,268,476.29	1,268,476.29
Total	1,348,476.29	1,348,476.29

As at 31 December 2013, the Group's ability to transfer funds from investees to the Group is not restricted.

COMPANY

(1) Categories of investment:

	RMB	
Item	2013.12.31	2012.12.31
Investments accounted for using cost method	756,877,585.81	756,877,585.81
Investments accounted for using equity method	43,040,581.85	39,456,339.21
Total	799,918,167.66	796,333,925.02

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

8. Long-term equity investments (Continued)

COMPANY (Continued)

(2) Long-term equity investments accounted for using the cost method are as follows:

Investee	Investment cost	2012.12.31	Increase/ decrease	2013.12.31	Cash dividend	RMB
						Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power
Guangdong Top-E Expressway Service Zone Company Limited	98,831,192.00	98,831,192.00	—	98,831,192.00	28,155,601.85	N/A
Guangdong South China Logistics Enterprise Company Limited	124,457,237.80	124,457,237.80	—	124,457,237.80	—	N/A
Guangdong New Way advertising Company Limited	19,800,000.00	19,800,000.00	—	19,800,000.00	—	N/A
The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited	25,319,234.10	25,319,234.10	—	25,319,234.10	—	N/A
The Motor Transport Company of Guangdong and Hong Kong Limited	120,196,428.59	120,196,428.59	—	120,196,428.59	1,611,521.36	N/A
Guangdong Yueyun Logistics (HK) Limited	1,323,750.00	1,323,750.00	—	1,323,750.00	—	N/A
Guangdong Jindaoda Expressway Economic Development Company Limited	777,412.45	777,412.45	—	777,412.45	1,691,083.45	N/A
Guangdong Province Transportation Engineering Company Limited	—	—	—	—	—	N/A
GVTG	366,172,330.87	366,172,330.87	—	366,172,330.87	—	N/A
Total	756,877,585.81	756,877,585.81	—	756,877,585.81	31,458,206.66	

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

8. Long-term equity investments (Continued)

COMPANY (Continued)

(3) Long-term equity investments accounted for using the equity method:

Investee	Inception amount	2012.12.31	Increase/decrease	Adjustment for changes		Changes of other shareholders' equity	2013.12.31	RMB	Explanation of the inconsistency between the proportion of ownership interest and the proportion of voting power
				Investment income or loss	Dividends received				
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	6,250,000.00	9,719,692.41	—	1,672,611.27	—	—	11,392,303.68		N/A
Guangdong Feida Traffic Engineering Company Limited	11,200,000.00	10,423,381.31	—	756,731.33	—	394,900.04	11,575,012.68		N/A
Southern United Assets and Equity Exchange Company Limited	20,000,000.00	19,313,265.49	—	760,000.00	—	—	20,073,265.49		N/A
Total	37,450,000.00	39,456,339.21	—	3,189,342.60	—	394,900.04	43,040,581.85		

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

9. Investment properties

CONSOLIDATED

RMB

ITEMS	2012.12.31	Increase	Decrease	2013.12.31
I. Total original amount	53,087,491.16	27,429,289.74	453,835.96	80,062,944.94
1. Buildings	38,210,472.74	7,086,016.78	76,454.85	45,220,034.67
2. Land use rights	14,877,018.42	20,343,272.96	377,381.11	34,842,910.27
II. Total accumulated depreciation and amortisation	10,547,373.40	4,119,073.16	115,215.65	14,551,230.91
1. Buildings	8,515,581.73	3,168,074.20	59,599.73	11,624,056.20
2. Land use rights	2,031,791.67	950,998.96	55,615.92	2,927,174.71
III. Total net book value	42,540,117.76			65,511,714.03
1. Buildings	29,694,891.01			33,595,978.47
2. Land use rights	12,845,226.75			31,915,735.56
IV. Total accumulated provision for impairment losses	—	—	—	—
1. Buildings	—	—	—	—
2. Land use rights	—	—	—	—
V. Total carrying amounts	42,540,117.76			65,511,714.03
1. Buildings	29,694,891.01			33,595,978.47
2. Land use rights	12,845,226.75			31,915,735.56

Note 1: The increase in the original amount for the year was due to the transfer from owner-occupied properties and land use rights to investment properties, while the decrease was due to translation differences arising on translation of financial statements denominated in foreign currencies.

Note 2: The increase in accumulated depreciation and amortisation for the year consists of charge for the year of RMB 1,419,500.16 and the transfer from owner-occupied properties and land use rights to investment properties of RMB 2,699,573.00. The decrease in accumulated depreciation and amortisation for the year was due to translation differences arising on translation of financial statements denominated in foreign currencies.

Note 3: The remaining period of amortization of land use rights is 23 to 70 years.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

9. Investment properties (Continued)

CONSOLIDATED (Continued)

Note 4: Among the carrying amount of land use rights:

	2013.12.31	2012.12.31
Useful Life		RMB
Medium-term leases from 10 years to (10 years included) to 50 years	17,932,739.49	—
Long-term leases over 50 years (50 years included)	13,982,996.07	12,845,226.75

Note 5: Information of investment properties

Name/Location	Category	Lease term
Room 2, Building 1, Weijing Tower, No. 65-75, Weiqing Street, Kowloon	Commercial	Short-term lease (within 10 years)
Room 1, Building 1, Weijing Tower, No. 65-75, Weiqing Street, Kowloon	Commercial	Short-term lease (within 10 years)
Underground Shop, A He An Building, No.188 of North of Sai Yeung Choi Street	Commercial	Short-term lease (within 10 years)
Room D, 24 Level, Tower 3, Hongdu Building	Commercial	Short-term lease (within 10 years)
Room 2413-1414, 188 Connaught Road West, Western District, Hong Kong	Commercial	Short-term lease (within 10 years)
Assembly workshop (Compound in 1733 Airport Road, Guangzhou)	Commercial	Short-term lease (within 10 years)
Machine workshop (Compound in 1733 Airport Road, Guangzhou)	Commercial	Short-term lease (within 10 years)
Cold welding workshop (Compound in 1733 Airport Road, Guangzhou)	Commercial	Short-term lease (within 10 years)
Blacksmith workshop (Compound in 1733 Airport Road, Guangzhou)	Commercial	Short-term lease (within 10 years)
Electrician's workshop (Compound in 1733 Airport Road, Guangzhou)	Commercial	Short-term lease (within 10 years)
Southeast of the second and third floor of the building and parking lot on the first floor, No. 40 of Heping Road	Commercial	Short-term lease (within 10 years)
First floor of No. 40 on the Heping Road, Licheng Town	Commercial	Short-term lease (within 10 years)
Control Building of Foshan Railway Station	Commercial	Short-term lease (within 10 years)
No. 29 of Yangchun Passenger Station Nanxin Road	Commercial	Short-term lease (within 10 years)
No. 30 of Yangchun Passenger Station Nanxin Road	Commercial	Short-term lease (within 10 years)
90 Qiujiangzhong Road, Zijiang Town, Zijin County	Commercial	Short-term lease (within 10 years)
Business Center in Xintang passenger transport station, Tangmei Village, Zengcheng	Commercial	Medium-term lease (13 years)

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

10. Fixed assets

CONSOLIDATED

RMB

ITEM	2012.12.31	Increase	Decrease	2013.12.31
I. Total original amount	2,297,757,370.69	435,602,047.21	177,886,558.76	2,555,472,859.14
Including: Buildings	502,918,566.37	94,737,397.23	7,917,932.07	589,738,031.53
Building improvement	104,080,301.50	9,912,600.06	—	113,992,901.56
Transportation vehicle	1,380,477,313.23	297,087,465.99	150,370,724.76	1,527,194,054.46
Machinery and equipment	110,739,753.25	4,558,583.75	11,828,230.50	103,470,106.50
Office equipment and others	139,312,495.15	29,306,000.18	7,769,671.43	160,848,823.90
Pier	60,228,941.19	—	—	60,228,941.19
II. Total accumulated depreciation	1,095,651,262.63	242,130,139.96	150,574,822.47	1,187,206,580.12
Including: Buildings	117,463,369.05	21,654,905.22	2,607,835.93	136,510,438.34
Building improvement	69,155,294.92	11,788,086.12	—	80,943,381.04
Transportation vehicle	783,722,357.51	179,144,073.81	136,048,262.50	826,818,168.82
Machinery and equipment	36,428,419.19	8,417,518.01	5,390,991.31	39,454,945.89
Office equipment and others	86,716,860.17	19,545,626.51	6,527,732.73	99,734,753.95
Pier	2,164,961.79	1,579,930.29	—	3,744,892.08
III. Total net book value	1,202,106,108.06			1,368,266,279.02
Including: Buildings	385,455,197.32			453,227,593.19
Building improvement	34,925,006.58			33,049,520.52
Transportation vehicle	596,754,955.72			700,375,885.64
Machinery and equipment	74,311,334.06			64,015,160.61
Office equipment and others	52,595,634.98			61,114,069.95
Pier	58,063,979.40			56,484,049.11
IV. Total provision for impairment losses	875,852.00	—	—	875,852.00
Including: Buildings	—	—	—	—
Building improvement	—	—	—	—
Transportation vehicle	—	—	—	—
Machinery and equipment	875,852.00	—	—	875,852.00
Office equipment and others	—	—	—	—
Pier	—	—	—	—

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

10. Fixed assets (Continued)

CONSOLIDATED (Continued)

ITEM	2012.12.31	Increase	Decrease	2013.12.31
V. Total carrying amount	1,201,230,256.06			1,367,390,427.02
Including: Buildings	385,455,197.32			453,227,593.19
Building improvement	34,925,006.58			33,049,520.52
Transportation vehicle	596,754,955.72			700,375,885.64
Machinery and equipment	73,435,482.06			63,139,308.61
Office equipment and others	52,595,634.98			61,114,069.95
Pier	58,063,979.40			56,484,049.11

Note 1: The increase in the original amount for the current year consists of acquisitions of RMB 150,242,256.96, transfers from construction in progress of RMB 195,205,200.77, an increase resulting from changes in the scope of consolidation of RMB 77,565,826.43, donations of RMB 889,580.00 and internal reclassification between categories of fixed assets of RMB 11,699,183.05.

Note 2: The decrease in the original amount for the current year consists of disposals of RMB 152,064,383.69, transfers from owner-occupied properties to investment properties of RMB 7,086,016.78, internal reclassification between categories of fixed assets of RMB 11,699,183.05 and translation differences arising on translation of financial statements denominated in foreign currencies of RMB 7,036,975.24.

Note 3: The increase in accumulated depreciation for the current period consists of charge for the current period of RMB 237,158,513.72, internal recalsification between categories of RMB 4,971,626.24.

Note 4: The decrease in accumulated depreciation for the current period consists of disposals of RMB 138,275,333.06, transfers from owner-occupied properties to investment properties of RMB 2,014,700.35, internal reclassification between categories of fixed assets of RMB 4,971,626.24 and translation differences arising on translation of financial statements denominated in foreign currencies of RMB 5,313,162.82.

Note 5: The remaining years of amortization of land use rights is 0.92 to 49 years.

Note 6: As at 31 December 2013, the original amount of fixed assets that fully depreciated but are still in use is RMB 427,921,660.76 (31 December 2012: RMB 209,035,831.17).

Note 7: As at 31 December 2013, there are no restricted fixed assets except for the fixed assests with carrying amount of RMB 136,285,705.49 (31 December 2012: RMB 96,675,028.21) pledged for bank loans.

Note 8: As at 31 December 2013, carrying amount of buildings without certificate of title for the Group was RMB 218,748,550.73 (31 December 2012: RMB 164,735,023.65).

Note 9: As at 31 December 2013, the original cost and the accumulated depreciation of the fixed assets under financial lease for the Group was RMB 10,411,836.00 (31 December 2012: RMB 10,411,836.00) and RMB 2,261,176.68 respectively (31 December 2012: RMB 251,393.12).

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

10. Fixed assets (Continued)

COMPANY

	RMB			
ITEM	2012.12.31	Increase	Decrease	2013.12.31
I. Total original amount	24,517,798.40	76,697.87	404,396.64	24,190,099.63
Including: Transportation vehicles	16,025,429.66	—	—	16,025,429.66
Office equipment and others	8,492,368.74	76,697.87	404,396.64	8,164,669.97
II. Total Accumulated depreciation	19,576,029.99	1,131,771.13	385,375.61	20,322,425.51
Including: Transportation vehicles	14,435,930.09	392,745.78	—	14,828,675.87
Office equipment and others	5,140,099.90	739,025.35	385,375.61	5,493,749.64
III. Total net book value	4,941,768.41			3,867,674.12
Including: Transportation vehicles	1,589,499.57			1,196,753.79
Office equipment and others	3,352,268.84			2,670,920.33
IV. Total provision for impairment losses	—	—	—	—
Including: Transportation vehicles	—	—	—	—
Office equipment and others	—	—	—	—
V. Total carrying amount	4,941,768.41			3,867,674.12
Including: Transportation vehicles	1,589,499.57			1,196,753.79
Office equipment and others	3,352,268.84			2,670,920.33

Note 1: The increase in the original amount for the year is due to acquisitions of RMB 76,697.87.

Note 2: The decrease in the original amount for the year is due to a decrease of RMB 404,396.64 on disposals.

Note 3: The increase in accumulated depreciation for the year is due to charge for the year of RMB 1,131,771.13.

Note 4: The decrease in accumulated depreciation for the year is due to disposals of RMB 385,375.61.

Note 5: As at 31 December 2013, the original amount of fixed assets that fully depreciated but are still in use was RMB 14,814,228.90 (31 December 2012: RMB 12,881,441.82).

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

11. Construction in progress

CONSOLIDATED

(1) Construction in progress:

Item	2013.12.31			2012.12.31		
	Gross amount	Provision for	Carrying	Gross amount	Provision for	Carrying
		impairment			impairment	
		losses	amount		losses	amount
Reconstruction project of "Three old"	10,662,761.43	—	10,662,761.43	6,385,133.69	—	6,385,133.69
Zengcheng Passenger Traffic Station	11,276,925.88	—	11,276,925.88	10,188,238.85	—	10,188,238.85
Decoration of Self-owned Building	3,066,717.98	—	3,066,717.98	1,237,262.66	—	1,237,262.66
Civil work of Yangxi Terminal	20,835,512.89	—	20,835,512.89	12,307,864.65	—	12,307,864.65
Shaxi Project	—	—	—	17,890,696.00	—	17,890,696.00
Sanjia Project	—	—	—	4,257,161.59	—	4,257,161.59
Purchase of vehicles	54,958,800.00	—	54,958,800.00	54,714,099.70	—	54,714,099.70
Decoration construction project of						
Yueyun Building	7,278,037.28	—	7,278,037.28	—	—	—
Project of The Terminal, Phase II	19,860,304.44	—	19,860,304.44	1,614,189.50	—	1,614,189.50
Others	19,951,454.11	451,957.10	19,499,497.01	18,212,136.33	451,957.10	17,760,179.23
Total	147,890,514.01	451,957.10	147,438,556.91	126,806,782.97	451,957.10	126,354,825.87

Note: The transfer from construction in progress to fixed assets and intangible assets for the year are RMB 195,205,200.77 and RMB 102,848.81 respectively.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

11. Construction in progress (Continued)

CONSOLIDATED (Continued)

(2) Movement of major projects of construction in progress

As at 31 December 2013, individual projects over RMB 3,000,000.00 under construction of the Group are outlined below:

	2012.12.31	Increase	Transfer to fixed assets	RMB 2013.12.31
Civil work of Yangxi Terminal	12,307,864.65	8,527,648.24	—	20,835,512.89
Reconstruction project of "Three old"	6,385,133.69	4,277,627.74	—	10,662,761.43
Zengcheng Passenger Traffic Station	10,188,238.85	1,088,687.03	—	11,276,925.88
Decoration of Self-owned Building	1,237,262.66	11,742,055.38	9,912,600.06	3,066,717.98
Purchase of Vehicles	54,714,099.70	130,005,126.28	129,760,425.98	54,958,800.00
Decoration construction project of Yueyun Building	—	7,278,037.28	—	7,278,037.28
Project of The Terminal, Phase II	1,614,189.50	18,246,114.94	—	19,860,304.44
Total	86,446,789.05	181,165,296.89	139,673,026.04	127,939,059.90

COMPANY

(1) Construction in progress:

Item	2013.12.31			2012.12.31		
	Gross amount	Provision for impairment losses	Carrying amount	Gross amount	Provision for impairment losses	Carrying amount
Logistics management platform function	2,852,000.00	—	2,852,000.00	2,480,000.00	—	2,480,000.00
Decoration construction project of Yueyun Building	7,278,037.28	—	7,278,037.28	—	—	—
Others	235,293.18	—	235,293.18	—	—	—
Total	10,365,330.46	—	10,365,330.46	2,480,000.00	—	2,480,000.00

Note: The transfers from construction in progress to intangible assets for the year were RMB 102,848.81.

(2) As at 31 December 2013, the Decoration construction project of Yueyun Building is the individual project amounted over RMB 3,000,000.00 under construction.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

12. Intangible assets

CONSOLIDATED

Intangible Assets

RMB

Items	2012.12.31	Increase	Decrease	2013.12.31
I. Total original amount	789,441,377.02	97,826,965.90	21,601,387.71	865,666,955.21
Land use rights	321,236,016.18	93,650,793.78	21,428,860.29	393,457,949.67
Computer software	15,853,698.29	1,652,493.98	102.08	17,506,090.19
Coastline use rights	7,110,000.00	—	—	7,110,000.00
Passenger service Licences	5,683,026.91	—	172,425.34	5,510,601.57
Toll bridge franchise operating rights	327,479,559.48	—	—	327,479,559.48
Trademark rights	45,900.00	—	—	45,900.00
Line license use rights and line operation rights	112,033,176.16	2,523,678.14	—	114,556,854.30
II. Total Accumulated Amortization	221,512,541.35	30,614,588.05	953,158.83	251,173,970.57
Land use rights	46,579,778.41	9,227,175.95	953,158.83	54,853,795.53
Computer software	10,035,923.81	1,257,183.00	—	11,293,106.81
Coastline use rights	1,355,072.60	155,266.20	—	1,510,338.80
Passenger service Licences	—	—	—	—
Toll bridge franchise operating rights	131,181,147.94	13,529,956.58	—	144,711,104.52
Trademark rights	30,217.50	4,590.00	—	34,807.50
Line license use rights and line operation rights	32,330,401.09	6,440,416.32	—	38,770,817.41
III. Total net book value	567,928,835.67			614,492,984.64
Land use rights	274,656,237.77			338,604,154.14
Computer software	5,817,774.48			6,212,983.38
Coastline use rights	5,754,927.40			5,599,661.20
Passenger service Licences	5,683,026.91			5,510,601.57
Toll bridge franchise operating rights	196,298,411.54			182,768,454.96
Trademark rights	15,682.50			11,092.50
Line license use rights and line operation rights	79,702,775.07			75,786,036.89

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

12. Intangible assets (Continued)

CONSOLIDATED (Continued)

Intangible Assets (Continued)

Items	RMB			
	2012.12.31	Increase	Decrease	2013.12.31
IV. Total provision for impairment	—	—	—	—
Land use rights	—	—	—	—
Computer software	—	—	—	—
Coastline use rights	—	—	—	—
Passenger service Licences	—	—	—	—
Toll bridge franchise operating rights	—	—	—	—
Trademark rights	—	—	—	—
Line license use rights and line operation rights	—	—	—	—
V. Total carrying amount	567,928,835.67			614,492,984.64
Land use rights	274,656,237.77			338,604,154.14
Computer software	5,817,774.48			6,212,983.38
Coastline use rights	5,754,927.40			5,599,661.20
Passenger service Licences	5,683,026.91			5,510,601.57
Toll bridge franchise operating rights	196,298,411.54			182,768,454.96
Trademark rights	15,682.50			11,092.50
Line license use rights and line operation rights	79,702,775.07			75,786,036.89

Note 1: The increase in the original amount for the year consists of acquisition of land use right, line license use rights and line operation rights and software of RMB 9,589,909.61, transfers from construction in progress of RMB 102,848.81, and an increase resulting from changes in the scope of consolidation of RMB 88,134,207.48. Intangible assets acquired from the business combination not involving enterprises under common control during this year are measured at fair value. The fair value is determined using the cost approach which is a valuation technique that reflects the amount that would be required currently to replace an asset, i.e., the balance between all costs that are necessary in the repurchase or construction of a new asset under present condition (full replacement value) and the physical, functional and economic depreciation of the asset that has occurred.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

12. Intangible assets *(Continued)*

CONSOLIDATED (Continued)

Intangible Assets *(Continued)*

Note 2: The decrease in the original amount for the year consists of transfers from land use rights to investment properties of RMB 20,343,272.96, translation differences arising on translation of financial statements denominated in foreign currencies of RMB 1,258,012.67 and disposals of RMB 102.08.

Note 3: The increase in accumulated amortization for the year is due to the amortization provided for the year of RMB 30,614,588.05.

Note 4: The decrease in accumulated amortization for the year consists of transfers from land use right to investment property of RMB 684,872.65 and translation differences arising on translation of financial statements denominated in foreign currencies of RMB 268,286.18.

Note 5: Among the carrying amount of intangible assets:

		RMB
Useful life	2013.12.31	2012.12.31
Short-term leases within 10 years	42,915.06	37,222.00
Medium-term leases of 10 (10 years included) to 50 years	317,705,022.68	252,217,217.40
Long-term leases over 50 years (50 years included)	20,856,216.40	22,401,798.37
Total	338,604,154.14	274,656,237.77

Note 6: As at 31 December 2013, intangible assets with carrying amount of RMB 38,954,559.71 (31 December 2012: RMB 21,715,916.71) were pledged for bank loans.

Note 7: As at 31 December 2013, carrying amount of land use rights without certificate of title for the Group was RMB 2,418,829.95 (31 December 2012: RMB 8,792,588.16).

Note 8: As at 31 December 2013, land use rights with original amount of RMB 7,219,377.27 (31 December 2012: RMB 7,219,377.27) were obtained through allocation. As the certificate of title did not stipulate useful life, these land use rights had not been amortized.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

12. Intangible assets (Continued)

COMPANY

Intangible assets

RMB

Items	2012.12.31	Increase	Decrease	2013.12.31
I. Total original amount	353,720,756.69	238,689.08	—	353,959,445.77
Computer software	19,617,314.55	238,689.08	—	19,856,003.63
Toll bridge franchise operating rights	334,103,442.14	—	—	334,103,442.14
II. Total Accumulated Amortization	146,398,133.27	15,870,725.10	—	162,268,858.37
Computer software	13,787,099.82	1,982,561.82	—	15,769,661.64
Toll bridge franchise operating rights	132,611,033.45	13,888,163.28	—	146,499,196.73
III. Total net book value	207,322,623.42			191,690,587.40
Computer software	5,830,214.73			4,086,341.99
Toll bridge franchise operating rights	201,492,408.69			187,604,245.41
IV. Total Provision for Impairment	—	—	—	—
Computer software	—	—	—	—
Toll bridge franchise operating rights	—	—	—	—
V. Total carrying amount of intangible assets	207,322,623.42			191,690,587.40
Computer software	5,830,214.73			4,086,341.99
Toll bridge franchise operating rights	201,492,408.69			187,604,245.41

Note 1: The increase in the original amount for the year is due to acquisition of software of RMB 135,840.27, and the transfers from construction in progress to intangible assets of RMB 102,848.81.

Note 2: The increase in the accumulated amortization for the year is due to charge for the year of RMB 15,870,725.10.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

13. Goodwill

	RMB			
Items	2012.12.31	Increase	Decrease	2013.12.31
Zhongshan City Yueyun Tongxing Transportation Co., Ltd	528,466.69	—	—	528,466.69
Zhaoqing City Yueyun Motor Transportation Co., Ltd	1,402,500.00	—	—	1,402,500.00
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	—	—	2,100,000.00
Yueyun Langri	23,198,978.67	—	—	23,198,978.67
Yang Jiang City Yangzha New Image Public Transportation Company Limited	—	5,416,461.97	—	5,416,461.97
Heyuan Tongfa Roadway Transportation Business	—	111,064.06	—	111,064.06
Heyuan Qiyun Roadway Transportation Business	—	28,448,664.51	—	28,448,664.51
Total	<u>27,229,945.36</u>	<u>33,976,190.54</u>	<u>—</u>	<u>61,206,135.90</u>

Note: For the purpose of impairment testing, the Group, taking above 5 subsidiaries and the business of Heyuan Qiyun Roadway Transportation and Heyuan Tongfa Roadway Transportation as separate 6 asset groups, allocates the goodwill to such asset groups for impairment testing. The Group estimates the recoverable amount of each asset group individually based on the present value of expected future cash flow of such asset groups on the assumption of going concern in light of the operating characteristics of such asset groups. Cash flow projections are based on the financial budget covering of five-year period forecasted by the management and the assumption that the growth rate of cash flow beyond five-year period is zero. The adopted discount rate is 10.5%. Other key assumptions used in estimating future cash flow include the past performance of such asset groups and the management's expectation of market development. The management considers that the reasonable changes in above assumptions would not result in carrying amount in excess of the recoverable amount, therefore there is no impairment on goodwill.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

14. Long-term prepaid expenses

CONSOLIDATED

Item	2012.12.31	Increase	Decrease	RMB
				2013.12.31
Insurance expenses of Taiping Interchange	120,276.96	—	120,276.96	—
Prepaid land use right for Taiping Interchange	4,544,691.06	—	302,979.00	4,241,712.06
Improvements of office building and dormitories at Qingyuan section of Guangle Project	60,801.78	—	60,801.78	—
Improvements of office building and dormitories at Shaoguan section of Guangle Project	117,672.07	—	117,672.07	—
Improvement for office and billboards	14,999.87	—	14,999.87	—
Improvement on Guangshen advertising column	424,031.54	—	115,635.31	308,396.23
Reformation of billboard on the top of Humen Bridge Station	19,323.82	—	19,323.82	—
Office renovation project	64,701.19	—	45,671.52	19,029.67
Kitchen decoration	164,786.93	—	47,082.00	117,704.93
Renovation of station site auxiliary facilities	6,755,701.56	9,746,342.36	5,732,147.47	10,769,896.45
Litong building office decoration	12,060,869.01	547,210.21	9,112,666.51	3,495,412.71
Designation fee of the Yueyun Buliding	—	436,576.00	—	436,576.00
Monitoring system of Guangle transferring warehouse	279,364.00	—	279,364.00	—
Line license compensation	—	8,270,522.05	460,199.97	7,810,322.08
Others	6,150,520.03	7,576,488.02	3,495,880.28	10,231,127.77
Total	30,777,739.82	26,577,138.64	19,924,700.56	37,430,177.90

Note 1: The increase for the year consists of acquisition or constrution of RMB 21,266,867.52 and an increase due to changes in the scope of consolidation of RMB 5,310,271.12.

Note 2: The decrease for the year consists of amortization of RMB 10,077,247.65, provision for impairment losses of RMB 5,242,666.51, disposals of RMB 3,870,000.00 and others of RMB 734,786.40.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

14. Long-term prepaid expenses (Continued)

COMPANY

	RMB			
Item	2012.12.31	Increase	Decrease	2013.12.31
Insurance of Taiping Interchange	120,276.96	—	120,276.96	—
Prepaid land use right for Taiping Interchange	4,544,691.06	—	302,979.00	4,241,712.06
Improvements of office building and dormitories at Qingyuan section of Guangle Project	60,801.78	—	60,801.78	—
Improvements of office building and dormitories at Shaoguan section of Guangle Project	117,672.07	—	117,672.07	—
Litong building office decoration	12,060,869.01	547,210.21	9,112,666.51	3,495,412.71
Designed fee of the Yueyun Buliding	—	436,576.00	—	436,576.00
Others	64,354.28	—	32,316.60	32,037.68
Total	<u>16,968,665.16</u>	<u>983,786.21</u>	<u>9,746,712.92</u>	<u>8,205,738.45</u>

Note: The decrease for the year consists of amortization of RMB 634,046.41, provision for impairment losses of RMB 5,242,666.51 and disposals of RMB 3,870,000.00.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

15. Deferred tax assets and deferred tax liabilities

(1) Recognized deferred tax assets and deferred tax liabilities

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Deferred tax assets:				
Bad debt provision	130,522,069.07	127,847,198.12	129,594,616.14	126,843,182.46
Including: Accounts receivable	5,554,133.56	5,322,926.29	5,322,926.29	5,322,926.29
Prepayments	117,227,937.60	114,476,503.92	117,227,937.60	114,476,503.92
Other receivables	7,640,383.19	7,723,153.19	7,043,752.25	7,043,752.25
Long-term receivables	99,614.72	324,614.72	—	—
Provision for impairment on				
long-term prepaid expenses	1,310,666.63	—	1,310,666.63	—
Depreciation on fixed assets	257,911.03	515,976.04	—	—
Amortisation on intangible assets	280,062.06	250,684.05	—	—
Employee benefits payable	7,866,965.09	6,101,938.81	4,499,659.31	3,074,701.24
Accounts payable	22,108,981.56	17,786,265.93	—	—
Unrealized profits arising				
from transactions within the Group	3,528,585.20	3,693,823.49	—	—
Other payables	9,582.75	867,239.08	—	—
Long-term payables	1,955,951.43	—	—	—
Other non-current liabilities	2,428,575.55	1,069,114.58	—	—
Total	170,269,350.37	158,132,240.10	135,404,942.08	129,917,883.70
Deferred tax liabilities:				
Depreciation on fixed assets	714,012.69	660,458.22	—	—
Investment income	2,127,075.50	1,365,442.01	—	—
Revaluation increment of asset value				
arising from business combinations	5,053,195.26	5,168,040.61	—	—
Total	7,894,283.45	7,193,940.84	—	—

Note: According to the Group's future profit forecast, the Group considers that it is probable that sufficient taxable profits will be available in future periods to offset the deductible temporary differences and deductible tax losses. Therefore, the above deferred tax assets are recognised.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

15. Deferred tax assets and deferred tax liabilities (Continued)

(2) Details of recognized taxable temporary differences and deductible temporary differences

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Deductible temporary differences:				
Bad debt provision	522,088,276.21	511,388,792.47	518,378,464.52	507,372,729.82
Including: Accounts receivable	22,216,534.20	21,291,705.16	21,291,705.14	21,291,705.14
Prepayments	468,911,750.38	457,906,015.68	468,911,750.38	457,906,015.68
Other receivables	30,561,532.74	30,892,612.74	28,175,009.00	28,175,009.00
Long-term receivables	398,458.89	1,298,458.89	—	—
Provision for impairment on long-term prepaid expenses	5,242,666.51	—	5,242,666.51	—
Depreciation on fixed assets	1,031,644.13	2,063,904.16	—	—
Amortisation on intangible assets	1,120,248.24	1,002,736.20	—	—
Employee benefits payable	31,467,860.36	24,407,755.22	17,998,637.25	12,298,804.97
Accounts payable	88,435,926.25	71,145,063.72	—	—
Unrealized profits arising from transactions within the Group	14,365,670.60	14,775,293.96	—	—
Other payables	38,331.00	3,468,956.36	—	—
Long-term payables	7,823,805.72	—	—	—
Other non-current liabilities	9,714,302.22	4,276,458.32	—	—
Total	<u>681,328,731.24</u>	<u>632,528,960.41</u>	<u>541,619,768.28</u>	<u>519,671,534.79</u>
Taxable temporary differences:				
Depreciation on fixed assets	4,327,349.63	4,002,777.09	—	—
Investment income	8,508,302.00	5,461,768.04	—	—
Revaluation increment of asset value arising from business combinations	20,212,781.04	20,672,162.45	—	—
Total	<u>33,048,432.67</u>	<u>30,136,707.58</u>	<u>—</u>	<u>—</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

15. Deferred tax assets and deferred tax liabilities (Continued)

(3) Tax losses and deductible temporary differences for which deferred tax assets are not recognised
CONSOLIDATED

RMB

Item	2013.12.31		2012.12.31	
	Amount	Expiry date	Amount	Maturity date
Deductible tax losses	188,056,387.05	Before 2018.12.31	159,511,398.31	Before 2017.12.31
	43,538,125.41	Indefinite	44,643,394.56	Indefinite
Deductible temporary differences	<u>43,027,064.84</u>	N/A	<u>66,169,893.59</u>	N/A
Total	<u><u>274,621,577.30</u></u>		<u><u>270,324,686.46</u></u>	

Note 1: The Group considers that it is not probable that sufficient taxable profits will be available in future periods to offset the deductible temporary differences and deductible losses. Therefore, no deferred tax assets are recognized on the above deductible tax losses and temporary differences.

Note 2: Tax losses of RMB 3,478,479.28 for which deferred tax assets are not recognized in previous years was expired in this year.

Note 3: According to the first edition of the "Answers to Questions of the Supervision of the Listed Companies for the Application of the Chinese Accounting Standards" Published by China Securities Regulatory Commission, deferred tax assets should not be recognized on the production safety reserve provided but not yet used which should be considered as a permanent difference. Therefore, the balances of temporary deductible differences as at 31 December 2013 excludes the production safety reserve of which RMB 9,562,784.52 was included in the balances of temporary deductible differences as at 31 December 2012.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

16. Other non-current assets

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Revaluation increment of asset value of Guangdong Yueyun Langri Co., Ltd. (Note)	20,212,781.06	20,672,162.45	—	—
Car deposits – Shenzhen Yuegang Transport Company Limited	95,000.00	—	—	—
Prepayments for vehicles	12,639,185.20	7,699,275.89	—	—
Prepayments for land use rights	56,824,000.00	11,695,500.00	—	—
Prepayments for purchasing house	4,277,938.00	2,263,150.00	—	—
Debit balance of taxes payable	11,250,484.06	10,639,534.73	—	—
Others	5,872,501.60	630,783.04	—	—
Total	111,171,889.92	53,600,406.11	—	—

Note: The other non-current assets represent revaluation increment of asset value of Guangdong Yueyun Langri Co., Ltd. as at the date on which GVTG acquired their equity interests. Pursuant to the provision of the Experts' view on implementation issues of CAS in relation to the treatment on the balance of the debit difference of long-term equity investments in subsidiaries arising from combination of companies held by the acquirer which are not under a business combination involving enterprises under common control, if the acquirer can determine the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date, the balance of the differences between the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date and their carrying amounts, net of amortisation, as at the initial implementation date, shall be allocated to each of identifiable assets and liabilities of the acquiree in a reasonable method, and shall be depreciated and amortised over the remaining useful life of identifiable assets of the acquiree. Such depreciation and amortisation is included under the investment income item in the consolidated income statements; in case such balance could not be allocated to each of identifiable assets and liabilities of the acquiree, it shall be amortised evenly over the remaining amortisation period of differences of original equity investments and shall be included under the investment income item in the consolidated income statements. Balance that is not amortised completely shall be included in the consolidated balance sheet as other non-current asset. Since GVTG could not allocate the balance of such valuation increment to identifiable assets and liabilities of Guangdong Yueyun Langri Co., Ltd., thus GVTG accounts for the balance of such valuation increment as other non-current assets. Amortisation period is from the acquisition date to the termination date of operation that is from November 2007 to October 2057.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

17. Impairment loss on assets

CONSOLIDATED

RMB

Item	2012.12.31	Increase	Decrease		2013.12.31
			Reversals	Others	
Bad debt provision	531,141,187.05	11,733,774.39	900,000.00	16,010.59	541,958,950.85
Provision for impairment losses					
of long-term equity investments	1,348,476.29	—	—	—	1,348,476.29
Provision for impairment losses					
of fixed assets	875,852.00	—	—	—	875,852.00
Provision for impairment losses					
of construction in progress	451,957.10	—	—	—	451,957.10
Provision for impairment losses of					
long-term prepaid expenses	—	5,242,666.51	—	—	5,242,666.51
Total	533,817,472.44	16,976,440.90	900,000.00	16,010.59	549,877,902.75

Note 1: As at 31 December 2013, the balance of bad debt provision includes full provision of long-term receivables of RMB 398,458.89 (31 December 2012: RMB 1,298,458.89).

Note 2: Other decrease was due to translation differences arising on translation of financial statements denominated in foreign currencies.

COMPANY

RMB

Item	2012.12.31	Increase	Decrease		2012.12.31
			Reversals	Write-off	
Bad debt provision	519,626,681.61	11,005,734.70	—	—	530,632,416.31
Provision for impairment losses					
of long-term prepaid expenses	—	5,242,666.51	—	—	5,242,666.51
Total	519,626,681.61	16,248,401.21	—	—	535,875,082.82

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

18. Short-term borrowings

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Unsecured and non-guaranteed loans	617,054,858.03	5,400,000.00	480,000,000.00	—
Secured loans	9,500,000.00	5,000,000.00	—	—
Total	<u>626,554,858.03</u>	<u>10,400,000.00</u>	<u>480,000,000.00</u>	<u>—</u>

Note: The Group and the Company have no short-term borrowings that expired but not repaid. For the details of pledged assets and their amount, please refer to Note (VI) 10 and (VI) 12.

19. Notes payable

Details of notes payable:

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Bank acceptances	<u>453,403,442.66</u>	<u>848,060,316.34</u>	<u>327,477,270.09</u>	<u>848,060,316.34</u>

The Group's and the Company's notes payable as at 31 December 2013 will be due by 24 March 2014.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

20. Accounts payable

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

RMB

Aging	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Within 3 months	688,438,196.77	671,852,022.50	368,594,332.27	506,493,482.48
Over 3 months and within 6 months	56,829,583.78	35,012,871.81	36,798,819.99	—
Over 6 months and within 1 year	57,137,390.63	28,924,131.40	15,769,031.95	299,540.51
Over 1 year and within 2 years	64,204,270.98	48,323,978.62	2,730,396.59	11,846,643.74
Over 2 years and within 3 years	21,582,917.53	12,790,847.56	4,962,088.18	2,939,956.29
Over 3 years	29,441,145.27	27,251,132.21	10,015,871.70	12,970,721.47
Total	917,633,504.96	824,154,984.10	438,870,540.68	534,550,344.49

- (1) As at 31 December 2013, the Group's accounts payable aged over one year are mainly the deposits for purchasing construction materials, raw materials and return for cooperated projects.
- (2) As at 31 December 2013, the Group has no accounts payable individually more than RMB 10,000,000.00.

21. Receipts in advance

- (1) The aging analysis of receipts in advance is as follows:

RMB

Aging	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Within 1 year	626,828,191.07	102,605,931.07	95,069,068.09	29,889,727.34
Over 1 year and within 2 years	59,860,317.57	10,404,571.95	24,652,274.20	697,978.00
Over 2 years and within 3 years	2,761,008.57	42,494,497.10	397,917.98	566,069.47
Over 3 years	140,896,400.61	127,423,880.37	8,446,982.80	11,731,822.17
Total	830,345,917.82	282,928,880.49	128,566,243.07	42,885,596.98

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

21. Receipts in advance *(Continued)*

(2) Significant receipts in advance aged over one year:

COSOLIDATED

RMB

Creditors	Amount	Reasons
China Petroleum and Chemical Corporation Guangdong Branch	168,692,496.20	Contract revenue of gas stations on the express highway received in advance
China Railway First Group Co., Ltd	13,980,526.00	Advanced receipt for materials that will be transferred to revenue in due course
	<hr/>	
Total	<u>182,673,022.20</u>	

COMPANY

Creditors	Amount	Reasons
China Railway First Group Co., Ltd	13,980,526.00	Advanced receipt for materials that will be transferred to revenue in due course
	<hr/>	

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

22. Employee benefits payable

CONSOLIDATED

RMB

Item	2012.12.31	Increase(Note)	Decrease	2013.12.31
Wages or salaries, bonuses, allowances and subsidies	67,164,882.72	706,425,370.10	686,172,793.42	87,417,459.40
Staff welfare	45,859.76	33,532,695.75	33,535,018.01	43,537.50
Social security contributions	5,746,641.77	113,990,860.04	112,314,552.97	7,422,948.84
Including: Medical insurance	73,608.61	31,531,547.23	31,635,800.56	(30,644.72)
Basic pensions	28,333.71	63,760,818.64	63,586,490.92	202,661.43
Supplementary medical insurance	1,448,472.19	989,729.26	989,729.26	1,448,472.19
Supplementary pensions	4,192,145.28	6,836,613.88	5,302,285.85	5,726,473.31
Unemployment insurance	(521.94)	5,685,342.15	5,564,176.19	120,644.02
Employment injury insurance	3,074.82	2,909,188.45	2,895,845.97	16,417.30
Maternity insurance	1,529.10	2,277,620.43	2,340,224.22	(61,074.69)
Housing funds	350,807.40	49,637,981.00	49,718,754.58	270,033.82
Union fee and employee education cost	5,620,418.53	12,834,325.34	12,696,517.96	5,758,225.91
Non-monetary benefits	3,562.68	30,585.80	30,585.80	3,562.68
Termination benefits and internal retirement compensation	13,727,981.68	4,419,052.18	4,529,299.67	13,617,734.19
Including: Termination benefits	4,641,482.87	1,682,826.07	1,438,299.81	4,886,009.13
Internal retirement compensation	9,086,498.81	2,736,226.11	3,090,999.86	8,731,725.06
Others	71,315.26	2,238,622.89	2,248,130.26	61,807.89
Total	<u>92,731,469.80</u>	<u>923,109,493.10</u>	<u>901,245,652.67</u>	<u>114,595,310.23</u>

Note: The increase for the year includes an increase of RMB 2,949,993.08 resulting from changes in the scope of consolidation.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

22. Employee benefits payable (Continued)

COMPANY

	RMB			
Item	2012.12.31	Increase	Decrease	2013.12.31
Wages or salaries, bonuses, allowances and subsidies	7,733,619.73	36,758,179.00	31,281,702.97	13,210,095.76
Staff welfare	—	1,233,265.95	1,233,265.95	—
Social security contributions	1,510,640.70	6,019,761.68	6,019,761.68	1,510,640.70
Including: Medical insurance	15,840.51	1,571,507.04	1,571,507.04	15,840.51
Basic pensions	36,683.71	3,022,505.99	3,022,505.99	36,683.71
Supplementary medical insurance	1,448,472.19	112,616.34	112,616.34	1,448,472.19
Supplementary pensions	(30.00)	891,974.27	891,974.27	(30.00)
Unemployment insurance	8,837.67	259,330.59	259,330.59	8,837.67
Employment injury insurance	487.58	98,527.43	98,527.43	487.58
Maternity insurance	349.04	63,300.02	63,300.02	349.04
Housing funds	249,335.00	4,806,964.00	4,806,964.00	249,335.00
Union fee and employee education cost	284,713.41	629,265.05	405,908.80	508,069.66
Termination benefits and internal retirement compensation	2,479,883.04	—	—	2,479,883.04
Including: Termination benefits	2,479,883.04	—	—	2,479,883.04
Others	40,613.09	406,159.00	406,159.00	40,613.09
Total	<u>12,298,804.97</u>	<u>49,853,594.68</u>	<u>44,153,762.40</u>	<u>17,998,637.25</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

23. Taxes payable

CONSOLIDATED

RMB

Item	2012.12.31	Increase(Note)	Decrease	2013.12.31
Value added tax	64,909,054.23	128,325,047.38	118,950,558.26	74,283,543.35
Business tax	3,143,324.59	28,898,522.36	27,487,264.68	4,554,582.27
Enterprise income tax	23,240,589.85	102,682,631.40	87,773,214.02	38,150,007.23
City construction and maintenance tax	1,956,664.77	8,600,066.19	9,255,842.14	1,300,888.82
Property tax	1,121,490.19	8,792,017.25	8,333,303.47	1,580,203.97
Land use right tax	183,797.36	4,045,709.23	2,855,936.80	1,373,569.79
Individual income tax	2,245,872.81	19,316,341.00	17,888,750.65	3,673,463.16
Educational surcharges and local educational surcharges	1,370,167.94	4,017,652.77	4,524,679.08	863,141.63
Other taxes	3,607,946.85	20,290,854.78	19,597,907.10	4,300,894.53
Total	<u>101,778,908.59</u>	<u>324,968,842.36</u>	<u>296,667,456.20</u>	<u>130,080,294.75</u>

Note: The increase for the year includes an increase of RMB 4,903,497.88 resulting from changes in the scope of consolidation.

COMPANY

RMB

Item	2012.12.31	Increase	Decrease	2013.12.31
Value added tax	59,130,382.98	9,427,716.22	34,686,864.60	33,871,234.60
Business tax	483,589.16	5,550,582.72	5,478,737.74	555,434.14
Enterprise income tax	—	24,182,348.84	20,654,091.61	3,528,257.23
City construction and maintenance tax	1,401,295.64	1,517,230.38	2,716,574.32	201,951.70
Individual income tax	62,885.54	3,665,565.06	3,278,570.94	449,879.66
Educational surcharges and local educational surcharges	1,001,431.69	1,152,874.97	2,008,280.12	146,026.54
Other taxes	2,442,164.66	2,248,661.47	2,959,641.80	1,731,184.33
Total	<u>64,521,749.67</u>	<u>47,744,979.66</u>	<u>71,782,761.13</u>	<u>40,483,968.20</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

24. Interest payable

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Interest of bank borrowings	1,327,304.93	—	896,111.08	—
Interest of bonds	1,208,333.31	1,450,000.00	—	—
Total	<u>2,535,638.24</u>	<u>1,450,000.00</u>	<u>896,111.08</u>	<u>—</u>

25. Dividends payable

CONSOLIDATED

RMB

Creditor	2013.12.31	2012.12.31
Zhaoqing Communications Group Company Limited	16,385,134.73	25,010,134.73
Labor Union Committee of Zhaoqing City Yueyun Motor Transportation Co., Ltd.	2,612,122.93	3,987,122.93
Individual shareholders of subsidiaries	4,340,165.27	6,535,285.27
Shenzhen Communication Company Limited	990,704.38	510,250.63
Guangdong Xinyue Communications Investment Company Limited	<u>2,780,436.84</u>	<u>452,736.84</u>
Total	<u>27,108,564.15</u>	<u>36,495,530.40</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

26. Other payables

(1) The aging analysis of other payables is as follows:

RMB

Aging	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Within 1 year	179,518,755.14	272,281,601.03	582,218,694.45	297,318,951.11
Over 1 year and within 2 years	72,638,865.85	20,445,619.84	10,946,636.77	—
Over 2 years and within 3 years	17,650,564.75	28,492,232.52	—	954,030.00
Over 3 years	42,355,054.74	43,722,827.74	4,944,862.03	4,302,003.06
Total	<u>312,163,240.48</u>	<u>364,942,281.13</u>	<u>598,110,193.25</u>	<u>302,574,984.17</u>

(2) Individual significant other payables aged over one year:

CONSOLIDATED

RMB

Creditors	Amount	Reasons
China Petrochemical Corporation Guangdong Branch	5,500,000.00	Guarantee deposits
Guangdong Nan Yue Logistics International Services Company Limited	4,736,877.48	No contractual payment terms
Jiaxing Tonghui Expressway Service Zone Company Limited	4,411,200.00	Guarantee deposits
Petro China Company Limited, Guangdong Seling Branch	4,000,000.00	Guarantee deposits
Shenzhen Zhouji Buliding Decoration Group	3,354,015.80	No contractual payment terms
Petro China Guangzhou branch	2,000,000.00	Guarantee deposits
Chaozhou Hongxing Group Raoping Healthy Products Company	2,000,000.00	No contractual payment terms
Total	<u>26,002,093.28</u>	

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

26. Other payables *(Continued)*

(2) Individual significant other payables aged over one year: *(Continued)*

COMPANY

Creditors	Amount	Reasons
China Petrochemical Corporation Guangdong Branch	5,500,000.00	Guarantee deposits
Guangdong Nan Yue Logistics International Services Company Limited	4,736,877.48	No contractual payment terms
Total	<u>10,236,877.48</u>	

27. Non-current liabilities due within one year

CONSOLIDATED

Item	RMB	
	2013.12.31	2012.12.31
Long-term borrowings due within one year	38,308,430.78	34,619,309.88
Long-term payables due within one year	9,009,821.03	12,314,587.28
Other non-current liabilities due within one year	3,203,314.45	3,434,465.73
Total	<u>50,521,566.26</u>	<u>50,368,362.89</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

28. Long-term borrowings

CONSOLIDATED

Item	RMB	
	2013.12.31	2012.12.31
Unsecured and non-guaranteed loans	11,738,649.33	—
Secured loans	114,486,476.11	104,351,799.54
Total	126,225,125.44	104,351,799.54
Less: Long-term borrowings due within one year	38,308,430.78	34,619,309.88
Including: Unsecured and non-guaranteed loans	2,752,119.96	—
Secured loans	35,556,310.82	34,619,309.88
Long-term borrowings due after one year	87,916,694.66	69,732,489.66
Including: due after one year but within two years	48,249,439.52	63,536,745.27
due after two years but within five years	39,667,255.14	6,195,744.39

The Group has no borrowings that expired but not repaid.

For the details of pledged assets, please refer to Note (VI) 10 and (VI) 12.

29. Bonds payable

Item	Term	Issue date	Face value	Discount amount	RMB		
					2012.12.31	Amortised for the year 2013.12.31	
Non-public directional debt financing	3 years	2012.11.30	300,000,000.00	(3,041,667.00)	297,037,810.39	986,268.55	298,024,078.94

On 30 November 2012, according to “GVTG non-public directional debt financing issuance agreement” and “GVTG underwriting of non-financial corporate debt financing instruments of inter-bank bond market agreement”, GVTG entrusted the Bank of HuaXia as the underwriter to issue the non-public directional debt financing instrument for the first phase. The issued amount of first phase is RMB 300 million with a term of three years. The interest is paid annually with coupon rate of 5.8%. On the maturity, the principal will be repaid. GCGC provides the unconditional and irrevocable joint guarantee in full on the principal and interest of the bond.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

30. Long-term payables

CONSOLIDATED

	RMB	
Item	2013.12.31	2012.12.31
Deposits	13,628,980.08	9,859,819.80
Unemployment and retirement benefits	29,858,319.77	32,818,899.87
Finance lease (Note)	1,775,479.00	4,660,523.00
Payables for purchasing cars	42,451,162.20	7,016,106.72
Others	6,387,681.14	4,610,761.70
Total	94,101,622.19	58,966,111.09
Less: Long-term payables due within one year	9,009,821.03	12,314,587.28
Including: Deposits	932,091.79	1,054,031.36
Unemployment and retirement benefits	3,374,193.78	3,674,091.92
Finance lease	1,564,926.00	3,306,334.00
Payables for purchasing cars	3,138,609.46	4,280,130.00
Long-term payables due after one year	85,091,801.16	46,651,523.81

Note: The minimum lease payment of finance lease for cars is as follows:

	RMB	
Minimum lease payment	2013.12.31	2012.12.31
Within 1 year	1,634,798.00	3,468,000.00
Over 1 year and within 2 years	223,500.00	1,068,000.00
Over 2 years and within 3 years	—	397,500.00
Over 3 years	—	—
Total minimum lease payables	1,858,298.00	4,933,500.00
Less: Unrecognized finance costs	82,819.00	272,977.00
Finance lease payables	1,775,479.00	4,660,523.00
Including: Due within 1 year	1,564,926.00	3,306,334.00
After 1 year	210,553.00	1,354,189.00

Note: According to the contracts, no finance leased assets are pledged during the year.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

31. Provisions

CONSOLIDATED

Item	2013.12.31	2012.12.31
Pending litigations	—	979,200.00

32. Other non-current liabilities

CONSOLIDATED

Item	2013.12.31	2012.12.31
Government grants	25,379,532.68	27,743,263.57
Less: Government grants due within one year	3,203,314.45	3,434,465.73
	22,176,218.23	24,308,797.84

33. Share capital

CONSOLIDATED AND COMPANY

	2012.12.31	Changes for the year				Subtotal	2013.12.31
		New issue of shares	Bonus issue	Capitalisation of surplus reserve	Others		
2013 and 2012:							
I. Restricted tradable shares							
1. State-owned shares	—	—	—	—	—	—	—
2. State-owned representative shares	—	—	—	—	—	—	—
3. Other domestic-owned shares	—	—	—	—	—	—	—
Total restricted tradable shares	—	—	—	—	—	—	—
II. Tradable shares							
1. Ordinary shares denominated in RMB	279,641,867.00	—	—	—	—	—	279,641,867.00
2. Foreign-owned shares listed overseas	138,000,000.00	—	—	—	—	—	138,000,000.00
Total tradable shares	417,641,867.00	—	—	—	—	—	417,641,867.00
Total shares	417,641,867.00	—	—	—	—	—	417,641,867.00

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

34. Capital reserve

CONSOLIDATED

RMB

Item	2012.12.31	Increase	Decrease	2013.12.31
2013				
Capital premium	434,734,325.20	—	43,364.54	434,690,960.66
Including: Capital contributed by shareholders	612,737,986.84	—	—	612,737,986.84
Effect of acquisition of minority interests	(435,776.58)	—	43,364.54 (Note 1)	(479,141.12)
Differences arising from business combination involving enterprises under common control	(177,567,885.06)	—	—	(177,567,885.06)
Other capital reserve	18,800,491.50	394,900.04	—	19,195,391.54
Including: Transfer from capital reserves under the previous standards	2,170,000.00	—	—	2,170,000.00
Others	16,630,491.50	394,900.04 (note 2)	—	17,025,391.54
Total	453,534,816.70	394,900.04	43,364.54	453,886,352.20
2012				
Capital premium	896,887,818.56	281,810,000.00	743,963,493.36	434,734,325.20
Including: Capital contributed by investors	667,842,590.50	281,810,000.00	336,914,603.66	612,737,986.84
Effect of acquisition of minority interests	(435,776.58)	—	—	(435,776.58)
Differences arising from business combination involving enterprises under common control	229,481,004.64	—	407,048,889.70	(177,567,885.06)
Other capital reserve	18,800,491.50	—	—	18,800,491.50
Including: Transfer from capital reserves under the previous standards	2,170,000.00	—	—	2,170,000.00
Others	16,630,491.50	—	—	16,630,491.50
Total	915,688,310.06	281,810,000.00	743,963,493.36	453,534,816.70

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

34. Capital reserve *(Continued)*

CONSOLIDATED (Continued)

Note 1: The decrease is due to the excessive consideration over the minority interests when the Group acquires the minority interest of the subsidiary.

Note 2: The increase is due to the changes of other shareholders' equity of an associate.

COMPANY

RMB

Item	2012.12.31	Increase	Decrease	2013.12.31
2013:				
Capital premium	532,069,171.30	—	—	532,069,171.30
Including: Capital contributed				
by shareholders	568,050,404.65	—	—	568,050,404.65
Differences arising from business				
combination involving enterprises				
under common control	(35,981,233.35)	—	—	(35,981,233.35)
Other capital reserve	12,630,075.81	394,900.04(Note)	—	13,024,975.85
Total	544,699,247.11	394,900.04	—	545,094,147.15
2012:				
Capital premium	216,675,548.03	315,393,623.27	—	532,069,171.30
Including: Capital contributed by investors	286,240,404.65	281,810,000.00	—	568,050,404.65
Differences arising from business				
combination involving enterprises				
under common control	(69,564,856.62)	33,583,623.27	—	(35,981,233.35)
Other capital reserve	21,389,155.26	—	8,759,079.45	12,630,075.81
Total	238,064,703.29	315,393,623.27	8,759,079.45	544,699,247.11

Note: The increase is due to the changes of other shareholders' equity of an associate.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

35. Surplus reserve

CONSOLIDATED

RMB

Item	2012.12.31	Increase	Decrease	2013.12.31
2013:				
Statutory surplus reserve	<u>122,766,499.46</u>	<u>7,655,431.31</u>	<u>—</u>	<u>130,421,930.77</u>
2012:				
Statutory surplus reserve	<u>166,062,776.72</u>	<u>2,268,645.80</u>	<u>45,564,923.06</u>	<u>122,766,499.46</u>

COMPANY

RMB

Item	2012.12.31	Increase	Decrease	2013.12.31
2013:				
Statutory surplus reserve	<u>120,288,410.60</u>	<u>7,655,431.31</u>	<u>—</u>	<u>127,943,841.91</u>
2012:				
Statutory surplus reserve	<u>118,019,764.80</u>	<u>2,268,645.80</u>	<u>—</u>	<u>120,288,410.60</u>

Statutory surplus reserve can be used to make up for the losses, expand the production and operation or to be transferred to increase capital; when transferred to capital, the statutory surplus reserve remained shall be no less than 25% of the Company's registered capital immediately before the surplus reserve was transferred to increase capital. Please see Note (VI) 36 for the provision of statutory surplus reserve for the year.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

36. Retained profits

CONSOLIDATED

Item	RMB	
	2013	2012
Retained profits at the end of prior year	411,164,608.79	353,921,236.48
Add: Effect on business combination involving enterprises under common control	—	54,010,840.99
Retained profits at beginning of year	411,164,608.79	407,932,077.47
Add: Net profit attributable to shareholders of the Company	135,892,609.02	72,535,413.29
Less: Appropriation to statutory surplus reserve (Note1)	7,655,431.31	2,268,645.80
Declaration of dividends on ordinary shares (Note2)	21,717,377.00	25,058,513.00
Freely assets transfer in GVTG	—	41,975,723.17
Retained profits at the end of the year	517,684,409.50	411,164,608.79
Including: Profit distribution decided after the balance sheet date	208,820,933.50	21,717,377.00

COMPANY

Item	RMB	
	2013	2012
Retained profits at the end of prior year	170,631,710.75	175,272,411.53
Add: Net profit attributable to owners of the Company	76,554,313.13	22,686,458.02
Less: Appropriation to statutory surplus reserve	7,655,431.31	2,268,645.80
Declaration of dividends on ordinary shares	21,717,377.00	25,058,513.00
Retained profits at the end of the year	217,813,215.57	170,631,710.75
Including: Profit distribution decided after the balance sheet date	208,820,933.50	21,717,377.00

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

36. Retained profits (Continued)

COMPANY (Continued)

Note 1: Appropriation to statutory surplus reserve

According to the Articles of Association, the Company is required to transfer 10% of its net profit to the statutory surplus reserve. The transfer may be ceased if the balance of the statutory surplus reserve has reached 50% of the Company's registered capital. The Company appropriates a statutory reserve of RMB 7,655,431.31 in the year (2012: RMB 2,268,645.80).

Note 2: A final cash dividend of RMB 0.052 (tax included) per share for year 2012 amounting to RMB 21,717,377.00 was approved by shareholders in annual general meeting held on 30 May 2013 (2012: RMB 0.06 (tax included) per share amounting to RMB 25,058,513.00).

According to the approval of the board of directors of the Company on 19 March 2014, the board of directors of the Company recommended to declare a final cash dividend of RMB 0.1 (tax included) per share and a final share dividend of 4 shares per 10 shares for year 2013 totally amounting to RMB 208,820,933.50.

Note 3: Appropriation to surplus reserve by subsidiaries

As at 31 December 2013, the Group's retained profits included appropriation to surplus reserve by subsidiaries amounting to RMB 258,945,331.71 (31 December 2012: RMB 228,601,159.89).

37. Minority interest

The minority interest of the Group's subsidiaries is as follows:

	RMB	
Name of Subsidiary	2013.12.31	2012.12.31
Guangzhou Top-E Expressway Service Zone Company Limited	10,474,042.43	11,157,833.94
Guangdong Nanyue Logistics Enterprise Company Limited	1,944,880.76	1,790,572.15
The Motor Transport Company Of Guangdong and Hong Kong Limited	87,727,686.35	89,851,677.10
The Motor Transport Company Of Guangdong and Hong Kong (Guangzhou) Limited	19,444,162.65	19,553,336.18
Zhongshan City Yueyun Tongxing Transportation Company Limited	3,188,842.20	2,996,871.58
Chaozhou City Yueyun High Speed Passenger Traffic Company Limited	790,827.50	880,865.35
Guangdong Yueyun Number Two Transportation Traffic Company Limited	7,401,389.74	7,349,122.66
Guangdong Province Guangshen High Speed Coach Company Limited	11,655,381.44	10,502,253.68
Shenzhen City Shenwei Lighter Transportation Company Limited	8,623,485.98	10,401,243.50

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

37. Minority interest *(Continued)*

Name of Subsidiary	2013.12.31	2012.12.31
Zhaoqing City Yueyun Motor Transportation Company Limited	130,554,159.13	106,261,526.15
Guangdong Province Guangyang High Speed Passenger Traffic Company Limited	4,283,624.81	4,501,032.32
Guangdong Province Yangjiang City Guangyang High-Speed Railway Company Limited	3,851,159.77	4,059,329.21
Foshan City Yueyun Public Transportation Company Limited	140,149,463.88	147,901,151.65
Zhongshan City Yueyun Airport Express Passenger Traffic Company Limited	69,303.73	154,202.79
Guangzhou City Yueyun Motor Transportation Company Limited	21,571,747.47	17,214,785.77
Guangzhou City Zengcheng Automobile Passenger Traffic Station Company Limited	21,805,109.85	23,816,797.13
Guangdong Yueyun Langri Company Limited	114,497,302.02	93,182,293.78
Foshan City Sanshuiqu Yueyun Traffic Company Limited	16,164,649.49	17,029,010.72
Heyuan City Yueyun Motor Transportation Company Limited	104,834,117.39	4,456,488.26
Foshan City Yueyun Hexing Transportation Company Limited	5,299,460.11	5,042,096.55
Guangzhou Yueyun Insurance Surveyors and Loss Adjusters Co., Ltd.	977,729.17	—
Total	715,308,525.87	578,102,490.47

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

38. Operating income and operating costs

CONSOLIDATED

RMB

Item	2013		2012	
	Operating income	Operating cost	Operating income	Operating cost
1. Principal operating income				
Construction materials sales	3,115,058,940.83	3,012,058,852.41	3,117,512,761.66	3,027,772,674.71
Taiping Interchange service	161,324,511.70	24,035,897.62	136,040,857.37	21,618,951.94
Construction contracts income	28,294,095.89	24,219,503.98	553,802,123.23	487,302,538.43
Expressway service zones income	579,572,375.71	469,483,899.08	532,048,787.27	421,748,185.59
Cross-border transportation	243,842,955.24	216,853,998.36	271,706,847.72	245,318,495.89
Domestic transportation service (Note 1)	1,662,685,574.44	1,309,574,069.80	1,596,589,268.32	1,210,008,719.61
Station operations	128,665,360.32	116,068,841.98	92,388,805.02	68,683,400.93
Others	161,530,302.68	119,483,698.08	243,226,367.47	163,975,306.77
Subtotal	6,080,674,116.81	5,291,778,761.31	6,543,315,818.06	5,646,428,273.87
2. Other operating income				
Lease and other services (Note 2)	84,257,576.05	15,218,206.39	67,137,549.92	15,775,186.68
Total	6,165,231,692.86	5,306,996,967.70	6,610,453,367.98	5,662,203,460.55

Note 1: Operating income of Foshan City Yueyun Public Transportation Company Limited includes income derived from its operation of public traffic community business (hereinafter referred to as "TC Business"). Pursuant to the Public Traffic Service Contract signed between Foshan City Yueyun Public Transportation Company Limited and Foshan Chancheng Public Transport Management Co., Ltd. (hereinafter referred to as "Public Transport Management Company"), Foshan City Yueyun Public Transportation Company Limited shall operate certain bus lines in Chancheng District, Foshan City, and all fare income derived from routes operation shall be enjoyed by Public Transport Management Company, while Foshan City Yueyun Public Transportation Company Limited shall settle operating income with Public Transport Management Company monthly based on actual operating mileages of each operating route under price per kilometre of each route method as agreed in the Public Traffic Service Contract. During the year, income derived from Public Transport Management Company was RMB 286,185,096.35, representing 4.64% of total operating income (2012: RMB 302,387,851.23, representing 4.57% of total operating income).

Note 2: Other operating income includes lease income except for property lease, line license management fee income and index fee income.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

38. Operating income and operating costs (Continued)

Construction contracts income from the Company's top ten customers:

RMB

Item	Total contract revenue	Accumulated costs incurred	Accumulated gross profits	Recognized operating income revenue in the year	Recognized operating cost in the year
Road greening project of Qujiang to Nanxiong, Shaoguan City	26,246,098.57	19,991,343.13	3,669,792.13	2,054,173.21	1,263,840.10
Greening project of Guiyang Montecatini Community	22,154,541.26	11,688,807.14	1,210,491.32	1,042,633.84	1,128,685.91
Greening project of Jiangzhao Road LH3	11,505,390.00	10,359,889.31	1,145,500.69	7,746,268.00	6,906,123.48
Greening project of Yuexiang Highway Boluo to shenzhen	5,805,141.00	5,288,801.06	591,907.86	3,154,782.00	2,800,352.35
Greening project of Huihe Highway ecology landscape third tenders	5,403,950.00	4,801,756.38	602,193.62	1,405,876.00	1,249,467.63
Greening project of Fuyong section and interconnected highways of Guangzhou-shenzhen	4,990,401.00	372,998.90	94,816.63	574,866.30	480,049.67
Greening project of Changshen Highway	4,362,142.00	3,275,751.75	735,289.99	3,932,565.03	3,197,275.04
Landscape construction project of Changshen Highway	3,061,618.00	2,796,804.72	264,813.28	3,061,618.00	2,796,804.72
Greening project of Yangmao Highway	3,061,036.00	2,512,087.63	548,948.37	3,061,036.00	2,512,087.63
S26 (Xinlong to Dongsheng), G94 (Longwanto Dongsheng) greening maintenance contract	1,535,000.00	752,592.00	145,933.00	680,541.80	534,608.80
Total	88,125,317.83	61,840,832.02	9,009,686.89	26,714,360.18	22,869,295.33

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

38. Operating income and operating costs (Continued)

COMPANY

Item	2013		2012	
	Operating income	Operating cost	Operating income	Operating cost
	Principal operating income			
Construction Materials sales	2,474,714,540.05	2,384,956,613.48	3,078,610,706.83	2,986,708,653.52
Taiping Interchange service	161,324,511.70	24,288,436.73	137,626,545.00	23,537,295.47
Other perating income				
Entrusted Management income	600,000.00	—	—	—
Total	<u>2,636,639,051.75</u>	<u>2,409,245,050.21</u>	<u>3,216,237,251.83</u>	<u>3,010,245,948.99</u>

39. Business taxes and levies

CONSOLIDATED

Item	2013	2012
	Business tax	28,510,670.55
City construction and maintenance tax	8,533,745.47	8,687,809.19
Educational surcharges and local educational surcharges	3,979,765.90	4,186,911.84
Anti-flood and maintenance fee	691,762.40	693,228.52
Cultural construction fee	1,945,937.53	37,119.17
Others	3,585,673.25	4,066,676.71
Total	<u>47,247,555.10</u>	<u>105,803,852.58</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

39. Business taxes and levies *(Continued)*

COMPANY

	RMB	
Item	2013	2012
Business tax	5,550,582.72	4,889,695.73
City construction and maintenance tax	1,517,230.38	1,969,704.70
Educational surcharges and local educational surcharges	1,152,874.97	1,465,903.10
Others	161,324.50	137,599.53
Total	<u>8,382,012.57</u>	<u>8,462,903.06</u>

40. Financial expenses

CONSOLIDATED

	RMB	
Item	2013	2012
Interest expense (Note)	52,249,225.97	61,559,445.37
Less: Capitalised interest expense	—	—
Less: Interest income	14,875,548.26	19,620,759.79
Exchange differences	(692,274.10)	(2,589,173.20)
Less: Capitalised exchange differences	—	—
Amortisation of unrecognised financial cost	1,505,757.73	1,359,670.11
Bank charges	2,780,482.24	4,325,648.79
Others	2,258,090.70	2,083,792.60
Total	<u>43,225,734.28</u>	<u>47,118,623.88</u>

Note: Interest expense related to bank borrowings due within 5 years was RMB 32,177,402.99 (2012: RMB 47,740,270.27), and interest expense related to other borrowings was RMB 20,071,822.98 (2012: RMB 13,819,175.10).

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

40. Financial expenses *(Continued)*

COMPANY

	RMB	
Item	2013	2012
Interest expense	20,469,391.61	29,936,212.92
Less: Capitalised interest expense	—	—
Less: Interest income	17,504,294.59	25,009,579.18
Exchange differences	(747,782.77)	33,160.36
Less: Capitalised exchange differences	—	—
Bank surcharges	1,678,113.71	2,622,899.05
Others	914,019.64	1,225,375.95
Total	4,809,447.60	8,808,069.10

Note: Interest expense is for bank borrowings due within 5 years.

41. Impairment loss on assets

CONSOLIDATED

	RMB	
Item	2013	2012
Bad debt provision	10,833,774.39	(2,318,112.60)
Impairment on fixed assets	—	1,004,596.63
Impairment on long-term prepaid expenses	5,242,666.51	—
Total	16,076,440.90	(1,313,515.97)

COMPANY

	RMB	
Item	2013	2012
Bad debt provision	11,005,734.70	(1,901,369.26)
Impairment on long-term prepaid expenses	5,242,666.51	—
Total	16,248,401.21	(1,901,369.26)

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

42. Investment income

CONSOLIDATED

(1) Details of investment income

Item	2013	RMB 2012
Income from long-term equity investments (non-listed companies) under equity method	11,210,791.51	5,086,924.08
Income(loss) from disposal of long-term equity investments	720,000.00	(71,892.00)
Amortization of other non-current assets	(459,381.39)	(2,397,777.75)
Others	474,525.84	250,077.05
Total	11,945,935.96	2,867,331.38

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

42. Investment income (Continued)

CONSOLIDATED (Continued)

(2) Income from long-term equity investments under equity method

Investee	2013	2012
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	4,004,139.00	2,352,206.90
Guangzhou Top-E Ya Tu Expressway Tourism Service Company Limited	77,775.27	400,192.18
Guangdong Fei Da Traffic Engineering Company Limited	756,731.33	279,565.27
Southern United Assets and Equity Exchange Company Limited	760,000.00	(233,575.42)
Guangdong Foda Expressway Economic Development Company Limited	(24,110.10)	(138,809.18)
Lufeng Shenshan Expressway Company Limited	756,193.84	623,901.74
Shenzhen Yueyun Investment Company Limited	137,289.24	(622,448.18)
Guangdong Communications Elecommunications Company Limited	—	290,373.66
Guangdong Province Bus Terminal Co., Ltd	(1,657.71)	755.86
Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd	234,943.72	168,170.07
Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd	337,939.56	132,473.31
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd	425,795.01	366,069.08
Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	6,056.53	113,195.47
Shantou office of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	(278,695.60)	(713,645.40)
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	1,734,885.58	388,042.00
Guangzhou Tianhe Coach Terminal Co., Ltd.	3,158,671.94	3,168,783.00
Shantou City Automobile Passenger Traffic Center Co., Ltd.	(1,361,712.82)	(1,363,560.15)
Yangjiang City Jiqiang Automobile Sales & Maintenance Co., Ltd.	(70,072.19)	2,933.24
Guangdong Guangye Shentong Natural Gas Co., Ltd.	53,835.60	(509,118.02)
CNPC Yueyun Natural Gas Co., Ltd.	502,783.31	(180,351.51)
Foshan City Yueyun Hexing Transportation Co., Ltd.	—	561,770.16
Total	11,210,791.51	5,086,924.08

(3) The Group has no significant restrictions on remittance of investment income

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

42. Investment income (Continued)

COMPANY

(1) Details of investment income

	RMB	
Item	2013	2012
Income from long-term equity investments under cost method	31,458,206.66	1,652,644.87
Income from long-term equity investments under equity method	3,189,342.60	1,050,702.79
Income from disposal of long-term equity investments	—	610,822.57
Income on entrusted investment	275,512.25	240,187.15
Total	<u>34,923,061.51</u>	<u>3,554,357.38</u>

(2) Income from long-term equity investments under cost method

	RMB	
Investee	2013	2012
The Motor Transport Company of Guangdong and Hongkong Limited	1,611,521.36	1,652,644.87
Guangdong Jindaoda Expressway Economic Development Company Limited	28,155,601.85	—
Guangdong Jindaoda Expressway Economic Development Company Limited	1,691,083.45	—
Total	<u>31,458,206.66</u>	<u>1,652,644.87</u>

(3) Income from long-term equity investments under equity method

	RMB	
Investee	2013	2012
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	1,672,611.27	1,004,712.94
Guangdong Feida Traffic Engineering Company Limited	756,731.33	279,565.27
Southern United Assets and Equity Exchange Company Limited	760,000.00	(233,575.42)
Total	<u>3,189,342.60</u>	<u>1,050,702.79</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

43. Non-operating income

CONSOLIDATED

(1) Details of non-operating income are as follows:

Item	RMB	
	2013	2012
Gains on disposal of non-current assets	2,515,648.06	8,625,226.62
Including: Gains on disposal of fixed assets	2,515,648.06	4,186,118.01
Gains on disposal of intangible assets	—	4,439,108.61
Donations of fixed assets	889,580.00	—
Liability written off	—	5,345,276.67
Government grants	94,924,427.32	75,880,299.01
Others	8,301,609.54	8,142,694.69
Total	<u>106,631,264.92</u>	<u>97,993,496.99</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

43. Non-operating income (Continued)

CONSOLIDATED (Continued)

(2) Details of government grants

RMB

Terms	2013	2012	Associate to assets or profit	Explanation
Refund of Value-added tax	—	1,981,332.25	Related to income	Refund of value-added tax levied from sales of software
Subsidies for vehicles replacement	829,842.35	970,842.42	Related to assets	Subsidies for old vehicles replacement
Subsidies for vehicles disposals	2,411,000.00	—	Related to income	Subsidies for disposals of vehicles
Energy saving and recycling economy special funds	2,000,000.00	—	Related to income	The grants for the energy consumption of the LNG clean energy vehicles
Subsidies for operation	21,840,400.00	15,173,915.00	Related to income	Subsidies to support rural passenger transport and public transportation operation
Fuels subsidies	61,468,293.42	53,655,406.13	Related to income	Special Funds for Refined Oil Prices Subsidies for Urban and Rural Road Passenger Transport
Subsidies for station decoration	2,367,623.32	2,117,937.22	Related to assets	Allowance of station decoration
Subsidies of elderly concessionary travel card	3,186,147.97	—	Related to income	Grants to the elderly travelling
Others	821,120.26	1,980,865.99	Related to income	
Total	<u>94,924,427.32</u>	<u>75,880,299.01</u>		

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

43. Non-operating income (Continued)

COMPANY

Details of non-operating income are as follows:

Item	RMB	
	2013	2012
Gains on disposal of non-current assets	20,832.04	386,594.70
Compensation of material quality	—	3,797,516.58
Others	17,777.90	380,035.30
Total	38,609.94	4,564,146.58

44. Non-operating expenses

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Losses on disposal of non-current assets	1,664,441.78	1,912,607.09	16,785.02	51,487.05
Compensation	991,069.00	4,683,937.50	991,069.00	—
Donations to third parties	457,245.90	622,394.90	1,500.00	—
Penalty expenses	701,739.32	106,567.55	998.23	5,461.01
Road accident losses	338,538.87	507,063.79	—	—
Others	1,877,937.81	2,082,771.77	5,520.00	0.01
Total	6,030,972.68	9,915,342.60	1,015,872.25	56,948.07

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

45. Income tax expense

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Current tax expense calculated according to tax laws and relevant requirements	99,335,035.33	79,514,805.43	22,699,409.19	7,241,362.15
Including: Enterprise income tax	99,335,035.33	79,401,166.66	22,699,409.19	7,241,362.15
HK profits tax	—	113,638.77	—	—
Adjustments to income tax of last year	103,422.83	(1,168,661.55)	1,482,939.65	77,609.61
Adjustments to deferred tax	(11,298,315.60)	(419,182.21)	(5,487,058.38)	557,691.41
Total	88,140,142.56	77,926,961.67	18,695,290.46	7,876,663.17

Reconciliation of income tax expense to the accounting profit is as follows:

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Accounting profit	298,287,493.04	223,338,278.99	95,249,603.59	30,563,121.19
Income tax expense calculated at 25% (2012: 25%)	74,571,873.26	55,834,569.75	23,812,400.90	7,640,780.28
Effect of expenses that are not deductible for tax purposes	13,222,625.41	6,784,805.08	1,658,956.89	421,926.20
Effect of tax-free income	(4,001,892.61)	(1,767,036.53)	(8,259,006.98)	(263,652.92)
R&D expense additional deduction	—	(197,259.39)	—	—
Effect of unrecognised deductible losses and deductible temporary differences	13,942,119.24	20,363,846.76	—	—
Effect of using previously unrecognised deductible losses and deductible temporary differences	(9,607,580.58)	(2,030,198.81)	—	—
Effect of different tax rates of subsidiaries	(90,424.99)	106,896.36	—	—
Adjustment to income tax of prior year	103,422.83	(1,168,661.55)	1,482,939.65	77,609.61
Total	88,140,142.56	77,926,961.67	18,695,290.46	7,876,663.17

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

46. Calculation process of basic earnings per share and diluted earnings per share

- (1) For the purpose of calculating basic earnings per share, net profit for the year attributable to shareholders of the Company is as follows:

Item	RMB	
	2013	2012
Net profit for the year attributable to shareholders of the Company	135,892,609.02	72,535,413.29
Including: Net profit from continuing operations	135,892,609.02	85,729,731.77
Net profit from discontinuing operations	—	(13,194,318.48)

- (2) For the purpose of calculating basic earnings per share, the denominator is the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Item	Unit: Share	
	2013	2012
Number of ordinary shares outstanding at the beginning of year	417,641,867	417,641,867
Add: Weighted average number of ordinary shares issued during the year	—	—
Number of ordinary shares outstanding at the end of year	417,641,867	417,641,867

- (3) For the purpose of calculating diluted earnings per share, the calculation process of the weighted average number of outstanding ordinary shares and its calculation process is as follows:

Item	Unit: Share	
	2013	2012
Weighted average number of outstanding ordinary shares of basic earnings per share	417,641,867	417,641,867
Add: Increase of weighted average number of outstanding ordinary shares under the conversion of PSCS	102,850,365	102,850,365
Weighted average number of outstanding ordinary shares of diluted earnings per share	520,492,232	520,492,232

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

46. Calculation process of basic earnings per share and diluted earnings per share (Continued)

(4) Earnings per share

Item	RMB	
	2013	2012
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	0.33	0.17
Diluted earnings per share	0.26	0.14
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	0.33	0.21
Diluted earnings per share	0.26	0.16
Calculated based on net profit from discontinuing operations attributable to shareholders of the Company:		
Basic earnings per share	—	(0.04)
Diluted earnings per share	—	(0.02)

47. Other comprehensive income

CONSOLIDATED

Item	RMB			
	2012.12.31	Increase	Decrease	2013.12.31
Items that could be reclassified subsequently to profit or loss on certain conditions	(56,012,524.78)	(6,614,049.45)	—	(62,626,574.23)
– Translation differences of financial statements denominated in foreign currencies	(56,012,524.78)	(6,614,049.45)	—	(62,626,574.23)
(1) attributable to shareholders of the Company	(34,773,808.84)	(4,112,814.87)	—	(38,886,623.71)
(2) attributable to minority shareholders	(21,238,715.94)	(2,501,234.58)	—	(23,739,950.52)

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

48. Notes to items in the cash flow statement

(1) Other cash receipts relating to operating activities

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Interest income	14,875,548.26	19,620,759.79	3,582,860.78	12,888,770.39
Non-operating cash income	9,191,189.54	7,588,876.53	17,777.90	4,177,551.88
Receipts of other receivable	9,864,342.13	43,791,025.35	—	11,835,480.73
Temporary receipts of other payables	1,457,512.96	193,052,801.03	—	—
Government subsidies	92,168,938.61	73,898,966.76	—	—
Previously restricted bank deposit unfreezed	1,055,679.12	354,359.74	—	—
Total	<u>128,613,210.62</u>	<u>338,306,789.20</u>	<u>3,600,638.68</u>	<u>28,901,803.00</u>

(2) Other cash payments relating to operating activities

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Expenditures settled by cash	173,516,346.50	205,813,870.27	78,887,488.81	96,129,441.85
Financial expenses excluded interest expenditure	1,966,448.17	4,822,960.39	1,678,113.71	4,674,314.73
Non-operating cash expenditures	4,360,977.31	8,002,735.51	993,567.23	5,461.02
Temporary payments of other receivable	—	—	4,939,669.37	—
Payments of other payables	93,176,643.71	35,349,266.12	11,214,494.77	8,142,624.68
Total	<u>273,020,415.69</u>	<u>253,988,832.29</u>	<u>97,713,333.89</u>	<u>108,951,842.28</u>

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

48. Notes to items in the cash flow statement *(Continued)*

(3) Other cash received relating to investing activities

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Net cash receipts from acquisition of subsidiaries	2,017,233.78	3,265,477.09	—	—
Net cash receipts from repayment of loan and related interest from related parties	101,547,643.74	—	109,169,828.59	25,815,741.91
Total	103,564,877.52	3,265,477.09	109,169,828.59	25,815,741.91

(4) Other cash payments relating to investing activities

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Net cash payments for disposal of subsidiaries	16,049,584.75	152,880,337.07	15,566,000.00	14,426,224.89
Payments for intermediary expenses related to common control	1,976,505.08	13,440,227.72	1,976,505.08	—
Inter-Group cash payments	—	—	—	4,900,000.00
Total	18,026,089.83	166,320,564.79	17,542,505.08	19,326,224.89

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

48. Notes to items in the cash flow statement *(Continued)*

(5) *Other cash received relating to financing activities*

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Inter-group cash pool payments	—	—	323,337,199.35	3,326,916.35
Receipts related to credit under the letter of arrangement	39,510,446.49	25,090,756.53	—	—
Total	39,510,446.49	25,090,756.53	323,337,199.35	3,326,916.35

(6) *Other cash payments relating to financing activities*

RMB

Item	Consolidated		Company	
	2013	2012	2013	2012
Cash payments within group or with associate	26,499,497.65	—	—	—
GCGC cash pool payments	—	8,180,485.59	—	—
Interest expense of inter-group cash pool	—	—	914,166.57	1,164,834.44
Payments related to credit under the letter of arrangement	—	171,030,686.12	—	171,030,686.12
Finance lease	1,505,757.73	5,751,313.00	—	—
Total	28,005,255.38	184,962,484.71	914,166.57	172,195,520.56

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

49. Supplementary information to the cash flow statement

(1) Supplementary information to the cash flow statement

RMB

Supplementary information	Consolidated		Company	
	2013	2012	2013	2012
(1) Reconciliation of net profit to cash flow from operating activities:				
Net profit	210,147,350.48	145,411,317.32	76,554,313.13	22,686,458.02
Add: Provision for impairment losses of assets	16,076,440.90	(1,313,515.97)	16,248,401.21	(1,901,369.26)
Depreciation of fixed assets	237,158,513.72	217,419,316.56	1,131,771.13	1,849,820.27
Depreciation of Investment Property	1,419,500.16	2,060,888.63	—	—
Amortisation of intangible assets	30,614,588.05	28,265,998.62	15,870,725.10	16,188,500.77
Amortisation of long-term prepaid expenses	10,077,247.65	7,802,401.26	634,046.41	601,625.04
Losses on disposal of fixed assets. Intangible assets and other long-term assets (gains)	(851,206.28)	(6,712,619.53)	1,472.98	(335,107.65)
Financial expenses	55,801,347.38	61,555,600.71	6,714,194.67	17,022,524.76
Losses (gains) arising from investments	(11,945,935.96)	(2,867,331.38)	(34,923,061.51)	(3,554,357.38)
Decrease(increase) in deferred tax assets	(12,137,110.27)	(865,487.43)	(5,487,058.38)	557,691.41
Increase (decrease) in deferred tax liabilities	838,794.67	437,321.46	—	—
Decrease (increase) in inventories	(35,278,976.58)	(23,101,729.47)	10,312,669.07	(1,171,626.81)
Decrease (increase) in receivables from operating activities	(384,900,659.22)	(249,427,088.13)	32,861,105.66	(17,856,002.15)
Increase(decrease) in payables from operating activities	175,482,110.55	(415,950,563.25)	(560,134,647.93)	(789,556,114.96)

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS (Continued)

49. Supplementary information to the cash flow statement (Continued)

(1) Supplementary information to the cash flow statement (Continued)

RMB

Supplementary information	Consolidated		Company	
	2013	2012	2013	2012
(1) Reconciliation of net profit to cash flow from operating activities: (Continued)				
Intermediary expenses related to business combination (Note)	3,223,255.08	31,940,476.44	3,223,255.08	31,940,476.44
Increase (decrease) in special reserve	9,027,855.26	2,177,121.28	—	—
Changes in restricted monetary funds	1,055,679.12	354,359.74	—	—
Increase (decrease) in provisions and long-term payables	(3,265,525.00)	(11,553,437.46)	—	—
Net cash flow from operating activities	<u>302,543,269.71</u>	<u>(214,366,970.60)</u>	<u>(436,992,813.38)</u>	<u>(723,527,481.50)</u>
(2) Net increase in cash and cash equivalents:				
Closing balance of cash	1,710,089,275.02	1,253,888,037.55	1,204,812,278.53	768,274,457.86
Less: Opening balance of cash	<u>1,253,888,037.55</u>	<u>2,226,151,619.32</u>	<u>768,274,457.86</u>	<u>1,784,886,260.82</u>
Net increase in cash and cash equivalents	<u>456,201,237.47</u>	<u>(972,263,581.77)</u>	<u>436,537,820.67</u>	<u>(1,016,611,802.96)</u>

Note: Intermediary expenses are paid for professional services related to business combination by the Group and the Company.

(VI) NOTES TO ITEMS IN THE FINANCIAL STATEMENTS *(Continued)*

49. Supplementary information to the cash flow statement *(Continued)*

(2) Composition of cash and cash equivalents

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
I. Cash				
Including: Cash on hand	13,515,503.64	14,165,703.11	11,458.96	12,602.12
Bank deposits	1,696,573,771.38	1,239,722,334.44	1,204,800,819.57	768,261,855.74
II. Closing balance of cash and cash equivalents	1,710,089,275.02	1,253,888,037.55	1,204,812,278.53	768,274,457.86
Restricted other monetary funds	7,904,724.69	8,960,403.81	—	—
III. Closing balance of cash and cash equivalents	<u>1,717,993,999.71</u>	<u>1,262,848,441.36</u>	<u>1,204,812,278.53</u>	<u>768,274,457.86</u>

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

CONSOLIDATED

1. Parent(s) of the Company

					RMB	
Name of the parent	Related party relationship	Place of incorporation	Nature of business	Registered capital	Proportion of	Proportion of
					the Company's	the Company's
					ownership	voting power
					interest held by	held by
					the parent (%)	the parent (%)
GCGC	Parent company and ultimate holding company	Guangdong, China	Transportation infrastructure construction and Highway project operation	26,800,000,000.00	66.96	66.96

Note: GCGC holds the shareholding of the Group by 66.96%, which consists of direct shareholding of 34.06% and indirect shareholding of 32.90% through its subsidiaries, Guangdong Provincial Highway Construction Company Limited, Guangdong Communication Enterprise Investment Company Limited, Guangdong Province Road & Bridge Construction Development Company Limited and Guangdong Weisheng Transportation Enterprise Company Limited.

2. The details of the Group's subsidiaries please refer to Note V.

3. The details of the Group's associates and joint ventures please refer to Note VI (8).

4. Other related parties of the Group

Related party relationships

Guangdong Provincial Highway Construction Company Limited	Under control of ultimate holding company and holds 23.1% share of the Company
Guangdong Province Road & Bridge Construction Development Company Limited	Under control of ultimate holding company and holds 2.48% share of the Company
Shenzhen Yueyun Investment Development Company Limited	Under control of ultimate holding company (Before 30 June 2012) Associates (From 1 July 2012)
Guangdong Oriental Thought Technology Company Limited (Note)	Subsidiary of the Company (Before 31 December 2012) Under control of ultimate holding company (From 31 December 2012)
Guangdong Nan Yue Logistics International Services Company Limited (Note)	Subsidiary of the Company (Before 31 December 2012) Under control of ultimate holding company (From 31 December 2012)

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

CONSOLIDATED *(Continued)*

4. Other related parties of the Group *(Continued)*

	Related party relationships
Guangdong Xinyue Communications Investment Company Limited (Note)	Subsidiary of the Company (Before 31 December 2012) Under control of ultimate holding company (From 31 December 2012)
Meizhou Yueyun Vehicles Transportation Company Limited	Under control of ultimate holding company (From 30 June 2012)
Guangzhou Yueyun Investment Management Company Limited	Under control of ultimate holding company (From 30 June 2012)
Guangdong Bo-Da Expressway Company Limited	Under control of ultimate holding company
Guangdong Guangle Expressway Company Limited	Under control of ultimate holding company
Guangdong He-Hui Expressway Company Limited	Under control of ultimate holding company
Guangdong Jiangzhong Expressway Company Limited	Under control of ultimate holding company
Guangdong Kai Yang Expressway Company Limited	Under control of ultimate holding company
Guangdong Litong Properties Investment Company Limited	Under control of ultimate holding company
Guangdong Maozhan Expressway Company Limited	Under control of ultimate holding company
Guangdong Meihe Expressway Company Limited	Under control of ultimate holding company
Guangdong Shanfen Expressway Company Limited	Under control of ultimate holding company
Guangdong Shanjie Expressway Company Limited	Under control of ultimate holding company
Guangdong Provincial Freeway Company Limited	Under control of ultimate holding company
Guangdong Provincial Traffic Development Company Limited	Under control of ultimate holding company
Guangdong Provincial ChangDa Highway Engineering Company Limited	Under control of ultimate holding company
Guangdong Taishan Coastal Expressway Company Limited	Under control of ultimate holding company
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	Under control of ultimate holding company
Guangdong Yang-Mao Expressway Company Limited	Under control of ultimate holding company
Guangdong Yu-Zhan Expressway Company Limited	Under control of ultimate holding company
Guangdong Yue Dong Freeway Industry Development Company Limited	Under control of ultimate holding company

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

CONSOLIDATED *(Continued)*

4. Other related parties of the Group *(Continued)*

	Related party relationships
Guangdong Yue-Gan Expressway Company Limited	Under control of ultimate holding company
Guangdong Yun-Wu Expressway Company Limited	Under control of ultimate holding company
Guangdong Zhan-Xu Expressway Company Limited	Under control of ultimate holding company
Guangdong Zhaoyang Expressway Company Limited	Under control of ultimate holding company
Guangfo Expressway Company Limited	Under control of ultimate holding company
Guang-Shen-Zhu Expressway Company Limited	Under control of ultimate holding company
Guangzhou Newsoft Technology Company Limited	Under control of ultimate holding company
Guangzhou Xin Yue Asphalt Company Limited	Under control of ultimate holding company
Heyuan He-Long Expressway Company Limited	Under control of ultimate holding company
Jingzhu Expressway Guangzhu Section Company Limited	Under control of ultimate holding company
Weisheng Transportation Enterprises Company Limited	Under control of ultimate holding company
Xinyue Company Limited	Under control of ultimate holding company
Yunfu City Guangyun Expressway Company Limited	Under control of ultimate holding company
Guangdong Western Coastal Expressway Operation Company Limited	Under control of ultimate holding company
Guangdong Western Shen-Shan expressway Company Limited	Under control of ultimate holding company
Guangdong Gao-Da Property Development Company Limited	Under control of ultimate holding company
Guangdong Province Gongbei Vehicles Transportation Company Limited	Under control of ultimate holding company
Kee Kwan Motor Road Company Limited	Under control of ultimate holding company
Guangdong Provincial Coastal Expressway Xinhui Section Company Limited	Under control of ultimate holding company
Weisheng Freight Company Limited	Under control of ultimate holding company
Guangdong Provincial Communication Group Inspection Center	Under control of ultimate holding company
Guangdong Expressway Technology Investment Company Limited	Under control of ultimate holding company

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

CONSOLIDATED *(Continued)*

4. Other related parties of the Group *(Continued)*

	Related party relationships
Guangdong Guanyue Highway&Bridge Company Limited	Under control of ultimate holding company
Guangdong Guanghui Expressway Company Limited	Under control of ultimate holding company
Guangdong Lulutong Company Limited	Under control of ultimate holding company
Guangdong Luo-Yang Expressway Company Limited	Under control of ultimate holding company
Guangdong Provincial Fokai Expressway Company Limited	Under control of ultimate holding company
Guangdong Province Expressway Construction Materials Supply Station	Under control of ultimate holding company
Kwong Fat Transport Company Limited	Under control of ultimate holding company
Guangdong Jiangzhao Expressway Management Center	Under control of ultimate holding company
Guangdong Ping-Xing Expressway Company Limited	Under control of ultimate holding company
Guangdong Hualu Communication Technology Company Limited	Under control of ultimate holding company
Guangdong Yangjiang Vehicles Transportation Group Company Limited	Under control of ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Under control of ultimate holding company
Guangdong Gaintop Highway Engineering Construction Group Company Limited	Associates of ultimate holding company
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited	Associates of ultimate holding company
Guangdong Humen Bridge Company Limited	Associates of ultimate holding company's subsidiary
Guangdong Province Expressway Mechanical Materials Company Limited	Associates of ultimate holding company's subsidiary
Foshan Guang-San Expressway Company Limited	Associates of ultimate holding company's subsidiary
Guangdong Yuejia Expressway Company Limited	Joint venture of ultimate holding company's subsidiary
Hui-Shen (Yantian) Expressway Huizhou Section Company Limited	Associates of ultimate holding company's subsidiary
Zhaoqing Yuezhao Expressway Company Limited	Associates of ultimate holding company's subsidiary
Zhaoqing City Guang-He Expressway Company Limited	Associates of ultimate holding company's subsidiary

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

CONSOLIDATED *(Continued)*

4. Other related parties of the Group *(Continued)*

	Related party relationships
Guangdong Shenzhen-Shantou (Eastern Section) Expressway Company Limited	Associates of ultimate holding company's subsidiary
Jiangmen City Jiang-He Expressway Company Limited	Associates of ultimate holding company's subsidiary
Shenzhen Huiyan Expressway Company Limited	Associates of ultimate holding company's subsidiary
Guangdong Communications Telecommunications Company Limited	Associates of ultimate holding company's subsidiary
Wanlijia International Company Limited	Associates of ultimate holding company's subsidiary
Shenzhen Communication Company Limited	Associates of ultimate holding company's subsidiary
Guangdong Guangzhu Expressway West Section Company Limited	Joint venture of ultimate holding company's subsidiary

Note: Guangdong Oriental Thought Technology Company Limited, Guangdong Nan Yue Logistics International Services Company Limited and Guangdong Xinyue Communications Investment Company Limited, were the subsidiaries of the Group disposed on 31 December 2012 through a business combination involving enterprises under common control. The operating results of them before disposal were included in prior year's consolidated financial statements while operating results after disposal were excluded from current year's consolidated financial statements. Therefore, the transactions between the Group and these three companies of prior year were disclosed as "N/A" in related party transactions of the Group.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions

CONSOLIDATED

(1) Sales and purchases of goods, provision and receipt of services

Sales and purchases of goods, provision and receipt of services between the Group and related parties were as follows:

	2013	2012
	RMB	RMB
Material logistics service income		
Guangdong Changda Highway Engineering Company Limited	630,982,700.61	971,925,158.85
Guangdong Guanyue Highway & Bridge Company Limited	—	538,339,005.46
Guangdong Gaintop Highway Engineering Construction Group Company Limited	175,779,989.49	98,816,687.08
Guangdong Province Expressway Mechanical Material Company Limited	20,342,825.03	27,699,333.93
Guangzhou Xinyue Asphalt Company Limited	19,077,688.72	31,154,579.14
Guangdong Zhan-Xu Expressway Company Limited	—	1,493,226.62
Guangdong Jiangzhao Expressway Management Center	13,882,240.25	—
Guangdong Provincial Highway Construction Company Limited	1,822,254.70	—
Guangdong Province Gongbei Vehicles Transportation Company Limited	408,661.70	—
Others	95,853.34	2,300.00
	862,392,213.84	1,669,430,291.08

The above material logistics service transactions have been conducted in accordance with the service contracts between the relevant companies under the Group and the above related parties, based on the Material Logistics Services Master Agreement signed between the Company and GCGC on 27 September 2005. The Group supplied materials to GCGC and its subsidiaries, acted as the owners' construction projects, and the selling price was determined by cost of materials plus a certain margin. While agreed with all the related parties, GCGC and its subsidiaries, acted as owners, withheld contractors' payment for material purchase and remitted to the Group directly when they paid for project contracting to contractors. During the process of the material logistics service, the transaction with related parties as contractors are disclosed as above, the amount due from GCGC and its subsidiaries generated from the above withholding transactions for the Group refer to Note VII (6).

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Transportation intelligence service income		
Foshan Guang-San Expressway Company Limited	—	414,757.00
Guangdong Bo-Da Expressway Company Limited	—	19,874,135.70
Guangdong Feida Traffic Engineering Company Limited	—	3,016,780.90
Guangdong Expressway Technology Investment Co., Ltd	—	845,964.00
Guangdong Guanyue Highway & Bridge Company Limited	—	1,158,142.00
Guangdong Guanghui Expressway Company Limited	—	3,585,994.00
Guangdong Guangle Expressway Company Limited	—	618,807.69
Guangdong Guangzhu Expressway West Section Company Limited	—	18,395,828.09
Guangdong He-Hui Highway Company Limited	—	1,749,698.00
Guangdong Humen Bridge Company Limited	—	451,751.00
Guangdong Jiangzhong Expressway Company Limited	—	423,313.00
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited	—	105,000.00
Guangdong Gaintop Highway Engineering Construction Group Company Limited	—	174,957.26
Guangdong Kai Yang Expressway Company Limited	—	3,488,579.89
Guangdong Lulutong Company Limited	—	172,883.00
Guangdong Luoyang Expressway Company Limited	—	136,752.14
Guangdong Meihe Expressway Company Limited	—	19,000.00
Guangdong Shanfen Expressway Company Limited	—	1,699,522.30
Guangdong Shanjie Expressway Company Limited	—	2,058,629.19
Guangdong Shenzhen-Shantou Expressway (Eastern Section) Co., Ltd	—	1,160,424.03
Guangdong western Shen-Shan expressway Company Limited	—	2,688,213.28
Guangdong Provincial Fokai Expressway Company Limited	—	3,289,290.62

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Transportation intelligence		
service income <i>(Continued)</i>		
Guangdong Provincial Freeway Company Limited	—	43,432,843.94
Guangdong Provincial Highway Construction Company Limited	—	12,925,710.64
GCGC	—	12,356,502.58
Guangdong Province Road & Bridge Construction Development Company Limited	—	11,997,764.10
Guangdong Provincial Changda Highway Engineering Company Limited	—	1,392,244.65
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	—	80,220.00
Guangdong Yang-Mao Expressway Company Limited	—	625,471.70
Guangdong Yue Dong Freeway Industry Development Company Limited	—	728,223.71
Guangdong Yue-Gan Expressway Company Limited	—	706,959.00
Guangdong Yuejia Expressway Company Limited	—	726,798.09
Guangdong Yun-Wu Expressway Company Limited	—	54,075,874.92
Guangdong Zhan-Xu Expressway Company Limited	—	510,604.08
Guangdong Zhaoyang Expressway Company Limited	—	19,897,814.89
Guangfo Expressway Company Limited	—	2,263,387.33
Guang-Shen-Zhu Expressway Company Limited	—	7,155,315.44

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Transportation intelligence		
service income <i>(Continued)</i>		
Heyuan He-Long Expressway Company Limited	—	245,940.74
Hui-Shen (Yantian) Expressway Huizhou section Company Limited	—	1,471,359.15
Jiangmen City Jiang-He Expressway Company Limited	—	169,890.00
Jingzhu Expressway Guangzhu Section Company Limited	—	13,884,555.45
Shenzhen Huiyan Expressway Company Limited	—	927,261.00
Yunfu City Guangyun Expressway Company Limited	—	942,120.00
Zhaoqing City Guang-He Expressway Company Limited	—	120,000.00
Zhaoqing Yuezhao Expressway Company Limited	—	3,001,411.90
Others	—	84,146.10
	<u>—</u>	<u>255,250,842.50</u>

The above transportation intelligence service transactions have been conducted in accordance with the service contracts between the relevant companies under the Group and the above related parties, based on the Intelligence Transportation Service and Other Ancillary Services Master Agreement signed between the Company and Guangdong Provincial Communication Group Company Limited on 27 September 2005. Transaction price was negotiated between both parties. The business has been swapped out the Group during the asset swap between the Group and GCGC on 31 December 2012. The Group would not have this business from 1 January 2013.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services (Continued)

	2013	2012
	RMB	RMB
Expressway service zones operation income		
Guangdong Bo-Da Expressway Company Limited	3,154,782.00	2,113,796.00
Guangdong Jiangzhong Expressway Company Limited	680,541.80	784,253.38
Guangdong Provincial Fokai Expressway Company Limited	—	244,316.00
Guangdong Provincial Freeway Company Limited	1,635,658.00	4,813,740.42
GCGC	—	964,887.00
Guangdong Province Road & Bridge Construction Development Company Limited	817,745.38	8,350,593.00
Guangdong Provincial Changda Highway Engineering Company Limited	300,960.00	452,640.00
Guangdong Western Coastal Expressway Operation Company Limited	—	110,200.00
Guangdong Yun-Wu Expressway Company Limited	—	244,316.00
Guangfo Expressway Company Limited	—	244,316.00
Guang-Shen-Zhu Expressway Company Limited	574,866.30	—
Jingzhu Expressway Guangzhu Section Company Limited	—	244,316.00
Guangdong Jiangzhao Expressway Management Center	8,026,268.00	—
Guangdong Provincial Highway Construction Company Limited	980,672.00	—
Guangdong Yuejia Expressway Company Limited	3,285,241.65	—
Guangdong Xinyue Communications Investment Company Limited	73,831.61	N/A
Guangdong Meihe Expressway Company Limited	3,061,618.00	—
Guangdong Yang-Mao Expressway Company Limited	3,061,036.00	—
Others	—	146,988.82
	25,653,220.74	18,714,362.62

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services (Continued)

	2013	2012
	RMB	RMB
Cross-border transportation services income		
Express Cross-Border Coach Management Company Limited	22,499,278.47	22,503,712.56
Transportation services income		
Shenzhen Yueyun Investment Development Company Limited	413,280.30	—
Rendering of services income		
Guangdong Humen Bridge Company Limited	708,545.52	716,427.70
Guangdong Province Road & Bridge Construction Development Company Limited	—	80,000.00
Guangdong Nan Yue Logistics International Services Company Limited	178,867.20	N/A
Others	195,464.16	—
	1,082,876.88	796,427.70

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Maintenance income		
Guangdong Province Guangshan High Speed Passenger Traffic Company Limited	1,621,014.40	691,223.43
Guangdong Guangjiang High Speed Passenger Traffic Limited	302,123.16	156,889.64
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	227,495.04	78,609.65
Guangzhou Yueyun Investment Management Company Limited	—	66,065.52
Weisheng Freight Company Limited	—	131,691.59
Guangdong Province Gongbei Vehicles Transportation Company Limited	53,709.84	163,901.20
Others	88,549.66	83,688.20
	2,292,892.10	1,372,069.23
Income from line quota fee		
Kwong Fat Transport Company Limited	—	1,608,710.70
Entrusted management income		
Guangzhou Xinyue Asphalt Co., Ltd.	—	120,000.00
Guangzhou Yueyun Investment Management Company Limited	7,662,000.00	3,831,000.00
GCGC	600,000.00	—
	8,262,000.00	3,951,000.00

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Rescue service income		
Guangdong Western Shen-Shan Expressway Company Limited	2,597,170.28	1,858,617.77
Guangdong Province Road & Bridge Construction Development Company Limited	4,113,350.69	1,438,728.49
Guangdong Meihe Expressway Company Limited	1,547,680.94	1,190,227.50
Guangdong Provincial Freeway Company Limited	1,913,434.64	1,176,340.01
Guangdong Yue-Gan Expressway Company Limited	1,458,963.12	1,122,000.00
Guangdong Kai Yang Expressway Company Limited	1,351,686.39	1,039,500.00
Guangdong Zhan-Xu Expressway Company Limited	188,598.30	942,991.50
Guangdong Maozhan Expressway Company Limited	174,228.45	871,142.25
Guangdong Yue Dong Freeway Industry Development Company Limited	927,374.86	713,187.75
Guangdong Yang-Mao Expressway Company Limited	851,805.84	658,020.00
Guangdong He-Hui Highway Company Limited	390,737.65	664,125.00
Guangdong Provincial Coastal Expressway Xinhui Section Company Limited	167,199.96	645,895.01
Guangdong Yu-Zhan Expressway Company Limited	334,233.48	568,103.25
Guangdong Shanfen Expressway Company Limited	706,449.26	543,287.25
Guangdong Taishan Coastal Expressway Company Limited	921,426.23	467,626.26
Guangdong Zhaoyang Expressway Company Limited	589,279.57	455,218.50
Heyuan He-Long Expressway Company Limited	451,527.66	347,242.50
Guangdong Yun-Wu Expressway Company Limited	1,411,844.70	181,500.00
Guangdong Bo-Da Expressway Company Limited	618,349.50	—

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Rescue service income <i>(Continued)</i>		
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	590,208.72	—
Guangdong Yuejia Expressway Company Limited	314,036.49	—
Guangdong Jiangzhao Expressway Management Center	787,582.60	—
Others	—	54,180.50
	22,407,169.33	14,937,933.54
Rental Income		
Guangdong Xinyue Communications Investment Company Limited	3,295,086.00	N/A
Income from station fee		
Kee Kwan Motor Road Company Limited	210,232.31	—

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

The above transactions calculated at contract prices.

	2013	2012
	RMB	RMB
Purchase of materials		
Guangzhou Xinyue Asphalt Co., Ltd.	109,307,703.36	440,598,737.90
Guangdong Province Expressway Mechanical Material Company Limited	211,037,953.25	142,600,222.28
Guangdong Guangye Shentong Natural Gas Co., Ltd.	18,883,252.87	—
XinYue Company Limited	34,531,526.31	24,620,280.94
	<u>373,760,435.79</u>	<u>607,819,241.12</u>

The major purchase of materials transactions as disclosed above have been conducted in accordance with the service contracts between the relevant companies under the Group and the above related parties, based on the Material Purchase Master Agreement signed between the Company and GCGC on 27 September 2005. Transaction price was negotiated between both parties.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Expressway service zones operation expenses		
Foshan Guang-San Expressway Company Limited	448,293.44	512,039.75
Guangdong Guangzhu Expressway West Section Company Limited	6,284,983.33	2,050,000.00
Guangdong He-Hui Highway Company Limited	1,156,772.52	1,170,930.31
Guangdong Humen Bridge Company Limited	33,385.60	405,756.84
Guangdong Jiangzhong Expressway Company Limited	2,831,375.03	2,814,000.00
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited	193,181.29	339,200.04
Guangdong Kai Yang Expressway Company Limited	7,196,119.98	7,365,376.98
Guangdong Maozhan Expressway Company Limited	2,765,156.40	2,616,500.00
Guangdong Meihe Expressway Company Limited	3,727,089.24	3,678,571.10
Guangdong Shanfen Expressway Company Limited	2,163,728.97	1,986,220.00
Guangdong Shanjie Expressway Company Limited	8,271.16	1,000,000.00
Guangdong Western Shen-Shan Expressway Company Limited	2,585,634.49	2,304,328.88
Guangdong Provincial Freeway Company Limited	4,660,739.03	7,898,346.50
Guangdong Provincial Highway Construction Company Limited	2,842,227.69	2,759,609.66
Guangdong Taishan Coastal Expressway Company Limited	514,400.00	514,400.00
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	1,135,200.00	1,135,200.00
Guangdong Yang-Mao Expressway Company Limited	3,775,312.72	3,803,140.01
Guangdong Yu-Zhan Expressway Company Limited	2,596,208.83	2,491,676.00
Guangdong Yue Dong Freeway Industry Development Company Limited	822,352.48	746,612.50
Guangdong Yue-Gan Expressway Company Limited	8,545,457.28	8,536,110.00
Guangdong Yuejia Expressway Company Limited	228,900.00	228,900.00
Guangdong Yun-Wu Expressway Company Limited	3,300,000.00	3,300,000.00
Guangdong Zhan-Xu Expressway Company Limited	4,000,000.00	4,000,000.00

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Expressway service zones operation expenses		
<i>(Continued)</i>		
Guangdong Zhaoyang Expressway Company Limited	1,629,919.97	1,500,000.00
Guangfo Expressway Company Limited	1,486,850.24	1,601,912.19
Guang-Shen-Zhu Expressway Company Limited	19,757,991.05	14,178,582.98
Heyuan He-Long Expressway Company Limited	1,467,948.38	1,416,591.00
Jingzhu Expressway Guangzhu Section Company Limited	1,596,764.42	1,722,231.94
Yunfu City Guangyun Expressway Company Limited	1,118,493.16	1,121,846.00
Zhaoqing Yuezhao Expressway Company Limited	1,200,000.00	1,200,000.00
Guangdong Province Road & Bridge Construction Development Company Limited	7,944,134.50	7,095,720.00
Guangdong Jiangzhao Expressway Management Center	7,288,875.42	—
Guangdong Provincial Fokai Expressway Company Limited	2,186,166.69	—
Guangdong Bo-Da Expressway Company Limited	804,750.02	—
Others	51,197.80	120,181.44
	<u>108,347,881.13</u>	<u>91,613,984.12</u>

The above expressway service zones operation transactions have been conducted in accordance with the service contracts between the relevant companies under the Group and the above related parties, based on the First Right of Operation Agreement signed between the Company and Guangdong Provincial Communication Group Company Limited on 15 September 2005. Transaction price was negotiated between both parties.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Rental expenses		
Guang-Shen-Zhu Expressway Company Limited	615,614.00	—
Guangdong Gaoda Property Development Company Limited	1,673,025.08	1,591,206.17
Guangdong Litong Properties Investment Company Limited (Note)	—	3,789,351.50
Guangzhou Yueyun Investment Management Company Limited	1,494,762.00	509,600.00
	3,783,401.08	5,890,157.67

Note: On 16 May 2012, the Company and Guangdong Litong Properties Investment Company Limited entered into the Lease Agreement in respect of the leasing of the Leased Premises by Guangdong Litong Properties Investment Company Limited to the Company for a term of 3 years, from 16 May 2012 to 15 May 2015, for use as an office. The Company decided to terminate the Lease Agreement after accomplishing the major assets swap arrangement. Upon negotiation with Guangdong Litong Properties Investment Company Limited, the Company entered into the Lease Termination Agreement with Guangdong Litong Properties Investment Company Limited on 19 March 2013 and agreed to stop paying the lease rental from 16 October 2012.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(1) Sales and purchases of goods, provision and receipt of services *(Continued)*

	2013	2012
	RMB	RMB
Maintenance Expense		
Guangdong Humen Bridge Company Limited	600,000.00	600,000.00
Guangdong He-Hui Highway Company Limited	1,240,908.00	—
Guangdong Yang-Mao Expressway Company Limited	4,058,043.76	—
	5,898,951.76	600,000.00
Service expenses		
Guangdong Feida Traffic Engineering Company Limited	—	21,794,174.88
Guangdong Humen Bridge Company Limited	4,200,000.00	4,200,000.00
Guangzhou Newsoft Technology Company Limited	114,600.00	1,471,076.00
Guangdong Communications Telecommunications Co., Ltd.	—	1,956,569.11
Guangdong Provincial High Way Construction material supply station	—	108,710.77
Guangdong Gaoda Property Development Company Limited	475,436.64	—
Wanlijia International Company Limited	3,933,608.04	—
Guangdong Provincial Freeway Company Limited	252,462.49	—
Others	185,433.03	11,740.97
	9,161,540.20	29,542,271.73

The above transactions calculated at contract prices.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(2) Cash pool transaction

Zhaoqing City Yueyun Motor Transportation Co., Ltd, a subsidiary of GVTG, entered into a cash pool arrangement with GCGC on 28 September 2012. The Group credited above balances in cash pool to the item of "Other receivables". Zhaoqing City Yueyun Motor Transportation Co., Ltd only charges the deposit interest on the funds deposited in the cash pool of GCGC without other gains.

(3) Loans with related parties

RMB

Related parties	Annual interest rate	Balance at the beginning of the year	Borrowed/lent amount for the year	Repayment during the year	Balance at the end of the year	Term
Lending						
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	6.00%	1,400,000.00	—	—	1,400,000.00	24/05/2007-31/12/2014
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	5.40%	2,000,000.00	—	—	2,000,000.00	08/10/2013-07/10/2014
Lufeng Shenshan Expressway Company Limited	7.5%	1,298,458.89	—	900,000.00	398,458.89	01/04/2012-31/03/2015
Guangdong Xinyue Communications Investment Company Limited	5.85%	107,000,000.00	—	107,000,000.00	—	Not prescribe
Borrowing						
GCGC	4.13-5.85%	26,000,000.00	—	26,000,000.00	—	Not prescribe

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

CONSOLIDATED (Continued)

(4) Transferring assets with related parties

RMB					
Related parties	Contents of Transactions	Trade type	Pricing principle	2013	2012
Guangdong Oriental Thought Technology Company Limited	Fixed asset and other long-term asset acquisition	Asset Acquisition	conference pricing	2,127,501.32	N/A
Guangdong Xinyue Communications Investment Company Limited	Fixed asset acquisition	Asset Acquisition	conference pricing	346,660.96	N/A
Guangdong Feida Traffic Engineering Company Limited	Fixed asset acquisition	Asset Acquisition	conference pricing	682,302.85	—
Guangdong Guangzhu Expressway West Section Company Limited	Fixed asset acquisition	Asset Acquisition	conference pricing	5,285,838.00	—
Guangdong Gaintop Highway Engineering Construction Group Company Limited	Fixed asset acquisition	Asset Acquisition	conference pricing	867,836.00	—
Guangdong Shanjie Expressway Company Limited	Fixed asset acquisition	Asset Acquisition	conference pricing	3,000,000.00	—
Guangzhou Newsoft Technology Company Limited	Intangible asset acquisition	Asset Acquisition	conference pricing	238,461.53	—
Total				<u>12,548,600.66</u>	<u>—</u>

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(5) Interest income and interest expense with related parties

	2013	2012
	RMB	RMB
Interest income		
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	108,000.00	108,000.00
Shenzhen Yueyun Investment Development Company Limited	—	792,967.39
Meizhou Yueyun Vehicles Transportation Company Limited	—	479,608.89
Guangdong Xinyue Communications Investment Company Limited	6,346,356.14	N/A
Lufeng Shenshan Expressway Company Limited	180,000.00	—
Others	111,906.26	54,732.25
	<u>6,746,262.40</u>	<u>1,435,308.53</u>
Interest expense		
GCGC	467,347.21	11,494,489.14
Guangzhou Xinyue Asphalt Co., Ltd.	—	24,640.91
Cash pool of the Group	57,583.36	49,604.51
	<u>524,930.57</u>	<u>11,568,734.56</u>

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED *(Continued)*

(6) Entrusted Management

According to the Entrusted Management Contract entered into between GVTG and Guangzhou Yueyun Investment Company Limited, Shenzhen Yueyun Investment Development Company Limited, Shenzhen Yuegang Transport Company Limited, Guangdong Yangjiang Vehicles Transportation Group Company Limited and Meizhou Yueyun Vehicles Transportation Company Limited, respectively in June 2012, Guangzhou Yueyun Investment Company Limited fully entrusted GVTG to manage its equity interest in Shenzhen Yueyun Investment Development Company Limited, Guangdong Yangjiang Vehicles Transportation Group Company Limited and Meizhou Yueyun Vehicles Transportation Company Limited and to operate such three companies. The entrusted management period commenced from the date on which the change of business registration for the transfer of such companies' equity interest to Guangzhou Yueyun Investment Company Limited was completed to 31 December 2014. The annual entrustment fees for the entrustment of the Shenzhen Yueyun Investment Development Company Limited, Guangdong Yangjiang Vehicles Transportation Group Company Limited and Meizhou Yueyun Vehicles Transportation Company Limited are RMB 7,662,000.00 in total. Guangdong Vehicles Transportation Group Company Limited earned RMB 7,662,000.00 from the entrusted management in 2013 (2012: RMB 3,831,000.00).

On 17 Sep 2012, GCGC entrusted its equity interest in Guangdong Province Gongbei Vehicles Transportation Company Limited, Kee Kwan Motor Road Company Limited and Weicheng Transportation Enterprise Company Limited, and the business operation of such companies to the Company by entering the Entrusted Management Agreement. The entrusted management period commenced from 31 December 2012. The income from the entrusted management was RMB 600,000.00 in 2013.

(7) Trademark and line licenses

During current and prior period, GVTG transferred the use rights of trademark "Yueyun" and the use rights of certain line licenses to Shenzhen Yueyun Investment Development Company Limited, Guangdong Yangjiang Vehicles Transportation Group Company Limited, Meizhou Yueyun Vehicles Transportation Company Limited and some associates at nil consideration.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

CONSOLIDATED (Continued)

(8) Entrusted property management services

On 19 June 2012, Guangdong Yunxing Property Management Co., Ltd., a subsidiary of the Group, entered an agreement of entrusted property management, whose period is from 1 June 2012 to 31 May 2015, with Guangzhou Yunyun Investment Company Limited that Guangdong Yunxing Property Management has the right to receive management fee, utility and other relevant expenses from the tenants of the building as entrusted services fee.

(9) Road and bridge tolls

The Group's subsidiaries providing transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services.

(10) Related parties guarantees

In September 2010, a maximum amount guarantee contract was entered into between GVTG and Guangzhou Branch of Huaxia Bank Co., Ltd., pursuant to which the GVTG provided guarantee at the maximum of RMB 80,000,000.00 for the bank borrowings obtained by Meizhou Yueyun from Guangzhou Branch of Huaxia Bank Co., Ltd at nil consideration during the period from 11 February 2010 to 11 February 2011. As at 31 December 2013, the balance of borrowings of Meizhou Yueyun in Guangzhou Branch of Huaxia Bank Co., Ltd. was RMB 0.00 (2012.12.31: RMB 65,000,000.00).

GVTG entrusted Huaxia Bank Co., Ltd as the lead underwriter and issued the first phase of 3-year non-public directional debt financing tools of RMB 3 hundred million with an annual interest rate of 5.8% in 2012. GCGC provides an unconditional and irrevocable joint liability guarantee of the total amount of principal and interest for the issuing of the bonds.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

COMPANY

The related parties transactions between the Company and the subsidiaries are as follows, and the other significant related party transactions were disclosed under Note (VII) 5.

(1) Sales and purchase of goods, provision and receipt of services

	2013	2012
	RMB	RMB
Material logistics service income		
Dongguan City Nanyue Jiafu Logistics Co., Ltd.	17,408,870.42	754,440.12
Guangdong South China Logistics Enterprise Co., Ltd.	758,695.89	2,528,008.12
	18,167,566.31	3,282,448.24
Purchase of materials expenses		
Guangdong South China Logistics Enterprise Co., Ltd.	528,300,617.13	242,035,995.84
Dongguan City Nanyue Jiafu Logistics Co., Ltd.	21,242,298.96	7,389,718.84
Guangdong Yueyun Logistics (HK) Limited	74,237,708.21	65,528,535.65
Guangdong Xinyue Communications Investment Company Limited	—	1,585,687.63
	623,780,624.30	316,539,937.96
Service expenses		
Guangdong South China Logistics Enterprise Co., Ltd.	31,990,604.57	45,000,000.00
Guangdong New Way advertising Co., Ltd.	134,716.98	293,320.00
Guangdong Nan Yue Logistics International Services Company Limited	—	133,095.87
Guangdong Oriental Thought Technology Company Limited	—	2,869,000.00
Guangdong Yueyun Logistics (HK) Limited	5,000,000.00	5,000,000.00
Guangdong Top-E Expressway Service Zone Company Limited	222,831.27	—
Dongguan City Nanyue Jiafu Logistics Co., Ltd.	6,383,991.11	—
Guangdong Province Transportation Engineering Company Limited	1,486,795.00	—
	45,218,938.93	53,295,415.87

The above transactions calculated at contract prices.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

COMPANY (Continued)

(2) Expenses

	2013	2012
	RMB	RMB
Leases with related parties		
Guangdong Province Transportation Engineering Company Limited	<u>1,639,651.20</u>	<u>1,818,518.40</u>
Property Management Services		
Guangdong Yunxing Property Management Co., Ltd.	<u>1,942,290.00</u>	<u>—</u>

The above transactions calculated at contract prices.

(3) Interest income and interest expense with related parties

	2013	2012
	RMB	RMB
Interest income		
Guangdong South China Logistics Enterprise Co., Ltd.	6,964,228.36	7,293,359.69
GVTG	598,356.16	—
Guangdong Oriental Thought Technology Company Limited	—	240,187.15
Guangdong Xinyue Communications Investment Company Limited	<u>6,346,356.14</u>	<u>6,818,323.26</u>
	<u>13,908,940.66</u>	<u>14,351,870.10</u>

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

COMPANY (Continued)

(3) Interest income and interest expense with related parties (Continued)

	2013	2012
	RMB	RMB
Interest expense		
Guangdong Quantong Expressway Assets management Company Limited	51,494.79	59,096.78
Guangdong Jindaoda Expressway Economic Development Company Limited	162,582.58	198,941.02
Guangdong Top-E Expressway Service Zone Company Limited	390,371.66	721,113.22
Guangdong New Way advertising Co., Ltd	106,142.47	83,731.00
Guangdong South China Logistics Enterprise Company Limited	54,760.72	—
GVTG	131,990.75	—
Guangdong Nanyue Logistics International Service Company Limited	—	31,961.81
Others	—	69,990.61
	897,342.97	1,164,834.44

Pursuant to the relevant agreement, the Group collected funds from the relevant bank accounts (the “Cash Pool Accounts”) of some related parties with a view to centralize the management. The Group was entitled to allocate the above collected funds at any time. The current available balances in the Cash Pool Accounts of these related parties as well as in the relevant bank accounts of the Group can be paid through their Cash Pool Accounts. The above funds were credited to “Other payables” of the Group and bore interest based on the bank’s demand deposit rate. Please refer to Note (VII) 6 “Amount due from/to related parties” regarding related parties’ cash pool accounts information. The relevant interest expenses were disclosed as above .

	2013	2012
	RMB	RMB
Interest income on entrusted loan		
Guangdong South China Logistics Enterprise Company Limited	275,512.25	—

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

COMPANY (Continued)

(4) Financial guarantees provided to a wholly-owned subsidiary

In 2013, the Company entered into three financial guarantee contracts with three banks respectively, pursuant to which the Company provided guarantees for free at a maximum amount of RMB 596,800,000.00 in total to Guangdong South China Logistics Enterprise Company Limited, a wholly-owned subsidiary of the Company. As at 31 December 2013, the utilised amount is RMB 128,000,000.00 and the unutilised amount is RMB 468,800,000.00.

(5) Compensation for key management personnels

The total compensation for the key management personnel this year is RMB 5,238,863.59 (2012: RMB 7,136,892.59).

Compensation for the directors and supervisors are as follows:

RMB

	Chairman of the Board	Executive director, general manager		Executive director				
		Xuan Zongmin	Tang Yinghai	Yao Hanxiong	Guo Junfa (Note 2)	Liu Hong (Note 1)	Wang Weibing (Note 1)	Deng Chongzheng (Note 1)
	Liu Wei (Note 2)	Zongmin (Note 3)	Tang Yinghai	Yao Hanxiong	Guo Junfa (Note 2)	Liu Hong (Note 1)	Wang Weibing (Note 1)	Deng Chongzheng (Note 1)
2013								
Board expenses	—	—	—	—	—	—	—	—
Basic salaries and other allowances	—	828,100.18	661,242.64	401,442.00	—	—	—	—
Retirement plan contributions	—	30,879.38	29,781.09	63,002.30	—	—	—	—
Total	—	858,979.56	691,023.73	464,444.30	—	—	—	—
2012								
Board expenses	—	—	—	—	—	—	—	—
Basic salaries and other allowances	—	347,942.88	268,567.68	17,981.16	43,499.92	567,244.29	555,772.05	708,290.00
Retirement plan contributions	—	17,856.18	17,856.18	2,351.32	459.77	65,673.72	65,241.60	8,000.00
Total	—	365,799.06	286,423.86	20,332.48	43,959.69	632,918.01	621,013.65	716,290.00

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

COMPANY (Continued)

(5) Compensation for key management personnels (Continued)

	Executive director Zeng Gangqiang (Note 1)	Non- Executive director Li Bin (Note 2)	Independent non-executive director			Chariman of the board of supervisors You Shaocong	Supervisor Rao Fengsheng Zhang Li	
			Gui Shouping	Liu Shaobo	Peng Xiaolei			
2013								
Board expenses	—	—	—	—	—	—	—	—
Basic salaries and other allowances	—	—	60,000.00	60,000.00	60,000.00	—	380,587.40	184,498.11
Retirement plan contributions	—	—	—	—	—	—	62,047.88	19,695.80
Total	—	—	60,000.00	60,000.00	60,000.00	—	442,635.28	204,193.91
2012								
Board expenses	—	—	—	—	—	—	—	—
Basic salaries and other allowances	480,902.82	—	60,000.00	60,000.00	60,000.00	—	457,252.58	289,082.56
Retirement plan contributions	45,712.33	—	—	—	—	—	60,488.64	48,943.80
Total	526,615.15	—	60,000.00	60,000.00	60,000.00	—	517,741.22	338,026.36

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

5. Related party transactions (Continued)

COMPANY (Continued)

(5) Compensation for key management personnels (Continued)

RMB

	Supervisor				Independent supervisor			
	Li Hui	Ke Lin	Lei Jian	Li Haihong	Cheng	Zhou Jiede	Lu Zhenghua	Bai Hua
					Zhuo(Note 1)	(Note 1)	(Note 1)	(Note 2)
2013								
Board expenses	—	—	—	—	—	—	—	—
Basic salaries and other allowances	313,839.94	631,322.35	308,130.21	—	—	—	—	—
Retirement plan contributions	46,723.69	25,848.72	25,848.72	—	—	—	—	—
Total	360,563.63	657,171.07	333,978.93	—	—	—	—	—
2012								
Board expenses	—	—	—	—	—	—	—	—
Basic salaries and other allowances	263,683.81	—	—	—	20,800.00	20,800.00	24,000.00	24,000.00
Retirement plan contributions	45,576.72	—	—	—	—	—	—	—
Total	309,260.53	—	—	—	20,800.00	20,800.00	24,000.00	24,000.00

Note 1: Resigned in 2012;

Note 2: Not paid by the Company

Note 3: The salary of Mr. Xuan Zongming was included in his salary as executive director and CEO.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

5. Related party transactions *(Continued)*

COMPANY (Continued)

(5) Compensation for key management personnels *(Continued)*

Apart from the above directors and supervisors, the compensation for other key management personnel is as follows:

Item	Amount for the current period	Amount for the prior period
Other key management personnels	<u>2,140,779.54</u>	<u>2,488,912.58</u>
Total	<u><u>2,140,779.54</u></u>	<u><u>2,488,912.58</u></u>

Note1: Key management personnels are those personnels having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, general manager, chief accountant, financial director, vice general managers taking charge of each business unit, and personnel who perform similar strategic functions. The CEO of the company is general manager.

Note2: During the current period, the Group and the Company have neither made any payments that served as a motivation for directors to join, nor paid any compensation for director's resignation.

The three (2012: three) of the Group's top five highest paid people are directors. The compensation for the remaining two is as follows:

Item	Amount for the current period	Amount for the prior period
Basic salaries and other allowances	<u>1,263,202.99</u>	<u>1,306,728.49</u>
Retirement plan contributions	<u>48,697.44</u>	<u>61,867.68</u>
Total	<u><u>1,311,900.43</u></u>	<u><u>1,368,596.17</u></u>

RMB

One individual's emolument of the top five individuals was between HKD 1 million to HKD 1.5 million. The each emolument of the remaining four individuals was below HKD 1 million.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties

CONSOLIDATED

Item	Related Party	2013.12.31	2012.12.31
		RMB	RMB
Accounts receivable	Guangdong Bo-Da Expressway Company Limited	29,214,419.74	69,019,087.86
	Guangdong Guanyue Highway & Bridge Company Limited	—	14,496,117.62
	Guangdong Guangle Expressway Company Limited	—	86,407,083.78
	Guangdong Guangzhu Expressway West Section Company Limited	2,942,846.06	36,888,064.83
	Guangdong Humen Bridge Company Limited	3,986,523.51	3,222,177.48
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	13,964,607.00	2,515,670.80
	Guangdong Meihe Expressway Company Limited	4,639,945.83	6,636,077.33
	Guangdong Western Shen-Shan Expressway Company Limited	102,926.21	145,530.00
	Guangdong Provincial Freeway Company Limited	22,075,233.22	22,118,706.27
	Guangdong Province Expressway Mechanical Material Company Limited	—	5,085,607.79
	Guangdong Provincial Highway Construction Company Limited	63,662.32	668,745.49
	Guangdong Province Road & Bridge Construction Development Company Limited	1,004,645.61	4,224,226.91
	Guangdong Provincial Chang Da Highway Engineering Company Limited	36,774,103.32	14,655,997.82
	Guangdong Yu-Zhan Expressway Company Limited	590,348.86	590,348.86
	Guangdong Yun-Wu Expressway Company Limited	34,936,018.79	34,475,727.49
	Guangdong Zhaoyang Expressway Company Limited	40,673,290.00	42,649,369.00
	Guang-Shen-Zhu Expressway Company Limited	545,747.99	—
	Guangzhou Xin Yue Asphalt Company Limited	16,263,929.40	1,049,130.80

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Accounts receivable	Jingzhu Expressway Guangzhu Section Company Limited	—	309,117.00
<i>(Continued)</i>	Zhaoqing City Guang-He Expressway Company Limited	46,119,527.10	46,119,523.86
	Zhaoqing Yuezhao Expressway Company Limited	834,743.62	834,743.62
	Guangdong Provincial Traffic Development Company Limited	1,091,560.59	1,091,560.59
	Express Cross-Border Coach Management Company Limited	1,014,422.34	754,630.46
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	910,986.13	979,617.85
	Guangdong Province Guangshan High Speed Passenger Traffic Company Limited	550,059.09	62,185.15
	Guangdong Province Gongbei Vehicles Transportation Company limited	94,222.62	216,117.24
	Guangdong Province Bus Terminal Co., Ltd	—	1,064,304.16
	Guangdong Xinyue Communications Investment Company Limited	59,577,685.44	59,923,627.76
	Guangdong Yang-Mao Expressway Company Limited	781,831.16	—
	Guangdong Yuejia Expressway Company Limited	274,313.99	—
	Guangdong Guangjiang High Speed Passenger Traffic Limited	105,399.50	—
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	179,901.70	—
	Others	413,533.72	255,460.42
		<u>319,726,434.86</u>	<u>456,458,558.24</u>

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31	2012.12.31
		RMB	RMB
Accounts payable	Guangdong He-Hui Highway Company Limited	1,017,287.44	1,180,191.52
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	—	397,580.00
	Guangdong Kai Yang Expressway Company Limited	868,409.58	424,749.58
	Guangdong Maozhan Expressway Company Limited	399,841.91	422,341.91
	Guangdong Meihe Expressway Company Limited	1,262,956.34	960,371.10
	Guangdong Shanfen Expressway Company Limited	4,106,247.81	3,365,879.96
	Guangdong Shanjie Expressway Company Limited	16,706.88	5,002,549.96
	Guangdong Western Shen-Shan Expressway Company Limited	1,781,391.83	1,403,275.24
	Guangdong Provincial Freeway Company Limited	17,271,067.57	17,929,397.12
	Guangdong Province Expressway Mechanical Material Company Limited	18,260,822.48	31,171,685.03
	Guangdong Provincial Highway Construction Company Limited	5,014,661.73	3,467,209.66

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31	2012.12.31
		RMB	RMB
Accounts payable <i>(Continued)</i>	Guangdong Provincial Chang Da Highway Engineering Company Limited	4,936,370.40	4,839,791.85
	Guangdong Yang-Mao Expressway Company Limited	285,872.73	308,240.01
	Guangdong Yue Dong Freeway Industry Development Company Limited	3,684,509.98	3,416,632.50
	Guangdong Yue-Gan Expressway Company Limited	265,457.28	—
	Guangdong Zhan-Xu Expressway Company Limited	12,333,333.33	8,333,333.33
	Guangdong Zhaoyang Expressway Company Limited	4,625,000.00	3,125,000.00
	Guangfo Expressway Company Limited	853,131.51	1,097,279.61
	Guang-Shen-Zhu Expressway Company Limited	10,120,690.54	4,252,113.78
	Guangzhou Xinyue Asphalt Co., Ltd.	20,170,939.55	80,595,107.28
	Jingzhu Expressway Guangzhu Section Company Limited	1,607,996.36	1,722,231.94
	Yunfu City Guangyun Expressway Company Limited	609,045.16	592,398.00
	Zhaoqing Yuezhao Expressway Company Limited	162,730.90	1,200,000.00
	Guangdong Province Gongbei Veichles Transportation Company Limited	157,465.60	858,352.78
	Guangdong Xinyue Communications Investment Company Limited	6,952,651.81	6,952,651.81
	Guangdong Oriental Thought Technology Company Limited	525,872.80	1,127,400.00
	Guangdong Province Road & Bridge Construction Development Company Limited	24,556,962.49	15,063,750.00
	Kee Kwan Motor Road Co., Ltd.	637,860.20	773,012.37

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Accounts payable <i>(Continued)</i>	Foshan Guang-San Expressway Company Limited	295,416.79	—
	Guangdong Bo-Da Expressway Company Limited	804,750.02	—
	Guangdong Feida Traffic Engineering Company Limited	218,302.85	—
	Guangdong Guangzhu Expressway West Section Company Limited	5,285,838.00	—
	Guangdong Jiangzhong Expressway Company Limited	535,375.03	—
	Guangdong Provincial Fokai Expressway Company Limited	2,186,166.69	—
	Guangdong Guangye Shentong Natural Gas Co., Ltd.	1,088,680.67	—
	Guangdong Jiangzhao Expressway Management Center	7,288,875.42	—
	Others	394,390.02	239,301.41
		160,583,079.70	200,221,827.75

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Prepayments	Guangdong Gaintop Highway Engineering Construction Group Company Limited	533,898.02	867,836.00
	Guangdong Shanjie Expressway Company Limited	2,543.86	3,000,000.00
	Guangdong Province Road & Bridge Construction Development Co., Ltd	4,735.36	3,000,000.00
	Guangdong Hualu Communication Technology Co., Ltd.	140,000.00	140,000.00
	Guangzhou Xinyue Asphalt Co., Ltd.	297,813,857.21	7,961,042.90
	Guangdong Guangzhu Expressway West Section Company Limited	24,010,456.00	—
	Guangdong Guangye Shentong Natural Gas Co., Ltd.	350,000.00	—
	Guangdong Oriental Thought Technology Company Limited	214,600.00	—
	Guangdong Provincial Communication Group Inspection Center	389,660.00	—
	Others	89,206.45	89,241.06
		323,548,956.90	15,058,119.96

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31	2012.12.31
		RMB	RMB
Receipts in advance	Guangdong Bo-Da Expressway Company Limited	—	627,350.00
	Guangdong western Shen-Shan Expressway Company Limited	235,735.00	242,778.01
	Guangdong Kai Yang Expressway Company Limited	201,844.68	207,900.00
	Guangdong Maozhan Expressway Company Limited	—	174,228.45
	Guangdong Provincial Freeway Company Limited	111,014.53	114,345.00
	Guangdong Province Road & Bridge Construction Development Company Limited	246,932.64	246,932.60
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	2,153,282.88	2,153,282.88
	Guangdong Yue-Gan Expressway Company Limited	217,864.06	224,400.00
	Heyuan He-Long Expressway Company Limited	67,425.72	69,448.50
	Guangdong He-Hui Highway Company Limited	85,970.85	132,825.00
	Guangdong Shanfen Expressway Company Limited	105,492.66	108,657.45
	Guangdong Yu-Zhan Expressway Company Limited	73,560.37	113,620.65
	Guangdong Yue Dong Freeway Industry Development Company Limited	138,483.78	142,638.25
	Guangdong Zhan-Xu Expressway Company Limited	—	188,598.30
	Guangdong Xinyue Communications Investment Company Limited	283,376.93	515,639.57

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Receipts in advance <i>(Continued)</i>	Guangdong Chao-Hui Expressway Company Limited	71,503,667.29	—
	Guangdong Guangle Expressway Company Limited	373,702,895.46	—
	Guangdong Provincial Highway Construction Company Limited	70,580,511.41	—
	Guangdong Ping-Xing Expressway Company Limited	24,923,356.94	—
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	430,000.00	—
	Guangdong Jiangzhao Expressway Management Center	117,608.17	—
	Others	77,448.25	3,760.45
			545,256,471.62
Other receivables	Guangdong Bo-Da Expressway Company Limited	460,341.52	302,602.52
	Guangdong Foda Expressway Economy Development Co., Ltd.	—	415,406.77
	Guangdong Guangzhu Expressway West Section Company Limited	1,502,000.00	1,000,000.00
	Guangdong Litong Properties Investment Company Limited	1,381,486.00	1,377,946.00
	Guangdong Maozhan Expressway Company Limited	1,000,000.00	1,000,000.00
	Guangdong Meihe Expressway Company Limited	750,258.30	597,177.30
	Guangdong Provincial Freeway Company Limited	502,643.36	1,201,177.14
	Guangdong Provincial Highway Construction Material Supply station	—	181,005.24
	Guangdong Provincial Highway Construction Company Limited	349,033.60	300,000.00
	Guangdong Province Road & Bridge Construction Development Company Limited	2,047,954.58	2,452,411.80

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31	2012.12.31
		RMB	RMB
Other receivables <i>(Continued)</i>	Guangdong Changda Highway Engineering Company Limited	4,196,197.70	4,146,197.70
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	300,000.00	300,000.00
	Guangdong Yang-Mao Expressway Company Limited	990,117.00	500,000.00
	Guangdong Yu-Zhan Expressway Company Limited	500,000.00	500,000.00
	Guangdong Yue-Gan Expressway Company Limited	500,000.00	500,000.00
	Yangjiang City Jincheng Compact Car Rental Company Limited (Note 1)	N/A	945,760.15
	Guangdong Xinyue Communications Investment Company Limited (Note 2)	13,629,720.68	114,308,301.31
	Guangdong Oriental Thought Technology Company Limited	145,390.00	151,390.00
	Guang-Shen-Zhu Expressway Company Limited	842,118.31	821,400.00
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited (Note 2)	2,000,000.00	2,000,000.00
	Heyuan He-Long Expressway Company Limited	171,620.58	171,870.58
	Yunfu Guangyun Expressway Company Limited	102,518.00	102,518.00
	Kee Kwan Motor Road Company Limited	15,096,915.52	13,516,864.55
	Guangzhou City Tianhe Coach Terminal Co., Ltd	9,675,090.00	9,675,090.00
	Shantou City Automobile Passenger Traffic Center Company Limited	5,036,974.99	5,785,853.74
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd (Note 2)	3,327,817.95	3,227,904.84
	Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd	1,869,000.00	1,869,000.00
	Weisheng Transportation Enterprise Company Limited	6,846,690.13	6,499,246.36
	Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd	588,500.00	1,008,000.00

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Other receivables	Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd	1,221,405.78	1,114,303.65
	Guangdong Province Gongbei Vehicles Transportation Company Limited	734,764.24	—
	Guangdong Yangjiang Vehicles Transportation Group Company Limited	11,738,466.78	11,650,571.52
	Guangzhou Yueyun Investment Company Limited	6,818,928.48	1,941,940.55
	Guangdong Yuejia Expressway Company Limited	707,048.33	—
	Shenzhen Yueyun Investment Development Company Limited	2,120,749.15	—
	Guangdong Guangye Shentong Natural Gas Co., Ltd.	500,000.00	—
	Guangdong Jiangzhao Expressway Management Center	987,844.00	—
	Others	344,109.07	425,766.55
			<u>98,985,704.05</u>
Long-term receivables	Lufeng Shenshan Expressway Company Limited (Note 3)	<u>398,458.89</u>	<u>1,298,458.89</u>

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Note 1: The Group's associate, Yangjiang City Jincheng Compact Car Rental Company Limited, was disposed in this year.

Note 2: The other receivables above included:

- (1) Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, provided a loan of RMB 2,000,000.00 to its joint venture, Guangzhou City Top-E Ya Tu Expressway Tourism service Company Limited with an annual interest rate of 5.4% and the maturity date is 7 April 2014 (31 December 2012: RMB 2,000,000.00, annual interest rate of 5.4%, expired on 7 April 2013 and was renewed when expired).
- (2) The Company provided a loan of RMB 107,000,000.00 to Guangdong Xinyue Communications Investment Company Limited with an annual interest rate of 5.85% (31 December 2012: RMB 107,000,000.00, annual interest rate from 6.00% to 6.56%). The loan was received by the Company in December 2013.
- (3) GVTG, a subsidiary of the Group, provided a loan of RMB 1,400,000.00 to Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd with an annual interest rate of 6.00% (31 December 2012: RMB 1,400,000.00, annual interest rate of 5.91%)

Note 3: The above long-term receivables is a loan that Guangdong Jingdaoda Expressway Economic Development Company Limited, a subsidiary of Guangdong Top-E Expressway Service Zone Company Limited, provided to its joint venture, Lufeng Shenshan Expressway Company Limited. As of 31 December 2013, the loan balance was RMB 398,458.89 with an annual interest rate of 7.5%, and the maturity date is 31 March 2015. The entity has fully provided bad debt for the long-term receivables.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

6. Amounts due from/to related parties *(Continued)*

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Other payables	Guangdong Provincial Highway Construction Company Limited	—	12,541,400.00
	Guangdong Humen Bridge Company Limited	150,000.00	—
	Guangdong Litong Properties Investment Company Limited	1,377,946.00	1,377,946.00
	Guangdong Province Expressway Construction Materials Supply station	—	108,710.77
	GCGC	2,489,756.98	27,894,540.82
	Express Cross-Border Coach Management Company Limited	200,331.40	206,591.84
	Weisheng Transportation Enterprise Company Limited	2,172,994.78	2,174,826.32
	Guangdong Nan Yue Logistics International Service Company Limited	4,736,877.48	11,297,004.70
	Guangdong Yangjiang Vehicles Transportation Group Company Limited	—	972,006.68
	Yangjiang City Jiqiang Automobile Sales & Maintenance Company Limited	505,015.09	210,394.29
	Guangdong Xinyue Communications Investment Company Limited	1,118,220.88	1,517,111.92
	Guang-Shen-Zhu Expressway Company Limited	158,102.04	—
	Guangdong Province Guangshan High Speed Passenger Traffic Company Limited	598,423.94	—
	Guangdong Oriental Thought Technology Company Limited	101,822.34	—
	Wanlijia International Company Limited	1,151,724.74	—
	Others	212,549.74	224,652.81

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

CONSOLIDATED (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB	
Other payables – Cash pool	Guangdong Province Guangshan High Speed Passenger Traffic Company Limited	9,526,733.59	8,996,185.77	
	Guangdong Guangjiang High Speed Passenger Traffic Company Limited	2,223,580.72	1,395,256.37	
	Guangdong Province Bus Terminal Co., Ltd	1,041,016.39	1,039,104.64	
	Guangdong shenshan High Speed Passenger Traffic Co. Ltd	6,757,976.20	13,261,584.52	
	Shenzhen Yueyun Investment Development Company Limited	7,856,236.48	48,913,183.83	
	Meizhou Yueyun Vehicles Transportation Company Limited	31,552,667.85	4,506,341.02	
	Others	1,988.72	1,981.50	
		73,933,965.36	136,638,823.80	
	Notes payable	Guangdong Province Expressway Mechanical Material Company Limited	—	20,247,147.50
		Guangzhou Xinyue Asphalt Co., Ltd.	—	133,821,046.83
		—	154,068,194.33	
Dividends payable	Guangdong Xinyue Communications Investment Company Limited	2,780,436.84	452,736.84	
	Shenzhen Communication Company Limited	990,704.38	510,260.63	
		3,771,141.22	962,997.47	

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

COMPANY

The balances between the company and the subsidiaries are as follows. The balances with other significant related party refer to Note VII 6 “Amounts due from/to related parties”

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Accounts receivable	Guangdong South China Logistics Enterprise Co., Ltd.	41,298,947.20	44,256,716.70
	Dongguan City Nanyue Jiafu Logistics Co., Ltd.	20,336,000.00	1,336,880.00
	Guangdong Yueyun Logistics (HK) Limited	1,471,080.88	1,471,080.88
		<u>63,106,028.08</u>	<u>47,064,677.58</u>
Accounts payable	Guangdong South China Logistics Enterprise Co., Ltd.	19,266,174.86	12,307,434.35
	Guangdong Yueyun Logistics (HK) Limited	21,554,858.03	—
		<u>40,821,032.89</u>	<u>12,307,434.35</u>
Prepayments	Guangdong South China Logistics Enterprise Co., Ltd.	120,211,991.63	35,644,640.72
	Dongguan City Nanyue Jiafu Logistics Co., Ltd.	5,577,048.16	20,992,000.00
		<u>125,789,039.79</u>	<u>56,636,640.72</u>

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

COMPANY (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB
Other receivables	The Motor Transport Company of Guangdong and Hong Kong Limited	479,498.96	423,413.04
	Guangdong Top-E Expressway Service Zone Company Limited	106,866.00	60,000.00
	Guangdong Province Transportation Engineering Company Limited	48,472,457.00	48,470,015.00
	Guangdong South China Logistics Enterprise Co., Ltd.	148,323,008.59	142,616,214.95
	Guangdong Yueyun Logistics (HK) Limited	1,199,979.71	814,488.39
	Guangdong Yuelijia Passenger Transport Co. Ltd (HK)	4,275.00	123,000.20
	Guangdong New Way advertising Co., Ltd.	102,058.00	—
	Guangdong Guantong Expressway Assets management Company Limited	10,687.00	—
	Guangdong Jindaoda Expressway Economic Development Company Limited	40,060.00	—
	Dongguan City Nanyue Jiafu Logistics Co., Ltd.	24,789.00	—
	GVTG	2,519,339.94	—
	The Motor Transport Company Of Guangdong and Hong Kong (Guangzhou) Limited	19,236.00	—
	Shenzhen Yuegang Transport Company Limited	32,060.00	—
		201,334,315.20	192,507,131.58

Note: The above other receivables include the loan lent to Guangdong South China Logistics Enterprise Co., Ltd., with an amount of RMB 124,361,220.07 (2012: RMB 124,361,220.07). The loan interest is calculated by the one-year loan interest rate stipulated by the bank for the corresponding period. The contract lasts for one year and continues during the period without repayment. Amount due to related parties is subject to short-term bank loan interest rate. If the amount passes due, the one-year contract continues automatically.

(VII) RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

6. Amounts due from/to related parties (Continued)

COMPANY (Continued)

Item	Related Party	2013.12.31 RMB	2012.12.31 RMB	
Other payables	Guangdong New Way Advertising Co., Ltd	54,594,329.77	24,488,547.30	
	Guangdong Top-E Expressway Service Zone Company Limited	134,735,007.50	146,224,846.59	
	Guangdong Province Transportation Engineering Company Limited	15,409.84	—	
	Guangdong Guantong Expressway Assets management Company Limited	13,224,771.37	13,173,676.58	
	Guangdong Jindaoda Expressway Economy Development Company Limited	16,130,411.41	51,968,188.83	
	Guangdong South China Logistics Enterprise Co., Ltd.	319,215,078.69	7,150,960.55	
	GVTG	33,306,583.98	—	
		<u>571,221,592.56</u>	<u>243,006,219.85</u>	
	Notes payable	Guangdong South China Logistics Enterprise Co., Ltd.	<u>2,073,827.43</u>	<u>115,480,000.00</u>

(VIII) COMMITMENTS

1. Capital commitments

CONSOLIDATED

	2013.12.31	2012.12.31
		RMB
Capital commitments that have been entered into but have not been recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	112,841,186.19	296,445,928.68
Capital commitments that have been approved but have not been entered into	<u>—</u>	<u>8,000,000.00</u>
Total	<u>112,841,186.19</u>	<u>304,445,928.68</u>

COMPANY

	2013.12.31	2012.12.31
		RMB
Capital commitments that have been entered into but have not been recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	<u>460,669.28</u>	<u>1,199,282.95</u>

(VIII) COMMITMENTS *(Continued)*

2. Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

CONSOLIDATED

	2013.12.31	2012.12.31
Subsequent to the balance sheet date:		
Within 1 year	93,664,898.99	77,246,946.86
1 to 2 years	87,068,428.53	74,928,369.16
2 to 3 years	86,452,679.34	70,584,553.61
Over 3 years	1,053,043,158.08	997,213,217.13
Total	1,320,229,164.94	1,219,973,086.76

COMPANY

	2013.12.31	2012.12.31
Subsequent to the balance sheet date:		
Within 1 year	1,885,423.80	615,615.00
1 to 2 years	615,615.00	615,615.00
2 to 3 years	615,615.00	615,615.00
Over 3 years	4,873,618.75	5,489,233.75
Total	7,990,272.55	7,336,078.75

(IX) OTHER SIGNIFICANT MATTERS

1. Business combination not involving enterprises under common control

During the year, basic information about the Group's business combination not involving enterprises under common control is as follows:

(1) Basic information of the acquirees

Please refer to Note V to the financial statements for basic information of the acquirees.

(2) Key financial information of the acquirees

(i) Heyuan Qiyun Roadway Transportation Business and Heyuan Tongfa Roadway Transportation Business

As described in Note (V) 1, pursuant to the relevant contract, in 2013, Guangdong Province Heyuan City Vehicles Transportation Group Company Limited, a minority shareholder of Heyuan City Yueyun Motor Transportation Co., Ltd. which is a subsidiary of the Group, agreed to inject Heyuan Qiyun Roadway Transportation Business to Heyuan City Yueyun Motor Transportation Co., Ltd; Heyuan City Communication Group Tongfa Vehicles Transportation Company Limited, a minority shareholder of Heyuan City Yueyun Motor Transportation Co., Ltd agreed to inject Heyuan Tongfa Roadway Transportation Business to Heyuan City Yueyun Motor Transportation Co., Ltd.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Business combination not involving enterprises under common control *(Continued)*

(2) Key financial information of the acquirees *(Continued)*

- (i) Heyuan Qiyun Roadway Transportation Business and Heyuan Tongfa Roadway Transportation Business *(Continued)*

The major financial information of Heyuan Qiyun Roadway Transportation Business:

RMB

	Day of acquisition (1 February 2013)		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value (Note)
Identifiable assets:				
Current assets	34,644,367.67	34,644,367.67	32,856,786.46	
Non-current assets	50,868,547.47	133,627,402.77	69,496,057.23	
Sub-total	85,512,915.14	168,271,770.44	102,352,843.69	
Identifiable liabilities:				
Current liabilities	118,773,749.60	118,773,749.60	135,039,927.54	
Non-current liabilities	11,422,543.86	11,422,543.86	13,739,551.98	
Sub-total	130,196,293.46	130,196,293.46	147,835,842.14	
Total net assets	(44,683,378.32)	38,075,476.98	(45,482,998.45)	
Less: Minority Interests		—		
Equity attributable to Heyuan City Yueyun Motor Transportation Co., Ltd's owners		38,075,476.98		
Less: Acquisition consideration		66,524,141.49		
Goodwill		28,448,664.51		

Note: As the fair value of the non-monetary assets for revaluation is not available, the fair values of the acquiree's identifiable assets and liabilities at the last annual balance sheet date cannot be determined reliably.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Business combination not involving enterprises under common control *(Continued)*

(2) Key financial information of the acquirees *(Continued)*

- i) Heyuan Qiyun Roadway Transportation Business and Heyuan Tongfa Roadway Transportation Business *(Continued)*

The major financial information of Heyuan Tongfa Roadway Transportation Business:

RMB

	Day of acquisition (1 February 2013)		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value (Note)
Identifiable assets:				
Current assets	3,253,782.11	3,253,782.11	3,414,432.53	
Non-current assets	6,216,453.27	33,533,325.92	6,274,969.63	
Sub-total	9,470,235.38	36,787,108.03	9,689,402.16	
Identifiable liabilities:				
Current liabilities	15,729,440.51	15,729,440.51	14,126,869.05	
Non-current liabilities	20,000.00	20,000.00	20,000.00	
Sub-total	15,749,440.51	15,749,440.51	14,146,869.05	
Total net assets	(6,279,205.13)	21,037,667.52	(4,457,466.89)	
Less: Minority Interests		—		
Equity attributable to Heyuan City Yueyun Motor Transportation Co., Ltd's owners		21,037,667.52		
Less: Acquisition consideration		21,148,731.58		
Goodwill		111,064.06		

Note: As the fair value of the non-monetary assets for revaluation is not available, the fair values of the acquiree's identifiable assets and liabilities at the last annual balance sheet date cannot be determined reliably.

Heyuan Qiyun Roadway Transportation Business was injected into Heyuan City Yueyun Motor Transportation Co., Ltd by Guangdong Province Heyuan City Vehicles Transportation Group Company Limited as consideration of RMB 66,524,141.49; Heyuan Tongfa Roadway Transportation Business was injected into Heyuan City Yueyun Motor Transportation Co., Ltd by Heyuan City Communication Group Tongfa Vehicles Transportation Company Limited as consideration of RMB 21,148,731.58.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Business combination not involving enterprises under common control *(Continued)*

(2) Key financial information of the acquirees *(Continued)*

i) Heyuan Qiyun Roadway Transportation Business and Heyuan Tongfa Roadway Transportation Business *(Continued)*

	RMB Amount
Heyuan Qiyun Roadway Transportation Business:	
Combination consideration in cash and cash equivalents	—
Less: Cash and cash equivalents of the merged subsidiaries and businesses	1,775,746.38
Net cash and cash equivalents payments for aquisition of subsidiaries and businesses units	<u>(1,775,746.38)</u>
Heyuan Tongfa Roadway Transportation Business:	
Combination consideration in cash and cash equivalents	—
Less: Cash and cash equivalents of the merged subsidiaries and businesses	241,487.40
Net cash and cash equivalents payments for aquisition of subsidiaries and businesses units	<u>(241,487.40)</u>
Total	<u><u>(2,017,233.78)</u></u>

The impact of the combination on cash flows was included in "Other cash receipts relating to investing activities" in the consolidated cash flow statement.

The date of acquisition is the date that acquirer effectively obtain the control of the acquiree, which is the date when the net assets and the power of control acquiree has been transferred to the acquirer.

(ii) Acquisition of Yang Jiang City Yangzha New Image Public Transportation Company Limited

Yang Jiang City Yangzha New Image Public Transportation Company Limited was established by Lin Xipan and Guangdong Yueyun Langri Co. Ltd, a subsidiary of the Group, in 2003. Guangdong Yueyun Langri Co., Ltd held 35% of the company's equity interest. Yang Jiang City Yangzha New Image Public Transportation Company Limited was operated by Lin Xipan.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Business combination not involving enterprises under common control *(Continued)*

(2) Key financial information of the acquirees *(Continued)*

(ii) Acquisition of Yang Jiang City Yangzha New Image Public Transportation Company Limited *(Continued)*

On 6 February 2013, Yangjiang City Yueyun Langri Public Transportation Co., Ltd, a subsidiary of Guangdong Yueyun Langri Co., Ltd entered into an agreement of equity transfer with Lin Xipan. Pursuant to the agreement, Yangjiang City Yueyun Langri Public Transportation Co., Ltd acquired 65% equity interest of Yang Jiang City Yangzha New Image Public Transportation Company Limited which was held by Lin Xipan and the consideration was RMB 8,000,000 (including an amount of RMB 945,000 due to Lin Xiapan held by Yang Jiang City Yangzha New Image Public Transportation Company Limited). After the equity transfer, Guangdong Yueyun Langri Co., Ltd has directly and indirectly held 100% equity interest of Yang Jiang City Yangzha New Image Public Transportation Company Limited which has become a subsidiary of the Group.

RMB

	Date of acquisition (1 March 2013)		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value (Note)
Identifiable assets:				
Current assets	2,697,591.69	2,697,591.69	2,583,539.87	
Non-current assets	3,864,582.88	4,169,774.53	4,109,125.63	
Sub-total	6,562,174.57	6,867,366.22	6,692,665.50	
Identifiable liabilities:				
Current liabilities	2,395,335.24	2,395,335.24	2,439,577.68	
Non-current liabilities	1,846,180.50	1,846,180.50	1,956,313.61	
Sub-total	4,241,515.74	4,241,515.74	4,395,891.29	
Total net assets	2,320,658.83	2,625,850.48	2,296,774.21	
Less: Minority Interests		—		
Equity attributable to Guangdong Yueyun Langri Public Transportation Co., Ltd's owners		2,625,850.48		
Less: Acquisition consideration		8,042,312.45		
Goodwill		5,416,461.97		

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Business combination not involving enterprises under common control *(Continued)*

(2) Key financial information of the acquirees *(Continued)*

(ii) Acquisition of Yang Jiang City Yangzha New Image Public Transportation Company Limited *(Continued)*

Note: As the fair value of the non-monetary assets is not available, the fair values of the acquiree's identifiable assets and liabilities at the last annual balance sheet date cannot be determined reliably.

	RMB
	Carrying Amount
Combination consideration	
Cash and cash equivalents	8,000,000.00
Amount due to Lin Xipan	(945,000.00)
The temporary fair value of 35% interest held by Guangdong City Yueyun Langri Public Transportation Co., Ltd	987,312.45
Sub-total	8,042,312.45

	RMB
	Amount
Combination consideration in cash and cash equivalents	8,000,000.00
Less: Cash and cash equivalents of the acquired subsidiary and business	77,355.83
Less: Unpaid amount	4,500,000.00
Net cash and cash equivalents payments for acquisition of subsidiaries and other business units	3,422,644.17

The date of acquisition is the date that acquirer effectively obtain the control of the acquiree, which is the date when the net assets and the power of control of acquiree has been transferred to the acquisition date.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Business combination not involving enterprises under common control *(Continued)*

- (3) The operating results and cash flows of the merged parties from the beginning of the period in which the combination takes place to the acquisition date
- (i) Heyuan Qiyun Roadway Transportation Business and Heyuan Tongfa Roadway Transportation Business

RMB

	From the date of acquisition to the end of current year
Operating income	102,306,202.92
Operating cost and expenses	98,771,035.55
Total profit	3,535,167.37
Net profit	(1,612,647.68)
Net cash flow from operating activities	(29,559,864.38)
Net cash flow from investing activities	(80,288,580.11)
Net cash flow from financing activities	18,990,646.55
Net increasing of Cash and cash equivalents	(90,857,797.94)

Heyuan City Yueyun Motor Transportation Co., Ltd was newly incorporated at the end of year 2012, whose major business is the integration of Heyuan Qiyun Roadway Transportation Business and Heyuan Tongfa Roadway Transportation Business after the date of acquisition. Therefore, the above operating results and cash flows are presented by the financial information of Heyuan City Yueyun Motor Transportation Co., Ltd.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

1. Business combination not involving enterprises under common control *(Continued)*

(3) The operating results and cash flows of the merged parties from the beginning of the period in which the combination takes place to the acquisition date *(Continued)*

(ii) Acquisition of Yang Jiang City Yangzha New Image Public Transportation Company Limited

RMB

	From the date of acquisition to the end of current year
Operating income	6,611,361.28
Operating costs and expenses	8,476,508.51
Total profit	(1,865,147.23)
Net profit	(1,715,651.66)
Net cash flow from operating activities	3,157,868.45
Net cash flow from investing activities	(4,546,111.63)
Net cash flow from financing activities	1,589,572.26
Net increasing of Cash and cash equivalents	201,329.08

2. Information of the subsidiary disposed in the period

The Group disposed Yangjiang City Xinhe Management Consultant Company Limited through deregistration which was completed on 18 January 2013 (date of deregistration), therefore the entity's balance sheet as at 31 December 2013 is excluded from the consolidated balance sheet as at 31 December 2013. Its operating results and cash flows before the date of deregistration have been included in the Group's consolidated financial statements for the year 2013.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

3. Segment reporting

Based on the Group's internal organisation structure, management requirement and internal reporting policy, the operations of the Group are classified into four segments (2012: five segments, transportation intelligence services was disposed during the business combinations under the same control in prior year): motor transportation and auxiliary services, material logistics services, expressway service zones and Taiping Interchange. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. The report was made on the basis of operation. The segments provide Road infrastructure materials sales, operation of the facilities along the highway and investments on auxiliary services, operation and management, motor transportation and auxiliary service and Taiping Interchange as their main products and service.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

Inter-segment transfers are measured on the basis of actual transaction prices. Segment revenue and segment expenses are determined on the basis of actual revenue and expenses of each segment. Segment assets and liabilities are allocated according to the attributable assets employed by a segment in its operating activities and the attributable liabilities resulting from the operating activities of a segment.

(IX) OTHER SIGNIFICANT MATTERS (Continued)

3. Segment reporting (Continued)

(1) Segment report

2013

RMB

	Motor transporting and auxiliary services	Material logistics services	Expressway service zones	Taiping Interchange	Unlocated items	Inter-segment eliminations	Total
I. Operating income	2,162,999,049.87	3,906,814,863.33	632,626,474.69	161,324,511.70	9,883,924.60	(707,817,131.33)	6,165,831,692.86
Including: external revenue	2,160,932,959.87	3,206,898,990.07	631,989,881.02	161,324,511.70	4,685,350.20	—	6,165,831,692.86
Inter segment revenue	2,066,090.00	699,915,873.26	636,593.67	—	5,198,574.40	(707,817,131.33)	—
II. Operating costs	1,710,571,604.19	3,748,036,816.10	506,764,892.76	24,288,436.73	2,748,584.18	(685,413,366.26)	5,306,996,967.70
III. Income from investments in associates and joint ventures	—	—	—	—	13,940,073.16	(2,729,281.65)	11,210,791.51
IV. Impairment loss of assets	433,039.72	11,005,734.70	(605,000.03)	—	5,242,666.51	—	16,076,440.90
V. Depreciation and amortisation	214,808,708.01	12,495,480.34	35,316,689.15	16,718,691.08	1,949,353.50	(2,019,072.50)	279,269,849.58
VI. Total profit	182,137,916.62	17,141,647.69	41,917,210.62	88,546,186.85	2,079,979.96	(33,535,448.70)	298,287,493.04
VII. Income tax expenses	57,611,147.97	5,313,600.51	10,372,546.18	13,915,976.11	—	926,871.79	88,140,142.56
VII. Net profit	124,526,768.65	11,828,047.18	31,544,664.44	74,630,210.74	2,079,979.96	(34,462,320.49)	210,147,350.48
IX. Total assets	2,564,588,781.92	2,677,964,136.39	790,677,139.20	1,932,930,714.57	39,772,961.55	(1,829,598,037.45)	6,176,335,696.18
X. Total liabilities	1,250,056,580.23	2,800,294,339.07	497,947,431.32	379,591,058.03	53,901,690.99	(1,015,745,685.62)	3,966,045,414.02

(IX) OTHER SIGNIFICANT MATTERS (Continued)

3. Segment reporting (Continued)

(1) Segment report (Continued)

2012

RMB

	Motor transporting and auxiliary services	Material logistics services	Expressway service zones	Transportation intelligence service	Taiping Interchange	Unlocated items	Inter-segment eliminations	Total
I. Operating income	2,109,560,103.81	3,565,226,901.04	553,946,886.69	648,136,808.24	137,626,545.00	5,108,604.76	(409,152,481.56)	6,610,453,367.98
Including external revenue	2,109,402,382.94	3,170,794,072.21	553,299,818.58	639,014,327.25	137,626,545.00	316,222.00	—	6,610,453,367.98
Inter segment revenue	157,720.67	394,432,828.83	647,068.11	9,122,480.99	—	4,792,382.76	(409,152,481.56)	—
II. Operating costs	1,596,967,734.96	3,428,009,831.22	434,779,561.60	559,697,735.61	23,537,295.47	1,511,161.77	(382,299,860.08)	5,662,203,460.55
III. Income from investments in associates and joint ventures	—	—	—	—	—	5,259,928.30	(173,004.22)	5,086,924.08
IV. Impairment loss of assets	232,320.46	(1,025,517.26)	(1,048,920.00)	494,914.69	—	33,686.14	—	(1,313,515.97)
V. Depreciation and amortization	191,326,406.95	12,823,764.13	31,589,383.34	3,015,046.97	17,611,426.96	1,593,469.79	(2,410,893.07)	255,548,605.07
VI. Total profit (loss)	182,943,494.20	(12,935,150.68)	27,066,434.96	(9,093,102.26)	34,053,928.38	4,951,199.11	(3,648,524.72)	223,338,278.99
VII. Income tax expenses	57,717,210.57	3,488,033.16	7,821,101.53	717,852.54	7,876,663.17	—	306,100.70	77,926,961.67
VIII. Net profit (loss)	125,226,283.63	(16,423,183.84)	19,245,333.43	(9,810,954.80)	26,177,265.21	4,951,199.11	(3,954,625.42)	145,411,317.32
IX. Total assets	2,037,837,040.99	1,237,077,460.35	697,758,629.07	—	1,401,123,782.78	1,031,909,258.74	(1,388,283,592.90)	5,017,422,579.03
X. Total liabilities	1,069,526,875.16	2,040,313,256.83	439,231,827.06	—	28,561,997.40	54,549,241.66	(572,968,701.83)	3,059,214,496.28

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

3. Segment reporting *(Continued)*

(2) *External revenue by geographical area of source and non-current assets by geographical location*

		RMB
External revenue	2013	2012
Mainland China	5,934,289,372.79	6,389,539,461.89
Hongkong	231,542,320.07	220,913,906.09
Total	6,165,831,692.86	6,610,453,367.98

		RMB
Non-current assets	2013.12.31	2012.12.31
Mainland China	2,338,816,381.97	1,938,044,076.44
Hongkong	65,825,504.35	111,618,050.21
Total	2,404,641,886.32	2,049,662,126.65

(3) *Degree of reliance on major customers*

Major customers revenue from whom accounts for 10% or more of the total revenue:

		RMB
Client	2013	2012
Guangdong Provincial Chang Da Highway Engineering Company Limited	631,283,660.61	973,770,043.50

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

4. Discontinued operations

Item	RMB	
	2013	2012
Discontinued operating revenue	—	648,280,704.11
Less: discontinued operating expense	—	660,854,632.41
Discontinued operating net profit (loss)	—	(12,573,928.30)
Less: Discontinued operating income tax expense	—	726,047.52
Discontinued operating net profit (loss) after tax	—	(13,299,975.82)
Discontinued operating net profit belongs to owners of the Company	—	<u>(13,194,318.48)</u>

5. Financial instruments and risk management

The Group's major financial instruments include cash and bank balance, notes receivable, accounts receivable, other receivables, long-term accounts receivable, short-term borrowings, notes payable, accounts payable, interest payables, dividends payable, other payables, non-current liabilities due within one year, long-term borrowings, bonds payable and long-term account payable. Details of these financial instruments are disclosed in relevant note. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group's management manages and monitors these exposures to ensure the risks are monitored at a certain level.

5.1 Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimise the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

5. Financial instruments and risk management *(Continued)*

5.1 Risk management objectives and policies (Continued)

5.1.1 Market risk

5.1.1.1 Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates other than functional currency. The functional currency of Group's subsidiaries in Hong Kong is HKD while the functional currency of the Group's other subsidiaries is RMB. As at 31 December 2013, the balances of the Group's assets and liabilities denominated in currency other than functional currency are set out below. Currency risk arising from the assets and liabilities denominated in foreign currencies may have impact on the Group's performance.

Item	2013.12.31 (Original currency)	2012.12.31 (original currency)
Cash and cash equivalents – RMB	41,995,629.42	30,940,278.44
Cash and cash equivalents – USD	289,094.98	75,899.07
Cash and cash equivalents – HKD	3,699.55	3,147.75
Accounts receivable – RMB	4,200,690.32	8,511,939.92
Other receivables – RMB	12,443,131.78	12,444,545.25
Short-term borrowing – USD	3,536,146.53	—
Account payable – RMB	5,953,108.46	5,230,853.11
Other payable – RMB	3,736,507.67	2,909,704.28

The Group closely monitors the effects of changes in the foreign exchange rates on the Group's currency risk exposures.

5.1.1.2 Interest rate risk

The Group's interest rate risk of financial instruments include: (1) The risk of change in financial instruments' fair value, related primarily to fixed rate bonds payable. (2) The risk of change in financial instruments' cash flow, related primarily to floated rate bank borrowings. The Group closely monitors the changes of floated rates so as to minimize the risk of changes in cash flow.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

5. Financial instruments and risk management *(Continued)*

5.1 Risk management objectives and policies *(Continued)*

5.1.2 Credit risk

As at 31 December 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to other side to follow the contract and the financial guarantees, including the carrying amount of financial assets in balance sheet and the financial guarantees contract.

In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group has adopted necessary policies to ensure that all clients of sales transactions have good credit worthiness. At the end of the year, except for receivables arising from the top five major clients with aggregate amounts of RMB 226,418,426.78 (31 December 2012: RMB 308,009,700.94), which accounts for 29.14% (31 December 2012: 40.77%) of the Group's receivables, the Group has no other significant risk of credit concentration.

The credit risk of liquidities is low because all is kept in banks with high credit rating.

5.1.3 Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

As at 31 December 2013, the Group has available unutilised bank loan facilities of approximate RMB 3.7 billion (31 December 2012: approximate RMB 3.9 billion).

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

5. Financial instruments and risk management *(Continued)*

5.1 Risk management objectives and policies (Continued)

5.1.3 Liquidity risk *(Continued)*

The following is the maturity analysis for financial assets and financial liabilities held by the Group which is based on undiscounted remaining contractual obligations:

RMB

Item	2013.12.31			Total
	Less than 1 year	1-5 years	Over 5 years	
Cash and bank balances	1,717,993,999.71	—	—	1,717,993,999.71
Notes receivable	5,000,000.00	—	—	5,000,000.00
Accounts receivable	752,645,715.22	—	—	752,645,715.22
Other receivables	210,531,999.01	—	—	210,531,999.01
Short-term borrowings	632,731,274.70	—	—	632,731,274.70
Notes payable	453,403,442.66	—	—	453,403,442.66
Accounts payable	917,633,504.96	—	—	917,633,504.96
Interests payable	2,535,638.24	—	—	2,535,638.24
Dividends payable	27,108,564.15	—	—	27,108,564.15
Other payables	312,776,740.48	—	—	312,776,740.48
Non-current liabilities				
due within one year	45,302,312.62	—	—	45,302,312.62
Long-term payables	—	58,850,768.38	—	58,850,768.38
Bonds payables	18,386,268.55	314,437,810.39	—	332,824,078.94
Long-term borrowings	5,487,842.61	99,690,253.04	—	105,178,095.65

5.2 Fair value

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the financial statements approximate their fair values.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

5. Financial instruments and risk management *(Continued)*

5.3 Sensitivity analysis

The Group adopts sensitivity analysis technique to analyse how the profit and loss for the period and shareholders' equity would have been affected by reasonably possible changes in the relevant risk variables. As it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable, the following are based on the assumption that the change in each risk variable is on a stand-alone basis.

5.3.1 Currency risk:

As the currency risk arising from the subsidiaries whose functional currency is RMB is very limited, no sensitivity analysis has been performed by the Group and the follow table only demonstrates the sensitivity analysis on currency risk arising from the subsidiaries in Hong Kong whose functional currency is HKD. On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the foreign exchange rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity of the Hong Kong subsidiaries:

Item	Change in exchange rate	2013		2012	
		Effect on profit	Effect on shareholders equity	Effect on profit	Effect on shareholders equity
All foreign currency	5% increase against HKD	2,208,910.90	2,208,910.90	1,803,312.24	1,803,312.24
All foreign currency	5% decrease against HKD	(2,208,910.90)	(2,208,910.90)	(1,803,312.24)	(1,803,312.24)

HKD

(IX) OTHER SIGNIFICANT MATTERS (Continued)

5. Financial instruments and risk management (Continued)

5.3 Sensitivity analysis (Continued)

5.3.2 Interest rate risk:

5.3.2.1 The analysis based on the following assumptions:

Interests and expenses from floated rate financial instruments may be affected by interest rate. Only interests and expenses are affected by interest rate to the fixed rate financial instruments measured at fair value. The fair value change of financial instruments is calculated by discounted cash flow approach with the interest rate at balance sheet date.

5.3.2.2 On the basis of the above assumption, where all other variables are held constant, the reasonably possible changes in the interest rate may have the following pre-tax effect on the profit or loss for the period and shareholders' equity:

		2013		2012	
Item	Change in interest rate	Effect on profit	Effect on shareholders equity	Effect on profit	Effect on shareholders equity
Bank	1% increase	(7,527,799.83)	(7,527,799.83)	(1,147,518.00)	(1,147,518.00)
borrowings	1% decrease	7,527,799.83	7,527,799.83	1,147,518.00	1,147,518.00

6. Material litigation and arbitration

In previous years, the Group had filed lawsuits against Tangshan City Shuihou Zhagangyichang, Tangshan Xingye Gongmao Group Company Limited, and Tangshan City Kaipingqu Xingye Zhazhichang at the Guangzhou Intermediate People's Court in order to recover the advance payment totaling RMB 477,490,263.25 made by the Company on purchasing steels defaulted by the above companies. The Guangzhou Intermediate People's Court entered a judgment on June 7, 2011, deciding that the defendants should repay the advance payments made by the Company and at the same time pay a breach penalty. The Guangzhou Intermediate People's Court issued a Legal Effect Proof of the Written Judgment on 12 July 2011 verifying that the above judgment would be effective as of 30 June 2011. In accordance with the ruling, the Group would follow up the relevant subsequent works. As at 31 December 2013, the Group has recognized bad debt provision RMB 474,738,829.58 for the prepayment.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

7. Employees pension scheme

7.1 Defined Contribution Scheme

	RMB	
	Consolidated	
Item	2013	2012
Employees pension scheme	<u>70,761,819.72</u>	<u>61,070,099.87</u>

In compliance with laws and regulations in Mainland China, the Group pays retirement pension insurance for employees in Mainland China at a percentage of 18% of their basic salaries of the previous year; all the retirement pension insured employees can receive a pension by installment provided the government upon retirement. In accordance with the Mandatory Provident Fund Schemes Ordinance of Hong Kong, the Group pays the Mandatory Provident Fund Scheme for all Hong Kong employees at the lower of 5% of the total monthly income or HKD 1,000.

7.2 Defined Benefit Scheme

The defined benefit scheme of the Group typically expose the Group to risks as follows.

Interest risk	A decrease in the bond interest rate will increase the plan liability.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participant will increase the plan's liability.
Price Risk	The present value of the defined benefit plan liability is calculated by reference to the Consumer Price Index. An increase in the Consumer Price Index will increase the plan's liability.

According to the previous experience, the management of Group believe that the risks above have no significant impact on the financial statement.

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

7. Employees pension scheme *(Continued)*

7.2 Defined Benefit Scheme (Continued)

The movement of the present value of the defined benefit is as follows:

	2013.12.31	2012.12.31
Opening defined benefit obligation	32,818,899.87	50,470,421.26
Decreased by consolidation	—	(13,839,367.00)
Interest cost	2,166,096.87	1,353,888.11
Benefits paid	(5,126,676.97)	(5,166,042.50)
Closing defined benefit obligation	<u>29,858,319.77</u>	<u>32,818,899.87</u>

8. Shares transfer

On 23 September 2013, the Company was noticed by GCGC, that the board of directors of GCGC has approved the transfer agreements between GCGC and Guangdong Provincial Highway Construction Company Limited, Guangdong Communication Enterprise Investment Company Limited, Guangdong Province Road & Bridge Construction Development Company Limited and Guangdong Weisheng Transportation Enterprise Company. Pursuant to the agreements, GCGC would acquire shares of these four companies at nil consideration, as a result, GCGC will hold 66.96% share of the Company after the equity transfer. The above share transfers have been approved by State-owned Assets Supervision and Administration Commission on 12 February 2014. As of the date of the financial statements, the share transfers are still in progress.

(IX) OTHER SIGNIFICANT MATTERS (Continued)

9. Other financial information

RMB

Item	Consolidated		Company	
	2013.12.31	2012.12.31	2013.12.31	2012.12.31
Net current assets (liabilities)	(68,095,587.22)	6,138,148.50	159,040,631.46	95,296,369.75
Total assets less current liabilities	<u>2,711,993,358.60</u>	<u>2,404,111,845.29</u>	<u>1,308,493,071.63</u>	<u>1,253,261,235.46</u>

Item	Consolidated		Company	
	2013	2012	2013	2012
Consumption of Materials	3,105,300,185.04	3,688,839,584.88	2,384,956,613.48	2,986,575,557.65
Employment Benefits	920,159,500.02	853,084,012.79	49,853,594.68	32,783,599.30
Depreciation	238,578,013.88	219,480,205.19	1,131,771.13	1,849,820.27
Amortisation	40,691,835.70	36,068,399.88	15,870,725.10	16,790,125.81
Annual auditor's fee	4,350,000.00	9,497,836.80	3,254,592.00	3,128,349.05
Operating lease:	109,352,672.48	115,224,860.90	6,887,416.60	9,305,205.60
including: Machinery	20,054,148.42	16,520,470.38	—	—
Land and building	89,106,524.06	98,444,209.52	6,482,416.60	9,062,205.60
Others	<u>192,000.00</u>	<u>260,181.00</u>	<u>405,000.00</u>	<u>243,000.00</u>

(IX) OTHER SIGNIFICANT MATTERS *(Continued)*

10. Capital management

The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximizing the return to shareholders through periodic review and management of the capital structure in order to maintain an optimization of the ratio of net debt and shareholder's equity. The net debt of the Group is defined as total borrowings minus cash and bank balances while the shareholder's equity is the total amount attributable to the shareholders of the Company in the financial statement of equity movement. The Group will adjust dividend, issue new shares and fund new borrowings to decrease liability.

Gearing Ratio:

Items	2013.12.31	2012.12.31
Short term borrowings	626,554,858.03	10,400,000.00
Long term borrowings due within one year	38,308,430.78	34,619,309.88
Long term borrowings	87,916,694.66	69,732,489.66
Bonds payable	298,024,078.94	297,037,810.39
Total borrowings	1,050,804,062.41	411,789,609.93
Less: Cash and bank balances	1,717,993,999.71	1,262,848,441.36
Net debt	(667,189,937.30)	(851,058,831.43)
Shareholder's Equity	1,495,581,756.29	1,380,105,592.28
Net debt to equity ratio	N/A	N/A

(X) APPROVAL OF THE FINANCIAL STATEMENTS

The Company's financial statements and the consolidated financial statements were approved by the board of directors and authorised for issue on 19 March 2014.



廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited