



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)

把握新趨勢 再創新佳績



2014

ANNUAL REPORT

CONTENTS

COMPANY OVERVIEW

1	Company Profile
2	Company Information
3	Company Structure
4	Financial Highlights
6	Major Events
10	Chairman's Statement
12	Investment Value of the Company
13	Corporate Social Responsibility Report

MANAGEMENT DISCUSSION AND ANALYSIS

20	Business Review
29	Financial Review
37	Five-Year Financial Summary

CORPORATE GOVERNANCE

38	Directors, Supervisors and Senior Management
47	Corporate Governance Report
60	Directors' Report
78	Supervisors' Report
80	Particulars of Shareholders

FINANCIAL STATEMENTS

83	Auditor's Report
85	Consolidated Balance Sheet
88	Balance Sheet
91	Consolidated Income Statement
93	Income Statement
94	Consolidated Cash Flow Statement
96	Cash Flow Statement
98	Consolidated Statement of Changes In Shareholders' Equity
100	Statement of Changes in Shareholders' Equity
102	Notes to the Financial Statements

COMPANY PROFILE

Guangdong Yueyun Transportation Company Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are the leading integrated transportation and logistics service providers in Guangdong Province. The Company’s controlling shareholder is Guangdong Provincial Communication Group Company Limited (the “GCGC”), a state-owned enterprise established in China.

Currently the Group’s principal activities are as follows: (1) motor transportation and auxiliary services, whereby the Group is mainly engaged in the transportation within Guangdong Province, transportation between Guangdong Province and other provinces, cross-border transportation between Guangdong Province and Hong Kong, as well as the provision of traffic rescue services and management of passenger and cargo transportation terminals; (2) material logistics services, whereby the Group is mainly engaged in the management of material logistics for expressway and other large infrastructure projects; (3) expressway service zone and related services, whereby the Group is mainly engaged in the relevant auxiliary services for expressway service zones, such as food and beverage shops, convenient stores, refueling stations, vehicle repairs and outdoor advertising in expressways. The Group’s business also covers the operation of and toll collection for Taiping Interchange of Guangzhou-Shenzhen-Zhuhai Expressway (the “Taiping Interchange”).

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 Hong
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

KPMG Huazhen (Special General Partnership)
8th Floor, Tower E2, Oriental Plaza 1
East Chang An Avenue, Beijing, PRC

PRINCIPAL BANKERS

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

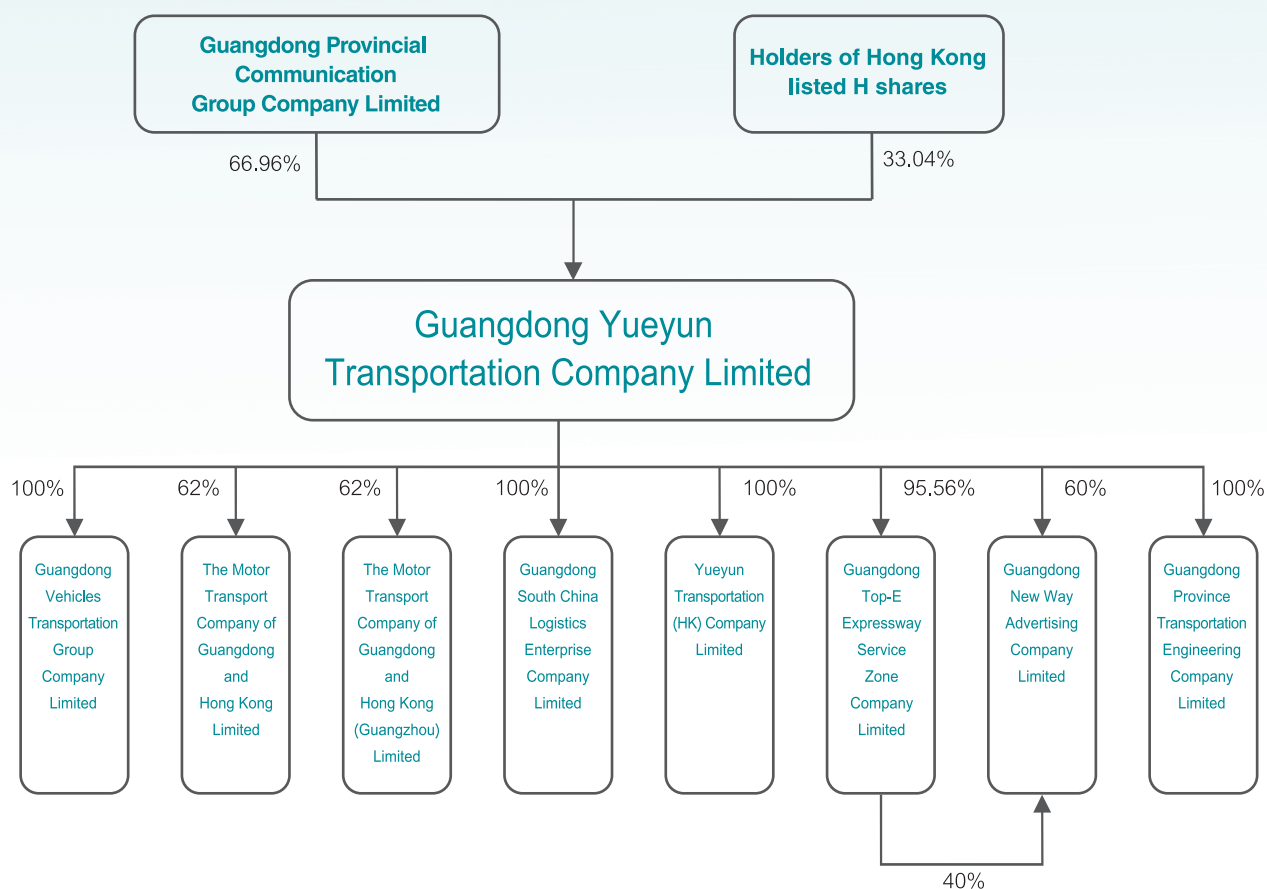
LEGAL ADVISER

Paul Hastings
21-22/F, 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	31 December	
	2014	2013	Change
	RMB'000	RMB'000	
Results highlights			
Revenue			
Motor vehicle transportation and auxiliary services	2,503,719	2,160,933	16%
Material logistics services	6,491,250	3,206,899	102%
Expressway service zones	706,300	631,990	12%
Taiping Interchange	173,174	161,325	7%
Others	3,629	4,685	(23%)
Total revenue	9,878,072	6,165,832	60%
Gross Profit			
Motor vehicle transportation and auxiliary services	562,059	450,361	25%
Material logistics services	191,807	141,503	36%
Expressway service zones	154,758	125,234	24%
Taiping Interchange	133,819	138,523	(3%)
Others	1,295	3,214	(60%)
Total gross profit	1,043,738	858,835	22%
Business tax and levies	60,921	47,248	29%
Selling and administrative expenses	616,936	566,544	9%
Finance expenses	63,343	43,226	47%
Impairment losses on assets	19,112	16,076	19%
Investment income	17,204	11,946	44%
Operating profit	300,630	197,687	52%
Non-operating income and expenses	120,058	100,600	19%
Total profit	420,688	298,287	41%
Income tax expenses	127,099	88,140	44%
Net profit	293,589	210,147	40%
Profit and loss attributable to minority interests	90,793	74,254	22%
Net profit attributable to owners of the Company	202,796	135,893	49%
Basic earnings per share (RMB)	0.48	0.32	50%

	31 December 2014 RMB'000	31 December 2013 RMB'000	Change
Results highlights			
Total assets	6,753,080	6,176,936	9%
Total net assets	2,711,903	2,210,890	23%
Equity attributable to owners of the Company	1,661,125	1,495,582	11%
Net assets per share attributable to owners of the Company (RMB)	3.98	3.58	11%
	31 December 2014	31 December 2013	
Ratios			
Gross profit margin (%)	10.57%	13.93%	(24%)
Interest coverage ratio (times)	6.24	6.71	(7%)
Gearing ratio (%)	59.84%	64.21%	(7%)
Current ratio (times)	0.97	1.04	(7%)

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

AWARDS AND RECOGNITION

- In May 2014, the Enterprise Operation and Management Rating Committee of China National Association of Metal Material Trade (中國金屬材料流通協會企業經營管理分級評定委員會) released the list of Grade 5A Steel Trading Enterprises in the PRC. Fifteen enterprises were on the list including Guangdong Yueyun Transportation Company Limited. In August, the Company was awarded “Leading Corporation of Honest Operation in Steel Trading Industry for 2013-2014”(2013-2014年度中國鋼鐵流通行業誠信經營示範企業). Grade 5A is the highest grade for steel trading enterprises determined after comprehensive assessment of steel trading enterprises in accordance with national standards.
- The Company was ranked No.3 among the “Top 100 Trustworthy Road Transportation Enterprises in China (2014)” issued by China Road Transport Association in June 2014, and Qingyuan City Vehicles Transport Group Company Limited (now renamed as “Qingyuan City Yueyun Vehicles Transport Co., Ltd. (清遠市粵運汽車運輸有限公司)”) and Shaoguan Guangdong Province Qiyun Group Co., Ltd. (廣東省韶關市汽運集團有限公司) (now renamed as “Shaoguan Yueyun Vehicles Transport Co., Ltd. (韶關市粵運汽車運輸有限公司)”), both subsidiaries of the Company, were ranked the 66th and 86th, respectively.
- At the “Review Meeting for Promotion of Energy-Saving and Emission-Reduction for China’s Transportation Enterprises” (2014年度全國交通運輸企業節能減排宣傳推進活動總結會) for 2014 held by China Association of Communication Enterprise Management (中國交通企業管理協會) in Beijing in June 2014, the Company was recognised as a “National Advanced Transportation Enterprise Promoting Green Cycling and Low Carbon-Emission in 2014” (2014年度全國交通運輸綠色循環低碳建設先進企業) and “National Promotion Transportation Enterprise Promoting Green Cycling and Low Carbon-Emission in 2014” (2014年度全國交通運輸綠色循環低碳建設推進企業). The Company’s natural gas Refuelling facilities and network construction and NGV application project was recognised as “National Transportation Project Promoting Green Cycling and Low Carbon-Emission in 2014”, and was included in the “Promotion Catalogue of China’s Outstanding Projects, Products and Technology in relation to Green Cycling and Low Carbon-Emission” (全國交通運輸綠色循環低碳建設優秀項目、產品、技術推廣目錄).
- Guangdong Top-E Expressway Service Zone Company Limited (“Top-E”), a subsidiary of the Company, and Zhaoqing Yueyun Vehicles Transport Co., Ltd. (肇慶市粵運汽車運輸有限公司) was awarded an “Outstanding Entity in National Transportation Culture Building 2014” by China Association of Communication Enterprise Management in September 2014, respectively.
- At the “Hongkongese’s Favourite Brands” (港人港情品牌大獎) award ceremony held by PCCW Yellow Page in September 2014, The Motor Transport Company of Guangdong and Hong Kong Limited (“GD-HK Company”), a subsidiary of the Company, won the “Best Cross-border Transportation Service Brand Award”, making it the only cross-border road transportation enterprise receiving such honour.
- In December 2014, the Company received the “Best Investment Value Award for Listed Companies” at the “Best Investment Value for Hong Kong-Listed Companies Award Ceremony 2014”, and Mr. Liu Zhiqian, secretary to the Board of the Company, won the “Best Investors Relations Officer” award.

ROAD TRANSPORTATION AND AUXILIARY SERVICES

- In February 2014, the Company and Yuchai Machinery Co., Ltd. entered into a strategic cooperation agreement to establish a strategic partnership.
- In August 2014, Guangdong Vehicles Transportation Group Company Limited (“GVTG”) and Yueyun Traffic Technical Service (Guangzhou) Co., Limited (“Yueyun Traffic Technical”), both subsidiaries of the Company, acquired shares of Qingyuan City Vehicles Transportation Group Company through capital contribution in cash. Upon completion of the capital increase, GVTG and Yueyun Traffic Technical held 51% and 10.7535% of the equity interest of Qingyuan City Vehicles Transportation Group Company, respectively, and Qingyuan City Vehicles Transportation Group Company became an indirect non-wholly-owned subsidiary of the Company. Qingyuan City Vehicles Transportation Group Company has been renamed as Qingyuan City Yueyun Transportation Group Company Limited (清遠市粵運汽車運輸有限公司) (“Qingyuan Yueyun”).
- In September 2014, GVTG and Yueyun Traffic Technical acquired 51% and 5.8562% equity interest in Shaoguan Guangdong Province Qiyun Group Co., Ltd., (廣東省韶關市汽運集團有限公司) respectively, which became an indirect non-wholly-owned subsidiary as a result. Shaoguan Guangdong Province Qiyun Group Co., Ltd. is now renamed as Shaoguan Yueyun Vehicles Transport Co., Ltd. (韶關市粵運汽車運輸有限公司) (“Shaoguan Yueyun”).

MATERIAL LOGISTICS BUSINESS

- In April 2014, the Company entered into two asphalt supply contracts in relation to Zhaoqing-Huadu Expressway project with a total contract value of approximately RMB268 million.
- In April and May 2014, the Company entered into two supply contracts in relation to the Foshan West to Guangzhou South section of Guangzhou-Foshan Circle Intercity Railway, with a total contract value of approximately RMB265 million.
- In May 2014, the Company entered into several steel bar material supply contracts in relation to the civil works of Guangzhou Metro Line No.21, with a total contract value of approximately RMB2,103 million.
- In March and May 2014, the Company entered into several steel bar material supply contracts in relation to Guangzhou Metro Line No.8 North Extension project, with a total contract value of approximately RMB644 million.
- In May 2014, the Company entered into a contract relation to Guangzhou Metro Lines Nos. 2 and 8 Extension (Construction Bid 14), with a contract value of approximately RMB66 million.
- In May 2014, the Company, as the vendor, entered into a steel purchase contract in relation to Guangzhou-Qingyuan Intercity Railway Transportation Project GQZH-1 Section, with a contract value of approximately RMB109 million.

- In March 2014, Guangdong South China Logistics Enterprise Co. Ltd. ("Southchina Logistics Enterprise"), a wholly-owned subsidiary of the Company, entered into several material supply contracts in relation to Guangzhou-Qingyuan Expressway Extension project, with a total contract value of approximately RMB284 million.
- Between February 2014 and October 2014, Southchina Logistics Enterprise entered into several material supply contracts in relation to Baotou-Maoming Expressway project, with a total contract value of approximately RMB1,223 million.
- In August and September 2014, Southchina Logistics Enterprise entered into several material supply and management contracts in relation to Humen Second Bridge project, with a total contract value of approximately RMB1,051 million.
- In January and September 2014, Southchina Logistics Enterprise entered into several major material supply and management contracts in relation to Jieyang-Boluo Expressway, with a total contract value of approximately RMB210 million.

EXPRESSWAY SERVICE ZONE BUSINESS

- In April 2014, Top-E and CNOOC Guangdong Marketing Co., Ltd. (中海油廣東銷售有限公司) entered into the Guangzhou-Lechang Expressway Zhangshi-Huadong Section Huacheng Service Zone Gas Station Concession Contract, with a contract value of approximately RMB85 million.
- In April 2014, Top-E and CNPC BP Oil Co., Ltd. (中油碧辟石油有限公司) entered into the Guangzhou-Lechang Expressway Zhangshi-Huadong Section Yuantan Service Zone Gas Station Concession Contract, with a contract value of approximately RMB183 million.
- In April 2014, Top-E and Shenzhen Nanshan Oil Co., Ltd. (深圳市南山石油有限公司) entered into the Meizhou Mei County-Dapu Expressway East Extension Chayang Service Zone Gas Station Concession Contract, with a contract value of approximately RMB60 million.
- In June 2014, Top-E entered into several contracts with Sinopec Marketing Company, Guangdong Oil Branch (中國石化銷售有限公司廣東石油分公司) in relation to the operation of the Gas Stations in Meihua North Service Zone, Yiliu Service Zone, Lixi Service Zone and Yinghong Service Zone in Guangzhou-Lechang Expressway, with a total contract value of approximately RMB461 million.
- In June 2014, Top-E and Haifeng County People's Government entered into a memorandum of understanding in relation to the Shenzhen-Shantou West Expressway Houmen Service Zone Renovation and Expansion Project.

- In July 2014, Top-E obtained the concession in respect of the operation and management of the service zones along Pingyuan-Xingning Expressway.
- In July 2014, Top-E entered into several contracts with Sinopec Marketing Company, Guangdong Oil Branch (中國石化銷售有限公司廣東石油分公司) in relation to the operation of the Gas Stations in Baisha Service Zone, Xiaosanjiang Service Zone, Fengyang Service Zone and Datang Service Zone in Erenhot-Guangzhou Expressway with a total contract value of approximately RMB372 million.
- In August 2014, Top-E and Guangdong Sanyuan McDonald's Food Co., Ltd. entered into the Yiliu Service Zone Western-style Fast Food Restaurant Operation Contract and Lixi Service Zone Western-style Fast Food Restaurant Operation Contract, with a total contract value of approximately RMB42 million.
- In September 2014, Huacheng Service Zone, Yuantan Service Zone, Lixi Service Zone, Yingde Parking Area, Yinghong Service Zone, Zhangshi Parking Area, Yiliu Service Zone, Lechang Service Zone and Meihua North Service Zone along Guangzhou-Lechang Expressway commenced operation.
- In October 2014, Top-E and Jiaying Tonghui Expressway Service Zone Operation and Management Co., Ltd. (嘉興市同輝高速公路服務區經營管理有限公司) entered into the Yangjiang Service Zone Food and Beverage Project Concession Contract, with a contract value of approximately RMB44 million.
- In November 2014, Top-E obtained the concession in respect of the operation and management of the s auxiliary service and facilities along the Jiexi Daxi-Boluo Shiba section of Shantou-Zhanjiang Expressway.
- In December 2014, Fengyang Service Zone, Baisha Service Zone, Yongfeng Parking Area, Xiaosanjiang Service Zone and Lianmai Parking Area along the Lianzhou-Huaiji section of Erenhot-Guangzhou Expressway commenced operation; Datang Service Zone of Pearl River Delta Circle Expressway commenced operation; and Chayang Service Zone of Meizhou-Longyan Expressway Meida East Section commenced operation.

CHAIRMAN'S STATEMENT

BUSINESS OVERVIEW

2014 was the first year for the Group to fully implement the *Strategic Development Plan for the Year 2014-2018*. Focusing on its strong resources and with continuous structure optimization, the Group continued to promote the smooth implementation of its strategic development plan with key cooperation projects, and further established its three pillar businesses: motor transportation and auxiliary services, material logistics services and expressway service zone. As a result, the Group's financial performance improved significantly.

Over the past year, its motor transportation and auxiliary service business continued to adopt the development model of "Merger and Acquisition – Integration – Growth" and achieved additional growth of market share and further improved road transportation network by accelerating the merger and acquisition and reorganization of road transportation resources within Guangdong Province, enhancing the effectiveness of resource integration and innovating the operation management measures, actively reclaiming and self-operating lines and vigorously expanding the rural passenger transport market, the Group realized the steady growth of financial performance. The Group's material logistics service business closely leveraged on the opportunity from a new round of large-scale construction of expressways of GCGC to fully secure supply of materials for its projects, actively develop material supply business for projects not undertaken by GCGC and facilitate the reform and upgrade of Dongguan wharf phase II project examination and acceptance exploration business, which has contributed to the steady growth of its results of operation. Its expressway service zone business expanded scale of operation by adding new service zones, deeply explored the potential and value of its existing resources, and put greater efforts to improve the synergy of its terminal resources in order to its overall efficiency and expand room for development. At the same time, by comprehensively fostering marketing and planning for advertising business as well as the capacity to maintain customer relationships, service network and information management, it has achieved a steady growth in operating efficiency. The daily operation and management of Taiping Interchange progressed orderly with a steady growth in operating revenue.

Through continuous optimization and improvement of its 6S management systems (being Strategic Control System, Comprehensive Budgeting Management System, Management Reporting System, Internal Auditing System, Performance Assessment System and Operation Appraisal System), the Group has established a new enterprise culture system which has provided strong support for the continuous and health development of the Group's various activities.

The Group enhanced the management of the capitalization of its shares by strengthening its communication with investors in the capital market. As a result, its share price has risen significantly in 2014.

OUTLOOK AND PROSPECTS

The world's economy is still at a stage of adjustment as a result of the aftermath of the international financial crisis. Global economic growth may pick up slightly, but, no apparent improvement is expected to be seen for the overall weakness of recovery. The PRC government has maintained the continuity and stability of its macroeconomic policies and implemented positive fiscal policies and stable monetary policies. The central and local governments has successively introduced a series of policies and measures to deepen state-owned enterprise reform, which put changing the style of economic growth and adjusting economic structure in an more important position, focus on innovation-driven growth and strive to improve the competitiveness of state-owned enterprises. Furthermore, GCGC is in a cycle of expressway construction, which will bring huge business opportunities to the Group's business segments.

The Group will strive to promote the development of its scale, intensification and business network and strengthen its brand advantage by capturing the opportunities brought by policies and market under the "New Normal" and maintaining the development model of "Merger and Acquisition – Integration – Growth". In the future, 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 organic growth drivers, it will strive to develop into a comprehensive modern transportation and logistics enterprise with distinct competitive advantages comprising road transportation, expressway services, modern logistics, commercial properties on self-owned land and advertising media in order to maximize the value of its customers, employees and shareholders.

Xuan Zongmin

Chairman

Guangzhou, China

25 March 2015

INVESTMENT VALUE OF THE COMPANY

1. The road transportation business has stronger branding advantages, nationwide size advantages and monopoly position in the Guangdong Province. It has wide geographical coverage and a relatively complete industry chain, delivering cost advantages as a result of economy of scale with extensive terminal and land resources, which together provide strong potential for its growth. It combines enterprise development with capital market to form a positive cycling development model of “Acquisition– Consolidation–Growth”, which enables sustainable and sound development of the enterprises.
2. With years of practice and exploration and on the basis of steadily growing investment and construction of domestic infrastructure, the Group’s material supply and comprehensive logistics service business will build on its existing business operation and development to discuss the investment and construction of logistics parks and related integrated logistics business. Through broadening procurement and external sales channels, it adopts operation model of integrated procurement to reduce business volume in the procurement segment and gradually increase the proportion of business volume in transportation, logistics management, warehousing and delivery, and the processing segments, which will enhance its integrated logistics service capability to realize supply chain management over time and maintain fast and steady corporate growth.
3. The expressway service zone business has now established a stable business portfolio and operation model. Through commercial modification, in-depth development of its existing service zones and expansion of the service zone related business into passenger terminals, the service zone business in the future will further realize the network benefits and economies of scale, and through business innovations, there will be greater growth potential in the future.
4. 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

Under the new normal economic situation, the Company continues to be committed to building a sustainable development environment where an enterprise strives for mutual benefits and harmony with people, society and environment, and facilitates green development, cyclic development and low carbon development in the principle of “attaching equal importance to benefits and responsibilities”. During 2014, when we faced great impact on the urban rail transit, Yueyuners stood united to overcome difficulties to constantly expand our scale by newly acquiring two large companies, namely Qingyuan Yueyun and Shaoguan Yueyun, to gain market recognition with increasing share prices and to achieve certain success to customers, employees and shareholders and in social responsibilities, and steadily stepped forward to build a road for socially responsible system. We hope to become your reliable partner to join hands forward on the broad road to the Chinese Dream.

OUR RESPONSIBILITIES TO CORPORATE STAFF

To date, the Company has expanded its passenger traffic business to cover all of 21 prefecture-level cities in the Guangdong Province with approximately 18,600 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 compensation and welfare, wide development opportunities and comprehensive training system.

In 2014, we fulfilled our responsibility to employees primarily in four aspects. Firstly – promote human resource planning. Under the guidance of the overall strategies of the Company, we cooperated with the School of Economics of Jinan University to organize strategic planning by human resource functions to form a functional plan and action plan, with the core content of organisational structure reform, core management talent identification and training and performance management optimization, to provide an effective working guide on human resources, and to provide a broader development room for employees. We implemented personnel selection, designation of personnel for new expansion projects and rotation of key posts in set up posts in business, match personnel according to posts, assign suitable personnel to appropriate posts and utilize one’s full skills in accordance with plans. Secondly – improve remuneration incentives system. The Company updated remuneration plans after reorganization. We further improved our remuneration incentives system by way of democratic centralism in the basic principle of linking remuneration incentives with corporate revenue in 2014. Meanwhile, on the premise of sustainable improvement in corporate benefits, we took initiatives in carrying out exploration in equity incentives. Thirdly – push forward employees’ career development. We conducted training education for management and adjusted the budget standard of training expenses and its implementation plan so that the proportion of participation of the management reached 100%. We strongly strengthened training education at each level of management by taking full advantage of internet institutions. We promoted the building of expert reserves, back-up talents and professional technicians. We organized trainings on three large themes, namely employment management, work specification for expatriate management, work specification and requirement for the management, carried out first operation management training for heads of passenger transportation stations of the Group, held a training class on engine safety instruction and maintenance knowledge for approximately 100 technical management, inspectors, and mechanics from all the subsidiaries to promote the building of

professional technicians. Fourthly – foster an internal harmonious atmosphere. We enriched the cultural life of employees by actively 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, fashion show for female employees such as “creative fashion show (創意無限·炫舞霓裳)” and cooking competition, conducting a “dream of youth. colorful life—leaders talk about growing up to outstanding youth representatives face-to-face (青春有夢·人生出彩-領導與優秀青年代表面對面話成長)” forum, during which leaders communicated with youth employees face-to-face. All the above activities not only established a better platform for youths to nurture their talent, but also provides beneficial opportunities for more extensive communication among youth employees so as to foster a positive, healthy, happy and harmonious atmosphere.

OUR RESPONSIBILITY TO CUSTOMERS

The Company always upholds “customer oriented, promises kept, quality service, safety and comfort” as its service tenet and practises the concept of “true Yueyun and comfortable journey (真情粵運·舒適之旅)” in road 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 all-around high quality comprehensive service in expressway services, and to guarantee materials supply in material logistics service to create values for customers continuously.

In 2014, 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)”, and regarded safety as our fundamental importance to fulfill major responsibilities of safety production and strengthen the implementation of “one position two responsibilities”. We focused on comprehensive integration and overall improvement of safety management systems in corporate reorganization, mergers and acquisition and continuous enhancement of front line safety management level for solid development of various tasks and specific rectification of counter measures for regulation violation, with creation of safety standards as our main line and enhancement of hazards screening and control as key point, to enhance safety control ability, improve safety performance and stabilize safety production. In 2014, the Group was jointly awarded as “Outstanding Unit in the National Road Passenger Transportation Safety Year Activity (全國道路客運安全年活動成績突出單位)” by the State Administration of Work Safety, the Ministry of Transport and the Ministry of Public Security due to the fact that the Group’s passenger transportation segment had never occurred serious safety production accidents and met the accident control target set by the higher authority with the passenger turnover of 9.49 billion passenger-kilometers. 518 drivers in the Group were on the list of “Drivers Elected in the First National Safe Driving of One Million Kilometers in the Road Passenger Transportation in 2014 (2014年首屆全國道路客運安全行車百萬公里駕駛員)” published by the China Road Transport Association on 28 October 2014 and the number ranked first, accounting for 48% of the total elected drivers. 99 drivers were classified as drivers to safely drive 2 million to 3 million kilometers, of which 43 came from the Group, accounting for approximately 43%, and 973 drivers were classified as drivers to safely drive 2 million to 3 million kilometers, of which 475 came from the Group, accounting for approximately 49%. Secondly – serve the people and enhance innovation. In order to create carriage culture, serve passengers and enhance the social image of “Yueyun” brand, the Group completed

the installation of WiFi devices in 1,100 Yueyun Expresses and our 20 terminals to achieve the full coverage of “Yueyun” wireless network service. In order to provide customers with safe, convenient and authoritative ticket purchase service, the Group developed “Yueyun” Wechat ticket purchase platform and established a uniform platform for Wechat enquiry, ticket selling and public information publication to conduct all kinds of marketing activities for more passengers to understand Yueyun, familiarize Yueyun, select Yunyun so as to enhance the comprehensive competitiveness of Yueyun brand. Thirdly – enhance service quality. The Group further enhanced our management, standardized 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 checking at terminals. In June 2014, the Company ranked the third on the list of “Top 100 Trustworthy Road Transportation Enterprises in China (2014) (2014年度中國道路運輸百強誠信企業)” by the China Road Transport Association. In order to further enhance the service quality of highway service zone in the Guangdong Province, and provide more civilized, standardized, higher quality and efficient service to customers, the Group commenced building civilized service zones in the Guangdong Province in June 2014 according to the arrangement of Guangdong Transportation Department and Guangdong Spiritual Civilization Construction Guidance Office, so as to improve the overall image and service quality of highway service zones in a half-year period through six aspects, including operation and management, environment and sanitation, service quality, safety management, equipment and facilities and spiritual civilization. We try to forge a “clean and beautiful (潔暢寧美)” civilized service zone and meet five standards, including beautiful environment, good order, quality service, optimized management and elegant image. In 2014, GCGC smoothly completed the construction of 7 projects, namely the southern section and northern section of Guangzhou-Lechang Expressway, Zhaoqing-Huadu Expressway, Erenhot-Guangzhou Expressway, stage II of Shantou section of Shantou-Jieyang Expressway, Meijiang-Dapu expressways, the section along the east of Meijiang-Dapu Expressway with a distance of 565 kilometers and opened to traffic. The Group simultaneously constructed open service zones in 7 projects in tight time and great difficulty to provide convenient service. Fourthly – maintain smooth traffic to enhance service level. We organized various work to ensure smooth traffic of expressways in service zones and the traffic rescues are 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、提高服務水準)”, based on the Group’s general strategy for ensuring smooth traffic in major festivals and holidays. In order to solve the problem of “more points, long distance, extensive area” in vehicle rescue management in highway roads and achieve the optimal allocation in rescue forces and resources, the Group established a unified rescue allocation platform by means of information and network. We published information, manage work order, uniformly allocate rescue resources, followed up the whole process of rescue events, paid a return visit to customers and analyzed the statements on the platform, and prevented the duplicated submission of information and telephone through information exchange between rescuers’ mobile APP and the rescue system platform to ensure fast, effective and real-time monitoring, which not only enhanced management efficiency, but also provided technical support in value added service extension and brand building. Fifthly – endeavors to ensure the supply of materials within GCGC. In 2014, GCGC smoothly completed the construction of 7 projects, namely the southern section and northern section of Guangzhou-Lechang Expressway, Zhaoqing-Huadu Expressway, Erenhot-Guangzhou Expressway, stage II of Shantou section of Shantou-Jieyang Expressway, Meijiang-Dapu

Expressway, the section along the east of Meijiang-Dapu Expressway with a distance of 565 kilometers and opened to traffic. In order to smoothly ensure materials supply, Southchina Logistics Enterprise planned ahead, arranged delivery plan as early as possible, reasonably allocated, and enhanced the coordination and communication among owners, manufacturers, and suppliers to ensure smooth supply. Meanwhile, we relied on third party professional institutions to enhance the technical aspects of material supply management, and strengthened 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 2014, 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 road transportation, 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 protecting 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 materials supply and contractual performance ability so as to ensure that 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 the Guangdong Province for the eleventh consecutive year.

For shareholders, the Company assumed the responsibility of maximizing corporate values and sustainable development. In 2014, we fulfilled our responsibility to shareholders primarily in three aspects. Firstly – steadily improve operating performances. In 2014, we accelerated mergers and acquisitions in road transportation, with breakthroughs made in key projects, such as merger and acquisition of Qingyuan Yueyun and Shaoguan Yueyun, 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 rescue speed and resources utilization rate; 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 resources synergy and actively fostered brand effect for LOYEE convenience stores and shared resources with Yueyun terminals; 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 – gradually perfect corporate governance. To ensure sustainable and healthy development,

the Company continued to enhance its governance with advanced management team, strict disclosure principles and smooth communication mechanism with investors. As for the governance structure, the Company continues to maintain standardized and independent operations of the general meetings, board of directors meetings and supervisory committee's meetings and continuously enhance the ability of the board of directors in strategic management and scientific decision-making. As for information disclosure, the Company ensures information disclosure in an accurate, timely and complete manner, in strict accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the relevant laws and regulations. As for the establishment of communication mechanism with investors, investors can have a timely and comprehensive understanding of the Company's business operations through results presentation, announcement and press release by various means, such as company website, e-mail and telephone. We are also committed to enhancing analysis on capital markets, placing emphasis on market value management and investor relations management and has adopted various forms to communicate with investors. We give high priority to issues concerned by investors as well as their suggestions and further improved our corporate operational management and governance level to achieve the recognition by the market of the Company's values and maximize shareholders' value. In 2014, the Company's share price started at HK\$2.42 and closed at HK\$6.12, representing an increase of 153% for the whole year and a significant lead over the annual increase of 1.28% in the Hang Seng Index. Thirdly – constantly enhance internal control management. In 2014, in order to effectively enhance and improve corporate internal control, prevent integrity risks, enhance corporate operation management and strengthen corporate healthy and sustainable development, the Group conducted self-examination and correction on corporate internal control and deepened self-examination in term of comprehensiveness, conformity, suitability, effectiveness in establishment and implementation of internal control pursuant to “Practice Note for Corporate Internal Control (企業內部控制應用指引)” and “Fundamental Norms for Corporate Internal Control (企業內部控制基本規範) jointly issued by the Ministry of Finance, the CSRC, the Audit Commission, the CBRC and CIRC in 2010. The Company primarily located weak links in internal control and identified flaws in design and operation of internal control, further analyzed and researched the problems during self-examination and adopted effective measures to rectify for perfection. The coverage rate of self-examination reached 100%. In addition, we placed great importance to legal review and approval on key links. In order to standardize the procurement, and tendering and bidding management, the Company formulated “Interim Regulations on Procurement Management of Guangdong Yueyun Transportation Company Limited” (廣東粵運交通股份有限公司採購管理暫行規定), “Interim Measures for Tendering and Bidding Management of Guangdong Yueyun Transportation Company Limited” (廣東粵運交通股份有限公司招股標管理實施暫行辦法) and “Contract Administrative Measures for Yueyun Transportation Company Limited” (廣東粵運交通股份有限公司合同管理辦法), utilized information technology means, streamlined and optimized business process to further enhance the quality and effectiveness of regulations, major decisions and legal review and approval of economic contracts.

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 2014, the Company fulfilled its responsibility to environmental and resources primarily in four aspects. Firstly – take an active role in energy saving and emission reduction. The Group actively conducted low carbon transportation and facilitated energy saving and emission reduction. Till now, all the lines meeting natural gas refilling conditions are equipped with natural gas vehicles. Since early 2014, the Company actively investigated, explored and researched electric vehicles technology and relative national policies. In the end of 2014, we first put a total of 48 electric buses of Foshan Yueyun Public Transportation Co., Ltd (佛山市粵運公共交通有限公司) and Foshan Sanshui Region Yueyun Transportation Co., Ltd (佛山市三水區粵運交通有限公司) into use. The Group operated a total of 1,628 coaches powered by natural gas and other new energies, accounting for 23.39% of its total number of coaches under operation. Since the Group effectively carried out energy saving and emission reduction with significant results, the Company was recognized as “Energy Saving and Emission Reduction Model Enterprise in the PRC Transportation Industry (全國交通行業節能減排示範企業)” at the “2014 Energy Saving and Emission Reduction Promotion Activities Review Meeting for National Transportation Enterprises (全國交通運輸企業節能減排宣傳推進活動總結會)” held in Beijing in June 2014, and the “LNG refilling facility network construction and NGV application” projects reported was awarded as “Energy Saving and Emission Reduction Excellent Projects in the National Transportation Industry”. Secondly – enhance the establishment of technical specifications. We made adjustment on the mechanical technical committee to be more representative of extensive mechanical technologies, and formulated the “Interim Regulations on Operating Vehicles Replacement Management (營運車輛更新管理暫行規定)”, pursuant to which vehicles which cannot meet the environmental friendly requirement with fuel over-consumption shall be replaced in a timely manner to achieve energy saving and environmental effects. We formulated the “Disposal Measures for Obsolete Operating Vehicles and Vehicle Supplies (廢舊營運車輛及車用物資處置管理辦法)”, pursuant to which disposal of obsolete operating vehicles and vehicle supplies was in compliance with the national environmental regulations and beneficial for environmental disposal and recycling of obsolete materials. Thirdly – continue to promote the “Five Unifications (五統一)” management. Five Unifications means unified technical standards, unified management procedures, unified procurement, unified vehicle maintenance and unified traffic insurance. In order to further exploit the Group’s advantages, optimize resources allocation and reduce operational costs, the Group made greater efforts to promote the implementation of “Five Unifications”, implemented energy saving and emission reduction 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 – unifying 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. To ensure our sustainable development of vehicle maintenance business during the period of the “12th Five-Year Plan”, the Group issued the “Development Plan for Motor Maintenance Business (汽車維修業務發展規劃)”, energetically promoted vehicle maintenance business on the basis of traditional model, gradually achieved the transformation of modern motor repair service industry and updated interim planning. This planning clarified the development direction of the Group’s motor repair business in the future period to promote the “Yueyun Repair” brand.

OUR RESPONSIBILITY TO SOCIAL WELFARE

In addition to normal operating activities, the Company took an active part in various public welfare work and fulfilled its social responsibilities through participating in more volunteer services, providing relief for the needy, participating in blood donation for free and making financial donations to develop education.

In 2014, the Company fulfilled its responsibility to social welfare primarily in two aspects. Firstly – building volunteer service brand by way of civilization. Since 2006 till now, the Group has participated in volunteer services along each highway and in its surrounding area in the Guangdong Province for eight years. With the establishment of civilized service zone, volunteer service teams (squad) took action and volunteers commence online registration in service zones under Top-E. Top-E had a register of 14 volunteer service teams, 6 volunteer service squads and 923 employees to form a more mature, comprehensive and professional volunteer service system. In 2014, the Group further explored resource advantages to enrich volunteer activities. Guangdong Provincial Communications Department together with tens of news media made interviews on volunteer services of “loving trip and smooth transportation (情滿旅途 暢享交通)” in Wayaogang Service Zone launched by Youth League Committee of the Company, and several news media such as Guangdong TV News Broadcast and China News Service (中國新聞網) made report on it. Volunteers in Zhongxin Service Zone participated in the student assistance program titled “Under the Same Blue Sky” for Heping County Guzhai Town Fenghe Elementary School (和平縣古寨鎮豐和小學) jointly organized by Helping the Disabled Service Group of Volunteer Association in Shawan Town, Panyu District, Guangzhou and Heping County Sunshine Public Welfare Service Centre (和平縣陽光公益服務中心). Volunteers in Kui Dong Service Zone helped the farmers with harsh living conditions and tight labor to reap rice in the countryside. The Youth League Committee under Foshan Yueyun Public Transportation Company Limited (佛山市粵運公共交通有限公司) organized volunteers to participate in Foshan youth public welfare forest activities, gaining wide attention and recognition from local media. Volunteers went to communities and schools to offer condolences to disadvantageous groups such as mentally disabled children and lonely elderly people on Children’s Day and Day of Poverty Relief. Secondly – providing “offer kindness (獻愛心)” relief for the needy. Volunteers continued to conduct annual poverty relief activities with a donation of RMB 31,200 and all the donation was handed in Guangdong Province Charity Federation for the purpose of poverty relief and “two - way assistance for the disadvantaged” to assist one-to-one Jinshi Village, Tanxia Town, Wuhua County Meizhou City.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unless otherwise stated, all amounts are presented in RMB)

BUSINESS REVIEW

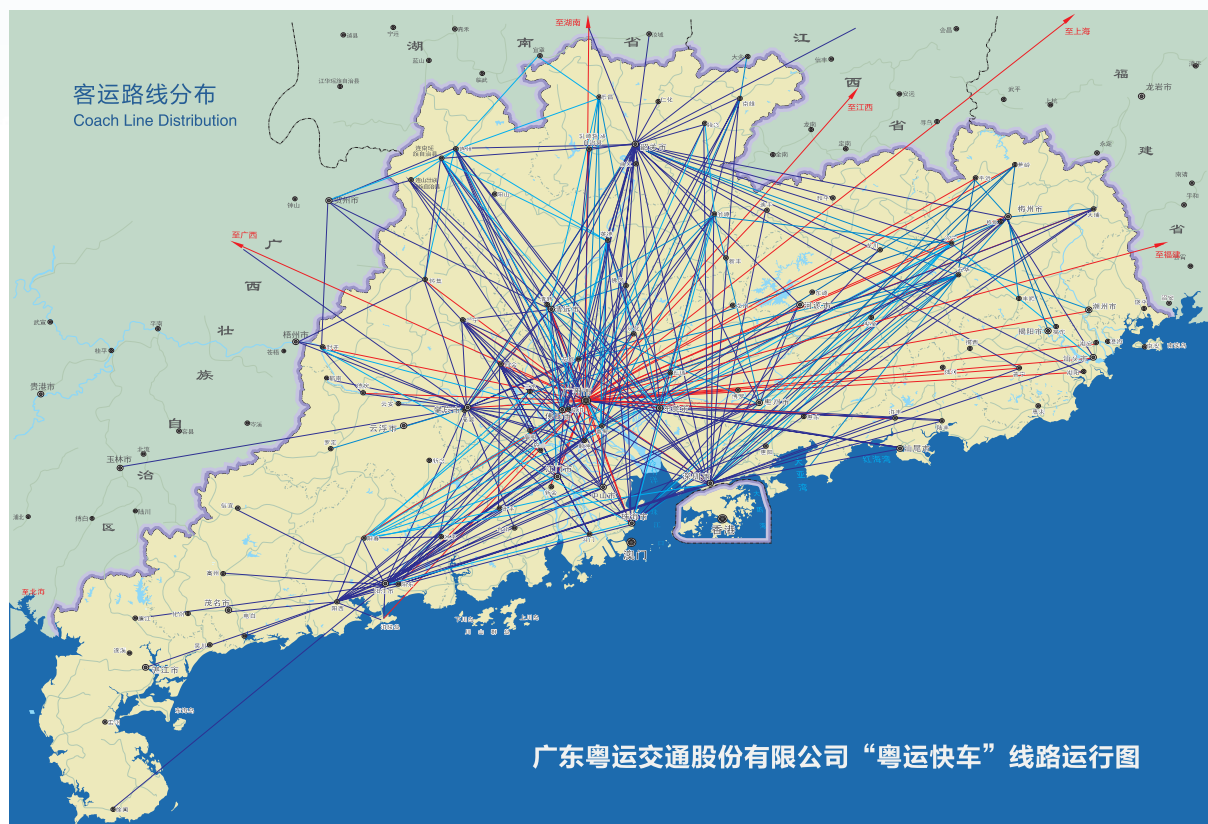
In 2014, the Group actively propelled the M&A and integration of its resources as well as investment in and construction of key projects according to its development strategy. The Group also made greater efforts on risk management and internal control, optimized the business processes, improved the management efficiency and introduced innovative working modes. All business segments experienced stable expansion of scale and the operation efficiency continued to improve.

As at 31 December 2014, the Group's revenue was RMB9,878,072,000 (RMB6,165,832,000 for the same period last year), a year-on-year increase of 60%. Gross profit was RMB1,043,738,000 (RMB858,835,000 for the same period last year), a year-on-year increase of 22%. The increase in revenue and gross profit for the year was attributed to business growth. Net profit for the year was RMB293,589,000 (2013: RMB210,147,000), a year-on-year increase of 40%. Basic earnings per share was RMB0.48 (RMB0.32 for the same period last year), a year-on-year increase of 50%. Net cash inflow from operating activities was RMB701,088,000 (2013: RMB302,543,000), a year-on-year increase of RMB398,545,000 for net cash inflow.

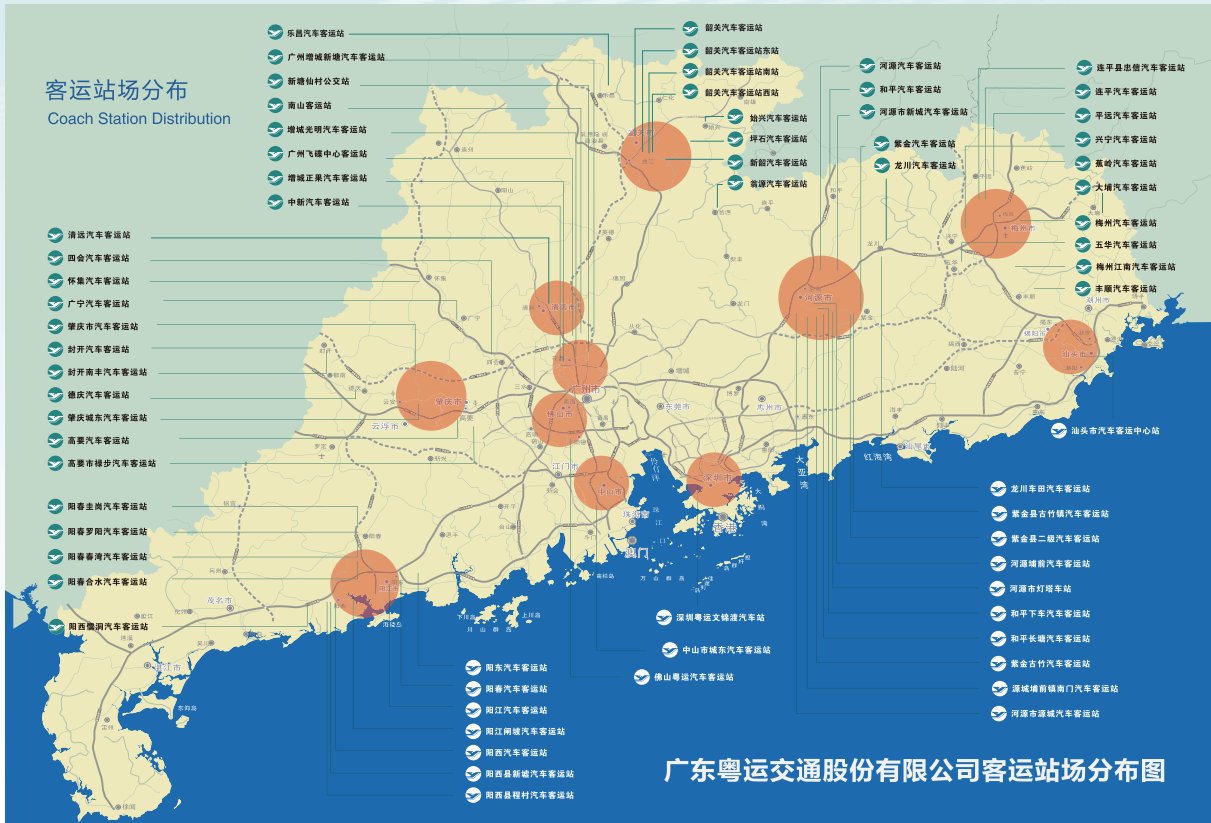
1. Road transportation and auxiliary service business

(1) Business overview

(a) Domestic transportation business



By the end of 2014, the Group owned 3,244 licenses for passenger transportation routes, 1,320 passenger routes, 6,960 operating vehicles and 72 passenger terminals. Its business mainly covers various important cities in East Guangdong, West Guangdong, North Guangdong and the Pearl River Delta, accounting for 19% of the passenger route billboards in Guangdong province. During the year, a total of 61.564 million passengers were carried for passenger transportation, representing an increase of 20.6% as compared with the same period of 2013. The passenger turnover is 9.49 billion passenger-kilometers, representing an increase of 65% as compared with the same period last year.



In 2014, the Group reclaimed more than 100 additional self-operated vehicles by strengthening the reclamation and self-operation of contracted vehicles, with a proportion of self-operated vehicles of 55.6% during the year. In 2014, Heyuan City Yueyun Motor Transportation Co., Ltd. (河源市粤运汽车运输有限公司) fulfilled the zero breakthrough in reclamation and self-operation of vehicles for the first time, putting an average of 45 self-operated vehicles into operation each month and carrying 727,000 passengers in passenger transportation.

The Group strongly expanded the rural passenger transportation market to improve its passenger transportation network. The Group actively increased its market share in the rural passenger transportation market, strengthened its control over township road passenger transportation routes and extended the transportation system downwards to integrate them with trans-city passenger transportation routes, thereby realizing the highly consistent integration of the transportation market and enhancing its ability to withstand the impact of railway transport.

The Group actively innovated its operation model by improving the information technology management level. In view of the demand of passengers, the Group completed the deployment and installation of WiFi wireless network in 1,100 "Yueyun Express (粤运快車)" vehicles and 20 Yueyun bus terminals. Thus, the coverage of "Yueyun" wireless network service was expanded. The Group strived to promote the development and deployment of its fleet management system and launched the WeChat Public Platform for "Yueyun" ticket services, which serves as Yueyun's central platform for WeChat enquiries, ticket sales and public information dissemination. Leveraging on this platform, the Group conducted various marketing and promotion activities to improve the comprehensive competitiveness of the "Yueyun" brand.

Pursuant to the development strategy of “Acquisition — Consolidation — Growth”, the Group continued to complete the acquisition and consolidation of road transportation resources in two regions, namely Qingyuan and Shaoguan. As the only enterprise holding the level 2 qualification for road passenger transportation in Qingyuan City, Qingyuan Yueyun has abundant road transportation resources, a business portfolio covering the entire Qingyuan City and a local market share of more than 50%. Following the acquisition and consolidation, the Group has an additional 1,696 vehicles and 11 terminals, and can further enhance its competitiveness and market share by connecting its road transportation network in western and northern Guangdong with that of Qingyuan Yueyun. Shaoguan Yueyun is the only enterprise with a level 2 qualification for road passenger transportation in Shaoguan and occupies 67% of the market share. After this acquisition and consolidation, the Group has an addition of 1,114 vehicles, 10 terminals and the land use rights to 318,800 square meters of land. Through the acquisition and consolidation, the Group will be able to improve its market share in passenger transportation while fully leveraging the position of Shaoguan as a major hub city in national road transportation and connect its road transportation network with those in Heyuan, Zhaoqing and Qingyuan to increase the value of transportation network. In light of its rich land resources, the Group can explore potential land development opportunities and attempt to carry out business development in logistics parks. The Group has made a preliminary optimization and adjustment to the existing business structure and resources of the regional companies in Qingyuan and Shaoguan by injection of capital, management and brand, increased its reclaiming and self-operating efforts and actively connect to the “Five Unifications” management system, financial management system and brand management system, so as to improve the management level. Five Unifications mean unified technical standards, unified management procedures, unified procurement, unified vehicle maintenance and unified traffic insurance.

(b) Cross-border transportation business

The Group strengthened its domestic and overseas transportation business cooperation, actively innovated existing business model, and established the “Guangdong-to-Hong Kong Direct Link Terminal” in the terminals of Heyuan City Yueyun Vehicles Transportation Co. Ltd. and Meizhou City Yueyun Vehicles Transportation Company Limited, which attracted industry peers to join. The Hong Kong-to-Heyuan routes achieved cooperation instead of competition, and the actual loading rate of routes achieved year-on-year growth. The Hong Kong-to-Meizhou routes initially conducted bundling operations with competitors.

The Group promoted the development of online ticket system for the cross-border passenger transportation business by accelerating the information technology development. Ticket sales conducted through various channels, such as the Internet, mobile phone, telephone and self-service ticketing machine, enabled its sales network to cover more customers.

In response to the impact of the openings of Xiamen- Shenzhen Railway and Guangzhou-Shenzhen-Hong Kong High-speed Railway on the Group’s cross-border passenger transportation routes, the Group considers the demand of passengers and adjusts schedules and routes by suspending routes which have low economic efficiency and are profoundly impacted by high-speed railways and increasing road transportation routes for which passengers have strong demand. The Group aims to ensure maximum route and corporate benefits through continuous optimization of route resources and improvement in competitiveness of the cross-border passenger transportation business.

(2) Financial position

Motor transportation and auxiliary service is one of the major revenue sources of the Group. The Group newly acquired two companies during the period, including Qingyuan Yueyun and Shaoguan Yueyun through the “Acquisition — Consolidation — Growth” development model, and the regional companies improved benefits through the increased recovery of proprietary routes, expansion of operation scope, the addition of new routes and customer sources, acquisition, reorganization and consolidation. Total assets of motor transportation and auxiliary service as at the end of the year were RMB3,873 million (2013: RMB2,565 million). Total liabilities were RMB2,113 million (2013: RMB1,250 million). Revenue was RMB2,504 million (2013: RMB2,161 million), representing approximately 25% (2013: 35%) of the Group’s total revenue.

(3) Development prospects

With the strategic objective of becoming a leading comprehensive transportation service provider in the PRC, the Group will solidify the fundamentals of its existing road transportation business, accelerate its expansion into regional markets, increase its market share, further optimize its business structure and moderately expand and extend emerging businesses. In 2015, the Group will continue with its WeChat platform construction and actively explore new marketing modes such as preferential packages and membership points mall as well as value-added services such as “Last kilometre” program, tourism, local specialty selling and etc. We will devoted to construct online information platform for provincial express small freight service and find more reasonable operation and management modes. We will promote the networking, branding, information and standardization development of express small freight service. For car rental service, we will enhance the utilisation ratio of the vehicles and will seek, try and test business modes from the perspective of providing quality services for customers, so as to expand car rental business. Meanwhile, based on its existing core resources such as route network, terminal network and brand and its management system comprising intensified and standardized management, streamlined operation, quality and safety management and marketing management, the Group will form its own unique organizational capability and build the enterprise s overall competitive advantage.

2. Material logistics service

(1) Business overview

Material logistics service segment focused on the construction of Big Logistics and Big Transport by taking steps such as enhancing and improving internal management, ensuring the supply of project materials within GCGC and expanding market business, leading to steady revenue growth.

In 2014, the Group participated in 10 projects with GCGC, including Guangzhou-Lechang Expressway, the expansion project of the Guangzhou-Qingyuan Expressway, Zhaoqing-Huadu Expressway, Baotou-Maoming Expressway, Luoding-Yangjiang Expressway, Jiangmen-Luoding Expressway, Pingyuan-Xingning Expressway, Chaozhou-Huilai Expressway, Jieyang-Boluo Expressway and Humen Second Bridge, and 15 projects, including asphalt project for Shenzhen municipal annual maintenance, Dongjiang grand bridge, Foshan-Zhaoqing Intercity Rail Transit, Guangzhou-Foshan Ring City Rail Transit, Guangzhou-Gaoming Expressway, Guiyang-Guangzhou Expressway, Guangzhou Metro Line 6, Guangzhou Metro Line 8, Guangzhou Metro Line 13, Guangzhou Metro Line 21, test sections of streetcar, Dongguan-Huizhou Intercity Rail Transit, Guangzhou-Qingyuan Intercity Rail Transit, Zhuhai connection line of Hong Kong-Zhuhai-Macau Bridge and newly constructed Guangzhou-Dongguan-Shenzhen Intercity Rail Transit for supplying steel bar, steel strand, cement and asphalt. The Group supplied 1,116,600 tons of steel, 4,615,100 tons of cement, 61,900 tons of steel strand and 257,100 tons of asphalt in the full year of 2014, representing an increase of 92.2%, 112.10%, 42.3% and 421.6% as compared to the same period of last year.

The Group actively expanded the material supply market to parties other than GCGC, fully involved in the market competition for steel, cement and asphalt businesses, and participated in bidding for certain key projects, such as Guangzhou-Foshan and Guangzhou-Qingyuan Intercity Rail Transits, Guangzhou Metro Lines and Guangzhou-Dongguan-Shenzhen Intercity Rail Transit. The Group accumulatively won the bid to supply 460,950 tons of steel and 26,600 tons of asphalt, representing an increase of 741.75% and 567.10% as compared with the same period last year, respectively.

Asphalt warehousing and terminal business developed steadily. In 2014, the Group accumulated 204,700 tons of asphalt in warehouse and 216,900 tons of asphalt out of warehouse, and accepted 41 asphalt vessels, representing an increase of 55.10%, 56% and 41.4% as compared with the same period of 2013, respectively. The Group actively promoted the acceptance of the second phase of the terminal project and put it into use with an operation objective of “completing as early as possible and producing efficiency as early as possible”.

With great importance attached to the research and development of asphalt, the Group has developed SBS modified emulsified asphalt for synchronous spraying, SBS modified emulsified asphalt for mixing, low-grade SBS modified emulsified asphalt and other new products, which has significantly enhanced the performance of asphalt in pavement.

The Company has completed the hearing for grade 5A steel distribution enterprise in the PRC, becoming one of the first batch of Class 5A steel distribution enterprises in the PRC.

(2) Financial Position

Material logistics business is one of the major revenue sources of the Group. The increase in supply led to the substantial growth of this business as compared to the previous year. Total assets as at the end of the year were RMB2,070 million (2013: RMB2,678 million). Total liabilities were RMB2,166 million (2013: RMB2,800 million). Revenue was RMB6,491 million (2013: RMB3,207 million), representing approximately 66% (2013: 52%) of the Group's total revenue.

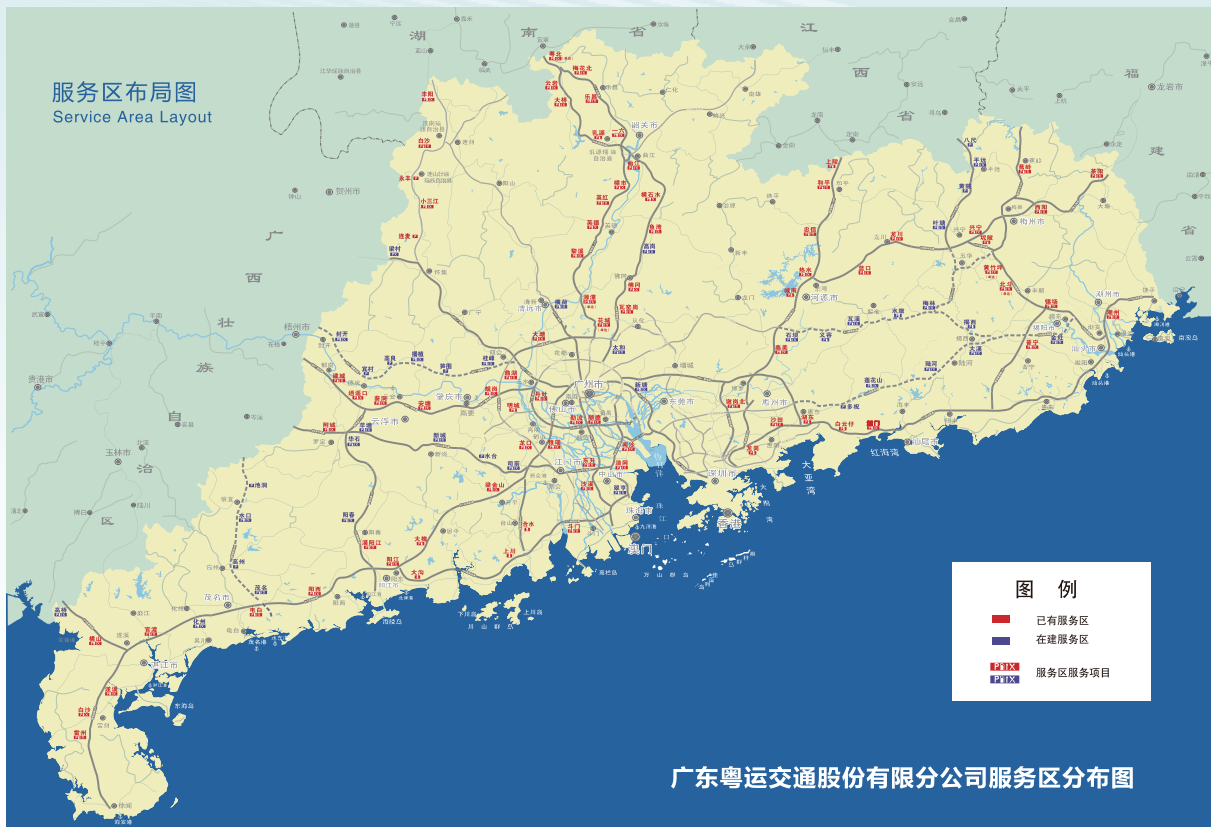
(3) Development Prospects

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 actively develop and consolidate the material supply chain, expand logistics properties by fully utilizing advantages of resources, and gradually cultivate professional capabilities in warehousing logistics. In particular, centralized and integrated procurement will be adopted as the operating model for the internal material supply business. The Group will increase its efforts on research and development of products, enhance brand building and comprehensive supply chain management advantages, and accelerate the expansion to national key investment projects other than GCGC. The Group will adopt strategic alliances for the operation of logistics properties and logistics parks. The Group will introduce financially strong operators of logistics parks and use comprehensive service logistics parks as the start-up point to acquire resources of high quality, accumulate and develop business partner solicitation and operating capabilities. In respect of warehousing logistics and maritime terminal business, based on internal material supply and logistics parks businesses, the Group will gradually cultivate the operation capability of warehousing logistics business to develop its logistics business, such as warehousing, transportation, commerce and trade logistics, bonded logistics and zero guarantee express delivery.

3. Expressway service zones business*(1) Business overview*

In accordance with the business idea of “optimizing resource allocation, innovating the business model and deeply excavating the commercial value of service zones”, the Group actively secured the operating rights of new service zones, propelled the expansion of Dahuai Service Zone and the commercial reconstruction project of Houmen Service Zone, standardized the construction and management of gas stations, put more effort into business partner solicitation, expanded offline outlets and developed advertisement in respect of convenience stores, with an aim to fully enhance commercial value of the expressway service zones. By the end of 2014, the Group operated 77.5 pairs of service zones, 118 gas stations and 93 self-owned convenience stores.

In 2014, the Group obtained the entrusted operation rights of 12 pairs of service zones (including 4 pairs of parking lots) of new expressways including Guangzhou-Lechang Expressway and Pingyuan-Xingning Expressway, and the operating right of Gaogang Service Zone of Beijing-Zhuhai Expressway. The Group also commenced the operation of 11 pairs of service zones of four new expressway projects, namely Guangzhou-Lechang Expressway, Erenhot- Guangzhou Expressway, Meizhou-Dabu Expressway and Zhaoqing-Huadu Expressway. The Group has made comprehensive geographical division, function positioning and infrastructure planning for new service zones based on various factors such as road characteristics, location of the service zones, vehicle types and traffic volumes, so as to achieve differentiated operations. New service areas will further broaden and improve the layout of the Group's service zones network in Guangdong province.



In 2014, the Group signed the contracted management agreements for 21 new gas station projects of the service zones along Guangzhou-Lechang Expressway, Erenhot-Guangzhou Expressway, Meizhou-Dabu Expressway and Zhaoqing-Huadu Expressway, and completed the planning confirmation application, construction, certificate issuance, commencement of operation and other works for gas station projects.

The Group improved its level of investor solicitation by attracting other excellent project proposals for investment and successively introducing highly recognised quality brand names, such as “McDonald’s”, “KFC”, “Zkungfu” and “Qishierjie (七十二街)”, to operate in its service zones. Meanwhile, the Group actively contacted “Dicos”, “Starbucks”, “Master Kong Chef’s Table”, “Jiumaojiu (九毛九)” and other food and beverage brands and used its best efforts introducing them to service zones. The Group completed project proposals for investment with a total of 147 newly signed agreement on contracted management for the year, achieved aggregate contract amounts of RMB289,741,800, representing a year-on-year increase of 26.81%.

In order to fully rely on the collaboration of logistics transportation resources, the Group actively expanded convenience stores business on the highways by accomplishing brand upgrading of convenience stores and expanding brand influence of “LOYEE”. The official commencement of operation for convenience stores in Heyuan Xincheng and Zhongxin passenger terminals have laid the foundation for “LOYEE” convenience stores to comprehensively and rapidly enter into passenger terminals and cities. As of the end of 2014, the Group totally completed brand upgrading for 78 convenience stores, upon which uniform “LOYEE” brand VI and management pattern were realized. The Group energetically explored many operation patterns for convenience stores, and implemented the performance assessment system of the internal staff-oriented accountability system in some of the current self-operated stores, aimed to effectively arouse staff’s work enthusiasm, and hence the improved operational efficiencies. Meanwhile, Zhaoqing Sihui and Chengdong Terminal stores were taken as pilot stores by undertaking public bid to successfully extend the franchising operation pattern. The Group took full advantage of the network resources of convenience stores to successfully introduce various advertisement for brands such as Evergrande Spring (恒大冰泉), Watsons, Wanglaoji (王老吉) and Jianlibao (健力寶).

The Group continued to enhance the recovery of highway advertising resources and the integration and utilization of media resources over passenger transportation so as to create an innovative business development model. It has completed inspection on positions and amendments to construction schemes in line with the expressway advertising resources plan developed by Guangdong Provincial Highway Administration Bureau (廣東省公路局). As at the end of 2014, the Group had 42 expressway sections and 340 expressway ads columns. The Group actively strived for policy support, and developed new media resources for expressways such as overpass bridges, gantries and other advertising resources, marking a debut in Guangdong province, in accordance with regulations and laws. It is believed to shift from the over-reliance on traditional column advertising resource, further optimize the structure of the advertising business, fully tap the advertising value of expressways and create new profit growth points. It is also believed to further diversify advertising resources lines and create new profit growth points. The Group plans to construct 14 ads facilities, including 5 gantries, 5 overpass bridges and 4 toll station overhead boards, along pilot expressway sections such as Guangzhou-Shaoguan Expressway (廣韶高速公路) and Jiangmen-Zhaoqing Expressway (江肇高速公路).

The Group installed WiFi equipment in stations and passenger buses to provide video programs and free internet services for passengers with simultaneous product placement which highlights the advantages of media networks, by connecting displays in passenger vehicles, stations, VIP waiting lounges and service zones with internet and based on its passenger transport resources. Up to now, it has completed the consolidation and utilization of advertising resources with 28 stations, 1078 long-distance buses and 217 public transport buses. It also dispatched products of advertisers to passenger coaches and passengers in the depot, which can increase consumers’ physical experience on and brand recognition for the products of its clients, bringing forth new ideas to the existing advertising business model.

(2) *Financial condition*

Expressway service zone service business is one of the major revenue sources of the Group. As at 31 December 2014, the number of operating service zones of the Group amounted to 77.5 pairs (2013: 66.5 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 as at the end of the year were RMB916 million (2013: RMB791 million). Total liabilities were RMB611 million (2013: RMB498 million). Revenue was RMB706 million (2013: RMB632 million), representing approximately 7% (2013: 10%) of the Group’s total revenue.

(3) Development prospects

With the strategic objective of becoming a leading comprehensive resource operational group in the development and operation of expressway service zone commercial facilities in the PRC, the Group will improve regional planning and trade planning and design through intensive commercial development or fine tuning commercial presence in future. It will diversify target customer base, increase customer loyalty and fully explore commercial potential of service zones, particularly those with a higher commercial value. Meanwhile, building of self-owned brands and service will be enhanced which, plus increased brand influence and operational competence, will help expand expressway business leveraging the synergy with road transportation resources. The Group will explore ways for business transformation and upgrade, discard traditional closed service zone operation and development ideas and consolidate resources of service zones with surrounding resources by opening physical space of service zones and its surrounding areas. Value and functions will be expanded towards expressways as well as surrounding areas for the sake of achieving sustainable rapid growth of service zones.

4. Taiping Interchange

The Taiping Interchange business recorded growth in 2014 as compared to 2013 due to the natural increase in traffic volume. Total assets as at the end of 2014 amounted to RMB2,084 million (2013: RMB1,933 million), total liabilities amounted to RMB477 million (2013: RMB380 million) and revenue for the current year amounted to approximately RMB173 million (2013: RMB161 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. 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 Guangdong Province Transportation Engineering Company Limited was included in the “old towns, old plants and old villages” (the “Three Olds”, the unique redevelopment model in Guangdong Province) redevelopment projects. In 2014, the “Three Olds” redevelopment project in Airport Road was included in the annual implementation plan of Guangzhou, and the application was submitted by Baiyun District Government in Guangzhou to the “Three Olds” Office for approval. The Group has been closely tracking the preparation and issuance of 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), which its projects should comply with, in order to constantly coordinate and promote the planning and optimization of its projects and land target. Meanwhile, the Group has strengthened its communication and coordination with the government authorities at the district and city levels to strive for the support of relevant government authorities to such project. It has also initiated the preliminary work of project development and investment solicitation, and has carried out a preliminary study in relation to project investment and development program and cost analysis on land acquisition. Upon the official promulgation and implementation of the implementing rules of “Three Olds” redevelopment policies in Guangzhou and the Detailed Regulatory Plan for the Extension of Western Baiyun New Town in Guangzhou, the Group will comprehensively facilitate project application and development.

FINANCIAL REVIEW

The Group's annual results for the year ended 31 December 2014

In 2014, 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 expanded the scale of operations, vigorously pushed forward the consolidation of our resources and fully utilized synergy.

For the year ended 31 December 2014, revenue of the Group amounted to RMB9,878 million, representing an increase of 60% as compared with RMB6,166 million for 2013; gross profit amounted to RMB1,044 million, representing an increase of RMB185 million or approximately 22% over the same period last year (2013 : RMB859 million). The increase in revenue and gross profit for the year was mainly due to significant increase in revenue of the three major businesses.

The Group strengthened cost and expense control during the year. Selling and administrative expenses amounted to RMB617 million for the year (2013: RMB567 million), representing an increase of RMB50 million, or approximately 9%, over the same period last year, which was mainly attributable to (i) increased staff costs and remuneration for the year; and (ii) new subsidiaries acquired during the year.

The Group recorded net profit attributable to Shareholders of the Company of RMB203 million for the year ended 31 December 2014, representing an increase of 49% as compared with RMB136 million for 2013; basic earnings per share also increased from RMB0.32 for 2013 to RMB0.48.

SEGMENT INFORMATION

Revenue

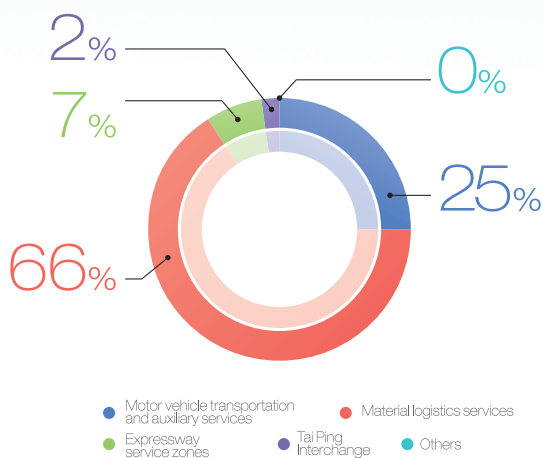
The revenue of the Group for the year was mainly derived from three business segments, namely provision of motor vehicle transportation and auxiliary services, provision of material logistics services and expressway service zone operation. Revenue from the Taiping Interchange business was also included in the revenue of the Group. Revenue of the Group for the year amounted to RMB9,878 million (2013: RMB6,166 million), representing an increase of RMB3,712 million or approximately 60% over the same period last year, which was mainly due to significant increase in revenue of the three major business during the year.

Revenue by business segments (as at 31 December):

	2014		2013	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	2,503,719	25%	2,160,933	35%
Material logistics services	6,491,250	66%	3,206,899	52%
Expressway service zones	706,300	7%	631,990	10%
Taiping Interchange	173,174	2%	161,325	3%
Others	3,629	0%	4,685	0%
Total	9,878,072	100%	6,165,832	100%

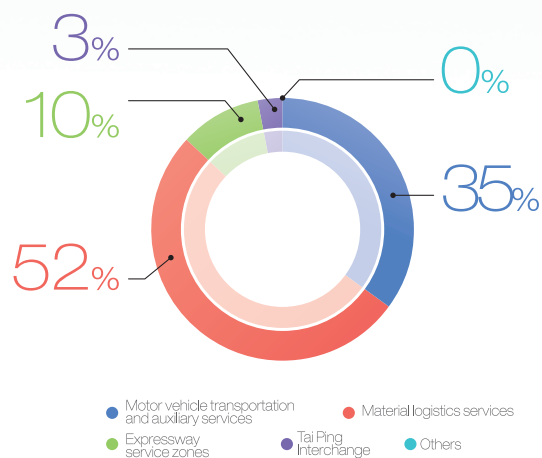
Revenue by business segments

(as at 31 December): 2014 (RMB'000)



Revenue by business segments

(as at 31 December): 2013 (RMB'000)



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 RMB2,504 million (2013: RMB2,161 million) for the year, representing an increase of RMB343 million, or approximately 16%, as compared to the same period last year, and accounting for approximately 25% (2013: 35%) of the Group's total revenue. The increase in revenue was mainly due to (i) the Group's acquisition of Qingyuan Yueyun and Shaoguan Yueyun under its "merger and acquisition - consolidation - growth" development model; and (ii) 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 RMB6,491 million (2013: RMB3,207 million), representing an increase of RMB3,284 million, or approximately 102%, as compared to the same period last year and accounting for approximately 66% (2013: 52%) of the Group's total revenue. The increase in revenue was mainly due to the increase in supply.

Expressway services

As at 31 December 2014, the number of the Group's operating service zones was 77.5 pairs (2013: 66.5 pairs). The revenue generated from expressway service zones amounted to RMB706 million (2013: RMB632 million), representing an increase of RMB74 million, or approximately 12%, as compared to the same period last year, and accounting for approximately 7% (2013: 10%) of the Group's total revenue. Such revenue growth was mainly attributable to (i) an increased number of service zones; and (ii) the growth of the advertising business.

Taiping Interchange

Revenue from the Taiping Interchange amounted to RMB173 million (2013: RMB161 million) for the year, representing an increase of RMB12 million, or approximately 7%, as compared to the same period last year. Such change was mainly due to natural increase in traffic volume.

Gross profit

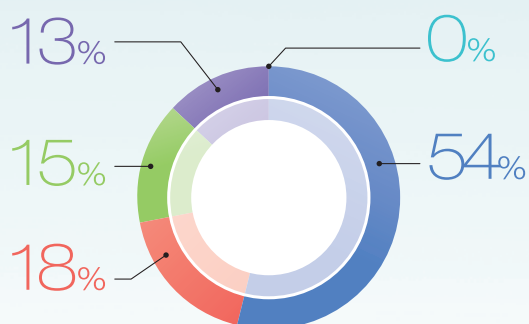
Gross profit of the Group for the year amounted to RMB1,044 million (2013: RMB859 million), representing an increase of RMB185 million, or approximately 22%, as compared to the same period last year, which was mainly attributable to year-on-year increase in revenue of each business segment and the expansion of the scale of operations during the year.

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

	2014		2013	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	562,059	54%	450,361	53%
Material logistics services	191,807	18%	141,503	16%
Expressway service zones	154,758	15%	125,234	15%
Taiping Interchange	133,819	13%	138,523	16%
Others	1,295	0%	3,214	0%
Total	1,043,738	100%	858,835	100%

Gross profit by business segments

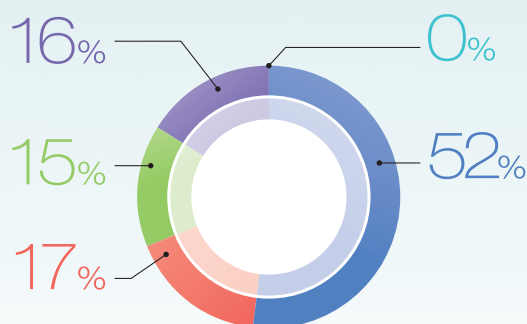
(as at 31 December): 2014 (RMB'000)



● Motor vehicle transportation and auxiliary services
 ● Material logistics services
● Expressway service zones
 ● Tai Ping Interchange
 ● Others

Gross profit by business segments

(as at 31 December): 2014 (RMB'000)



● Motor vehicle transportation and auxiliary services
 ● Material logistics services
● Expressway service zones
 ● Tai Ping Interchange
 ● Others

Motor transportation and auxiliary services

Gross profit of motor transportation and auxiliary services for the year amounted to RMB562 million (2013: RMB450 million), representing an increase of RMB112 million, or approximately 25%, as compared to the same period last year. Gross profit margin was 22% (2013: 21%) for the year. The increase in gross profit mainly due to the expansion of the scale of operations and intensive operations this year, resulting in an increase in revenue.

Material logistics services

Gross profit from material logistics services business amounted to RMB192 million (2013: RMB142 million), representing an increase of RMB50 million, or approximately 36% as compared to the same period last year, which was mainly attributable to an increase in revenue. Gross profit margin was 3% (2013: 4%) for the year.

Expressway service zones

Expressway service zone business attained gross profit of RMB155 million (2013: RMB125 million) during the year, representing an increase of RMB30 million, or approximately 24%, as compared to the same period last year. Gross profit margin was 22% (2013: 20%), which was mainly attributable to an increase in revenue and the strengthening of cost control.

Tai ping Interchange

Gross profit of the Tai ping Interchange for the year amounted to RMB134 million (2013: RMB139 million), representing a year-on-year decrease of RMB5 million or 3%. Gross profit margin was 77% (2013: 86%) for the year. The increase in gross profit margin was mainly due to the increased maintenance costs during the year.

Business tax and other surcharges

Business taxes and other surcharges for the year amounted to RMB61 million, representing an increase of RMB14 million or 29% as compared with RMB47 for last year. The increase was mainly attributable to the business growth.

Selling and administrative expenses

The Group's selling and administrative expenses for the year amounted to RMB617 million, representing an increase of RMB50 million or 9% as compared to last year, which was mainly attributable to (i) the increase in staff costs and remuneration for the year; and (ii) the new subsidiaries acquired during the year.

Finance costs

Finance costs incurred for the year amounted to RMB63 million, representing an increase of RMB20 million or 47% as compared to last year, which was mainly due to Increase in project loan arising from acquisition.

Provision for impairment losses of assets

Asset impairment losses incurred for the year amounted to RMB19 million, representing an increase of RMB3 million or 19% as compared to last year, mainly due to the additional provision for receivables.

Investment income

Investment income for the year amounted to RMB17.2 million, representing an increase of RMB5.3 million or 44% as compared with RMB11.9 million during the same period last year, which was mainly attributable to increase in profitability of associates during the year as compared to 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 effectively reduce the need for external borrowings and increase the efficiency of capital utilization .

Unit: RMB'000

Items	As at	As at
	31 December 2014	31 December 2013
Borrowings	939,887	1,052,580
Less: Cash and cash equivalents	1,763,603	1,710,089
Net debt	(823,716)	(657,509)
Total liabilities	4,041,177	3,966,045
Total equity attributable to owners	2,711,903	2,210,890
Total equity	1,888,187	1,553,381
Total assets	6,753,080	6,176,936
Gearing ratio	(42.62%)	(42.33%)
Asset to liability ratio	59.84%	64.21%

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 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:

Unit: RMB'000

	For the year ended 31 December		
	2014	2013	Change
Cash generated from/(used in)			
Operating activities	701,088	302,543	398,545
Investing activities	(375,561)	(383,510)	7,949
Financing activities	(272,302)	539,214	(811,516)

Operating activities

The Group's net inflow from operating activities amounted to RMB701 million during the year (2013: net inflow of RMB303 million), representing an increase of RMB 399 million, which was mainly attributable to the fact that the Company strengthened its working capital management measures, which resulted in the acceleration of recovery of trade receivables.

Investing activities

The net cash outflow from investing activities during the year was RMB375 million (2013: net cash outflow of RMB383 million), representing a decrease of RMB8 million, which was mainly attributable to the acquisition of assets for its vehicle transportation and auxiliary services for RMB462 million.

Financing activities

The net cash outflow from financing activities during the year was RMB272 million (2013: net inflow of RMB539 million), representing an increase in net outflow of RMB811 million, which was mainly attributable to repayment of borrowings and distribution of profit during the year.

Borrowings position

As at 31 December 2014, outstanding borrowings of the Group was RMB940 million, comprising (i) unsecured short-term loans of RMB270 million (31 December 2013: RMB617 million); (ii) secured short-term loans of RMB16 million (31 December 2013: RMB10 million); (iii) secured long-term loans of RMB91 million (31 December 2013: RMB114 million); (iv) unsecured long-term loans of RMB263 million (31 December 2013: RMB12 million); (v) finance lease payables of RMB1 million (31 December 2013: RMB2 million); and (vi) bonds payable of RMB299 million (31 December 2013: RMB298 million).

As at 31 December 2014, the majority of the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates.

Major acquisitions and establishment of new companies

For the period ended 31 December 2014, the Group invested in the establishment of 7 new companies, including Guangdong Yueyun Traffic Technical Service (Guangzhou) Co., Limited, Yangjiang City Yueyun Langri Advertising Company Limited, Yangjiang City Gaoxinqu Yueyun Industrial Company Limited, Lianping Country Zhongxin Town Yueyun Property Leasing Company Limited, Heyuan City Yuancheng District Yueyun Passenger Transportation Company Limited, Lianping Country Yueyun Passenger Transportation Company Limited and Dongyun Country Dengta Town Yueyun Property Leasing Company Limited, and acquired 20 new subsidiaries, including Guangdong Province Guangshan Expressway Passenger Transportation Company Limited, Guangdong Province Guangshan Expressway Passenger Transportation Company Shantou Branch, Qingyuan City Yueyun Vehicles Transportation Company Limited, Shaoguan Yueyun Motor Transportation Co., Ltd, Yangshan Country Huashun Motor Vehicles Inspection Company Limited, Qingyuan City Yueyun Public Traffic Company Limited, Shaoguan City Zhixin Trading Company Limited, Shaoguan City Xi'an Travel Transportation Company Limited, Shaoguan City Xi'an Travel Agency Company Limited, Shaoguan City Libao Technology Company Limited, Ruyuan Yao Autonomous County Shunda Urban- Rural Public Passenger Transportation Company Limited, Shixing Country Zhengli Taxi Company Limited, Nanxiong Lutong Vehicles Passenger Transportation Company Limited, Nanxiong City Public Bus Company Limited, Renhua Country Feima Vehicles Passenger Transportation Company Limited, Shixing Country Junxing Urban-Rural Public Passenger Transportation Company Limited, Shaoguan City Qujiang District Canmoutianxia Catering Services Company Limited, Shaoguan City Baolitong Motor Vehicles Driving Training Company Limited, Qingyuan City Jinyu Passenger Car Rental Company Limited and Lechang City Pingshi Yongtong Vehicle Transportation Company Limited. The Group had total investment costs of approximately RMB293 million in respect of these new companies.

Pledge of assets

As at 31 December 2014, investment properties at the net value of RMB2 million (31 December 2013: nil), and fixed assets at the net value of RMB129 million (31 December 2013: RMB136 million) and land use rights at the net value of RMB4 million (31 December 2013: RMB39 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 2014, 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 2014.

5 YEARS FINANCIAL SUMMARY

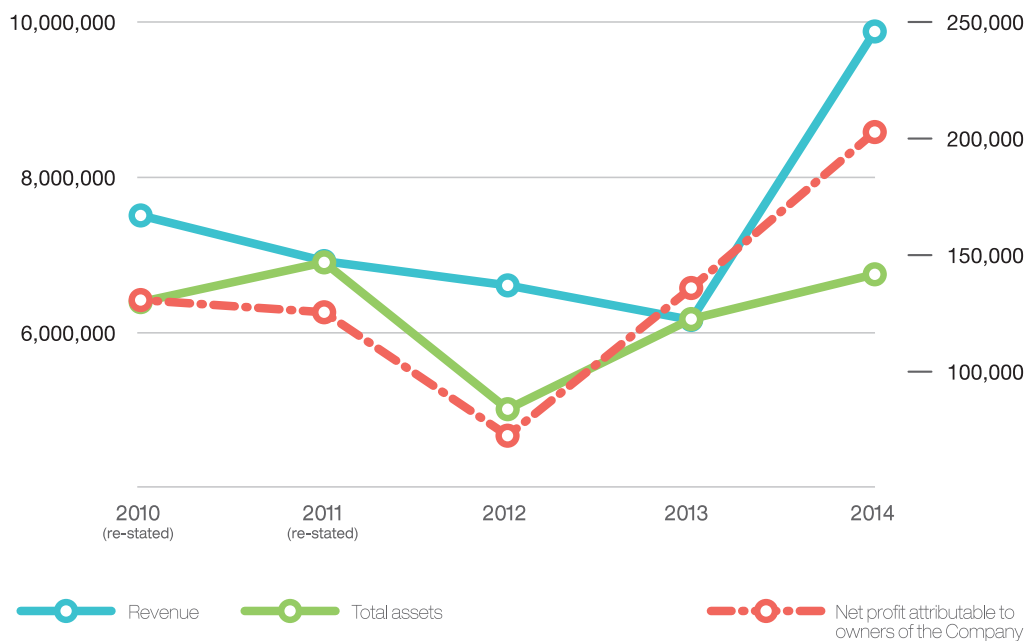
For the years ended 31 December	2014	2013	2012	2011	2010
Revenue	9,878,072	6,165,832	6,610,453	6,923,232	7,510,347
Total profit	420,688	298,287	223,338	252,084	240,689
Income tax expenses	127,099	88,140	77,927	79,787	62,246
Net profit	293,589	210,147	145,411	172,297	178,443
Net profit attributable to owners of the Company	202,796	135,893	72,535	125,486	130,724
Profit and loss attributable to minority interests	90,793	71,754	72,876	46,811	47,719

ASSETS AND LIABILITIES

As at 31 December	2014	2013	2012	2011	2010
Total assets	6,753,080	6,176,936	5,017,423	6,906,732	6,395,258
Total liabilities	4,041,177	3,966,045	3,059,214	4,448,207	3,959,158
Net assets	2,711,903	2,210,891	1,958,209	2,458,525	2,436,100

5 Years Financial Summary

Amount stated in RMB'000



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 any relationship (including financial, business, family or other material/relevant relationship(s)) between any of the directors of the Company (the “Directors”), the supervisors of the Company (the “Supervisors”) or the senior management.

DIRECTORS

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 54, is an executive Director, Chairman of the Board and the secretary of the party committee of the Company. Mr. Xuan has served as a Director of the Company since June 2012 and re-designated as an executive Director of the Company since December 2012. He was appointed as the general manager of the Company in November 2012 and re-designated as the chairman of the Board with effect from March 2014. Mr. Xuan also served as a Director of the Company from January 2001 to December 2004. Currently, Mr. Xuan also serves as a director and the chairman of GVTG. 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). Mr. Xuan obtained an MBA degree from the Murdoch University in Australia. He possess professional qualification as a senior political worker.

Mr. Tang Yinghai (湯英海), aged 46, is an executive Director, the general manager and the vice secretary of the party committee of the Company. Mr. Tang has served as a non-executive Director of the Company since June 2012 and re-designated as an executive Director since December 2012. He was appointed as the deputy general manager of the Company in November 2012 and re-designated as the general manager with effect from March 2014. Currently, Mr. Tang also serves as a director and the general manager of GVTG and a director and the chairman of Top-E. He was previously the chief accountant and the deputy general manager of GVTG. 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 GD-HK Company. Mr. Tang graduated with a master degree in law from Renmin University of China (中國人民大學) and EMBA from South China University of Technology (華南理工大學). He possesses professional qualification as a senior accountant.

Mr. Yao Hanxiong (姚漢雄), aged 49, is an executive Director, the deputy general manager and a member of the party committee of the Company. Mr. Yao has served as an executive Director of the Company since December 2012 and the deputy general manager of the Company since October 2007. Currently, he is also 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). 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公司第二分公司), 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. 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 has professional qualification of senior engineer for roads and bridges.

Mr. Fei Dachuan (費大川), aged 57, is an executive Director and the deputy general manager of the Company. Mr. Fei has served as an executive Director of the Company since April 2014 and the deputy general manager of the Company since February 2013. Currently, he is also a director and the deputy general manager of GVTG and a director of Guangzhou Xintianwei Transportation Development Company Limited (廣州新天威交通發展有限公司). 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 GD-HK Company, and the deputy general manager of Weisheng Transportation & Enterprises Company. Mr. Fei possesses professional qualification as a senior economist.

Mr. Guo Junfa (郭俊發), aged 51, is an executive Director of the Company. Mr. Guo has served as an executive Director of the Company since December 2012. He served as an executive Director of the Company from June 2007 to December 2007. Mr. Guo was appointed as a director and the general manager of GD-HK Company on August 2005 and has been re-designated as a director and the chairman of the board of GD-HK Company since August 2012. Currently, he is also a director of Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Hong Kong) (廣東粵利佳客運有限公司(香港)), the chairman of Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Guangzhou) (廣東粵利佳客運有限公司(廣州)) and a director of 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). 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.

NON-EXECUTIVE DIRECTORS

Mr. Liu Hong (劉洪), aged 52, is a non-executive Director of the Company. He is currently the chief legal counsel of GCGC. Mr. Liu served as a non-executive Director of the Company from May 2003 to February 2004 and from December 2004 to June 2005, respectively. He was also an executive Director, the vice chairman, chairman and the secretary of the party committee of the Company from December 2009 to November 2012 successively. Mr. Liu has accumulated 30 years of experience in the logistics and transportation industry. Other major past positions of Mr. Liu include serving as office supervisor and assistant to the manager of Guangdong Kwong Fat Transport Limited(廣東廣發運輸有限公司), assistant to the general manager of Kwong Fat Transport Limited in Hong Kong, general manager of Weisheng Bus Limited in Hong Kong, chief economist of Weisheng Transportation & Enterprises Company Limited in Hong Kong, deputy head of the investment operation department of GCGC, chairman and secretary of the party committee of Guangdong Province Gongbei Vehicles Transportation Co., Ltd. (廣東省拱北汽車運輸有限責任公司). Mr. Liu graduated from Beijing Jiaotong School of Management (北京交通管理學院) and obtained an MBA degree from the Murdoch University in Australia. He has obtained professional qualification of senior political worker and economist as well as the qualifications as a corporate legal counsel.

Mr. Li Bin (李斌), aged 46, is a non-executive Director, He is currently the head of the strategic development department of GCGC. Mr. Li has served as a non-executive Director of the Company since December 2012. He served as a director of GVTG from December 2009 to June 2014. 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 from 2004 to 2014. From March to October 2005, Mr. Li was seconded to the Guangdong State-owned Assets Supervision and Administration Commission. 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設集團有限公司). 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 Guangdong Communications Polytechnic. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gui Shouping (桂壽平), aged 62, has served as an independent non-executive Director of the company 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 is currently a professor at the Economics and Trade School of the South China University of Technology through re-employment after retirement. Mr. Gui 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 and 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 54, has served as an independent non-executive Director of the company since February 2004. Mr. Liu is a professor at Jinan University (暨南大學) and has been engaged in teaching and research in areas such as finance, securities and investment for a long time. He 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).

Mr. Peng Xiaolei (彭曉雷), aged 63, has served as an independent non-executive Director of the Company since February 2004. 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. Currently, Mr. Peng also serves as an independent director of Pci-Suntek Technology Co., Ltd. (佳都新太科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600728). Mr. Peng obtained his master degree in economics from Zhong Nan Finance University and has obtained professional qualification of senior accountant.

Mr. Jin Wenzhou (靳文舟), aged 54, has served as an independent non-executive Director of the Company since April 2014. 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. 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). 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.

SUPERVISORS

The Company has seven Supervisors, including two independent Supervisors (namely, Ms Lu Zhenghua and Mr. Bai Hua), three are Supervisors representing the staff of the Company (namely, Ms. Li Hui, Ms. Zhang Anli and Mr. Zhen Jianhui) and two Supervisors appointed by the Shareholders (namely, Mr. You Xiacong and Ms. Li Haihong).

Mr. You Xiacong (游小聰), aged 47, has been the chairman of the supervisory committee of the Company since December 2012. Mr. You is currently a director and the chief accountant of Guangdong Provincial Highway Construction Company Limited (廣東省公路建設有限公司). Mr. You served at the audit and compliance department of GCGC from August 2008 to February 2015. Mr. You previously 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), Guangdong Provincial Expressway Development Co. Ltd., GVTG 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). 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). Mr. You has professional qualification as 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).

Ms. Li Haihong (李海虹), aged 43, has been a Supervisor since December 2012. 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. Li Haihong has professional qualification as a senior economist. She graduated from the Beijing University of Aeronautics & Astronautics, majoring in law.

Ms. Lu Zhenghua (陸正華), aged 52, has been an independent Supervisor of the Company since 6 June 2012. 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 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 participated in formulating, and has provided advice and opinions on, the financial operation systems and listing financing plans of various companies. Ms. Lu is currently an independent director of Guangzhou Comet Co., Ltd. (廣州科密股份有限公司), Guangdong Gensho Logistics Co., Ltd and Guangdong Guangxin Information Industry Holding Co., Ltd. (廣東廣新信息產業股份有限公司). She is also a director of Guangdong Dazhi Environmental Protection Technology Co., Ltd.

Mr. Bai Hua (白華), aged 45, has been an independent Supervisor of the Company since 6 June 2012. Mr. Bai has been a teacher of the Department of Accounting under the School of Management in Jinan University since 2003, and is a professor of the Department of Accounting. 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 is currently an independent director of Luxiang Co., Ltd (stock code: 002192), Guangzhou Echom Science & Technology Co., Ltd. (stock code: 002420 and MIG Technology Inc. (stock code: 300242), 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. Li Hui (李輝), aged 51, has been a Supervisor of the Company since February 2004 and is currently the deputy manager of the Company's logistics management department. 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.

Ms. Zhang Anli (張安莉), aged 46, has been a Supervisor of the Company since April 2014 and is currently a deputy manager at the Company's supervision and audit department. Ms. Zhang is also currently a supervisor at the following companies: 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), Guangdong Yueyun Number Two Transportation Co., Ltd (廣東粵運二汽運輸有限公司), Guangdong Province Transportation Engineering Company Limited (廣東省交通工程有限公司), Shenzhen Yueyun Investment Development Company Limited (深圳粵運投資發展有限公司), Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd (廣州市增城汽車客運站有限公司), Guangdong Yueyun Traffic Rescue Co., Ltd (廣東粵運交通拯救有限公司) and Southern United Assets and Equity Exchange Company Limited (南方聯合產權交易中心有限責任公司). Ms. Zhang has previously served following primary positions, including: a finance manager at Guangdong Jindaoda Exressway Economic Development Company Limited (廣東金道達高速公路經濟開發有限公司) and a deputy manager and manager at the finance and audit departments of Top-E. Ms. Zhang graduated from the South China University of Technology in 2004, majoring in accounting and has professional qualifications of an auditor.

Mr. Zhen Jianhui (甄健輝), aged 43, has been a Supervisor of the Company since April 2014 and is currently a deputy manager at the Company's supervision and audit department. Mr. Zhen is also currently a supervisor at the following companies: Guangdong Yangjiang Vehicles Transportation Group Company Limited (廣東陽江汽車運輸集團有限公司), Foshan City Yueyun Public Transportation Co., Ltd. (佛山市粵運公共交通有限公司), Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd. (汕頭市潮陽粵運天島運輸有限公司), Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. (汕頭市潮南粵運天島運輸有限公司), Shantou City Automobile Passenger Traffic Center Co., Ltd. (汕頭市汽車客運中心站有限公司), Chaozhou City Yueyun High Speed Passenger Traffic Company Limited (潮州市粵運高速客運有限公司), Foshan City Sanshuiqu Yueyun Traffic Company Limited* (佛山市三水區粵運交通有限公司), Guangzhou Yueyun Transportation Company Limited (廣州粵運交通運輸有限公司), Guangdong Yuntong Passenger Traffic Co., Ltd. (廣東運通客運有限公司), Guangdong Province Guangshan High Speed Passenger Traffic Co. Ltd. (廣東省廣汕高速客運有限公司), Foshan City Yueyun Hexing Transportation Co., Ltd. (佛山市粵運和興運輸有限公司), Zhongshan City Yueyun Tongxing Transportation Co., Ltd.* (中山市粵運同興運輸有限公司), Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd. (中山市粵運機場快線客運有限公司), Guangdong Province Guangshen High Speed Coach Company Limited (廣東省廣深高速巴士有限公司), Qingyuan City Yueyun Vehicles Transportation Company Limited (清遠市粵運汽車運輸有限公司) and Shanwei City Yueyun Vehicles Transportation Company Limited (汕尾市粵運汽車運輸有限公司). Mr. Zhen is also the chairman of the supervisory committee of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. and Shanwei City Yueyun Vehicles Transportation Company Limited (汕尾市粵運汽車運輸有限公司). Mr. Zhen has previously served a deputy manager in charge of the internal audit at the finance department of Kee Kwan Motor Road Co., Ltd. (岐關車路有限公司) and a deputy manager at the audit and supervision department of GVTG. Mr. Zhen graduated from Guangdong Xinhua College Institute of Education (廣東新華教育學院) with a college diploma in accounting and has professional qualifications of an accountant.

SENIOR MANAGEMENT

Mr. Rao Fengsheng (饒鋒生), aged 51, is the vice secretary of the party committee of the Company. 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 (廣東省交通研究所) as the deputy office 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. Rao is a senior economist and qualified senior political commissar. He graduated from the Guangdong Social Science University with a college diploma in corporate management, from Beijing Institute of Technology (北京理工大學) with a bachelor degree and from Jinan University (暨南大學) with a postgraduate degree in applied psychology. He obtained a bachelor degree in laws from Beijing Institute of Technology and a master degree in Executive Master of Business Administration (EMBA) from South China University of Technology.

Mr. Wei Hengdong (魏衡東), aged 45, is the deputy general manager and a member of the party committee of the Company and a director of GD-HK Company. 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 GVTG, the general manager of the properties management branch of GVTG, 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 GVTG, and successively the deputy general manager and a director and the deputy general manager of Weisheng Transportation & Enterprises Company Limited. Mr. Wei graduated from South China University of Technology majoring in architecture, and has professional qualification as a construction engineer.

Ms. Ke Lin (柯琳), aged 46, is the secretary of CPC discipline inspection committee and the chairman of labor union of the Company and GVTG and a member of the party committee of the Company. Ms. Ke joined GVTG 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. Ke graduated from South China Normal University (華南師範大學) with a bachelor's degree, majoring in psychology.

Mr. Luo Yongtao (羅永滔), aged 59, is the chief engineer of the Company and GVTG. 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. Luo graduated from South China University of Technology, majoring in motor vehicle design and manufacturing, and has professional qualification as a senior engineer.

Mr. Liu Wanneng (劉萬能), aged 46, is a member of the party committee of the Company and director, deputy secretary of the party committee and general manager of Top-E. Other major past positions of Mr. Liu included serving as office director, vice chairman of the labour union and secretary of the party branch of Xuansuoqiao Branch and office director of the Xinhui-Taishan Highway turnkey project department of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限公司), deputy office director of Guangdong Guanghui Highway Company Limited (廣東廣惠高速公路有限公司) and director of Huizhou Office, leader of the road administration brigade and secretary of the party branch of Guangdong Guanghui Highway Company Limited, and head of the investment and development department and head of investment and operation department of Guangdong Gongbei Vehicles Transportation Company Limited (廣東省拱北汽車運輸有限責任公司). Mr. Liu graduated from Party School of the Central Committee of CPC Correspondence Institute with a major at politics and law. He has professional qualifications as senior logistician and political engineer.

Mr. Liu Zhiquan (劉志全), aged 49, is the secretary to the Board of the Company and the managing director of Yueyun Transportation (HK) Company Limited (粵運交通股份(香港)有限公司). 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. He obtained a master's degree in business administration and 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 qualification as an economist.

CORPORATE GOVERNANCE REPORT

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

The Company had complied with all the provisions of the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules for the year ended 31 December 2014.

The following gives a brief account of the corporate governance of the Company for the year ended 31 December 2014.

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 Hong 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 financial statements that give a true and fair view of the Company's financial position on a going concern basis and disclosing insider information announcements and financial information.

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

The independent non-executive Directors appointed by the Company have professional backgrounds in transportation, logistics, accounting 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 system 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 2014, the Company held a total of eleven Board meetings, with an average attendance rate of 99%. The Company kept detailed minutes for the business considered and approved in such meetings.

The attendance records of each member of the Board at the Board meetings, annual general meeting (the “AGM”) and extraordinary general meetings (the “EGM”) for the year ended 31 December 2014 are set out below:

		Board meetings attended/shall be attended during the term of office	AGM and EGM attended/held during the term of office (Note 2)
Executive Directors			
Mr. Xuan Zongmin (Chairman)		11/11	3/4
Mr. Tang Yinghai		11/11	4/4
Mr. Yao Hanxiong		11/11	0/4
Mr. Fei Dachuan	Appointed with effect from 4 April 2014	9/9	0/4
Mr. Guo Junfa		11/11	0/4
Non-executive Directors			
Mr. Liu Wei (Note 1)	Resigned with effect from 26 June 2014	3/3	1/1
Mr. Liu Hong (Note 1)	Appointed with effect from 26 June 2014	5/6	0/3
Mr. Li Bin (Note 1)		9/9	0/4
Independent Non-executive Directors			
Mr. Gui Shouping		11/11	0/4
Mr. Liu Shaobo		11/11	0/4
Mr. Peng Xiaolei		11/11	0/4
Mr. Jin Wenzhou	Appointed with effect from 4 April 2014	9/9	0/4

Note:

- Mr. Liu Wei, Mr. Liu Hong and Mr. Li Bin are non-executive Directors of the Company. Mr. Liu Wei serves as the deputy general manager of GCGC, Mr. Liu Hong serves as the chief legal counsel of GCGC and Mr. Li Bin serves as the head of strategic development department of GCGC. Therefore, as each of Mr. Liu Wei, Mr. Liu Hong and Mr. Li Bin is deemed to have a material interest in the connected transactions agreements and the transactions contemplated thereunder, they had abstained from voting at the Board meetings held to approve the related connected transactions agreements and respective transactions contemplated thereunder and were not counted for in the quorum for attending the meeting.
- The Company has been held 4 general meetings in 2014, including AGM, H Shares Class Meeting and Domestic Shares Class meeting held on 26 June 2014, and EGM held on 25 August 2014.

Apart from the 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 and minutes of the committee meetings in advance of each Board meeting.

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.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

In order to ensure that 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 the Listing Rules to the Directors.

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

Name of Directors	Reading Materials	Participation in Training
Mr. Xuan Zongmin	√	
Mr. Tang Yinghai	√	
Mr. Yao Hanxiong	√	
Mr. Fei Dachuan	√	
Mr. Guo Junfa	√	
Mr. Liu Hong	√	√
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 for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' and Supervisors' securities transactions for the Year. The Company had made specific enquiries of all Directors and Supervisors and they have confirmed that they had complied with the required standard as set out in the Model Code for the Year.

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 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 2014. 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 2014, 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 regularly. The Audit and Corporate Governance Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2014 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, supervisors, senior management 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, management and employees of the Company have complied with the CG Code, the Articles of Association and internal rules and systems. The Company's supervision and audit department carries out audit and supervision on the internal control system construction and compliance of the Company and its subsidiaries in accordance with the term of reference, and reports to the Audit and Corporate Governance Committee on its works.

The Audit and Corporate Governance Committee held two meetings during the year ended 31 December 2014 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 2014 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 a formal and transparent 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 2014, the Remuneration Committee comprised two independent non-executive Directors, Mr. Gui Shouping and Mr. Liu Shaobo, and one non-executive Director, Mr. Li Bin. Mr. Gui Shouping is the chairman of the Remuneration Committee. The Remuneration Committee held two meetings during the Year with 100% attendance rate. The Remuneration Committee proposed recommendations on improving the Company's remuneration policy for 2014 and advised on the remuneration of newly appointed Directors.

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

		Meetings attended/held
Mr. Gui Shouping (Chairman)		2/2
Mr. Liu Shaobo		2/2
Mr. Xuan Zongmin	Resigned with effect from 19 March 2014	2/2
Mr. Tang Yinghai	Appointed with effect from 19 March 2014 and resigned with effect from 30 December 2014	N/A
Mr. Li Bin	Appointed with effect from 30 December 2014	N/A

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 2014, the Nomination Committee had one executive Director, Mr. Xuan Zongmin, and two independent non-executive Directors, Mr. Gui Shouping and Mr. Liu Shaobo. Mr. Xuan Zongmin is the chairman of the Nomination Committee.

During the year ended 31 December 2014, the Nomination Committee held one meeting with an attendance rate of 100%. The Nomination Committee members proposed and passed resolutions on nominated candidates of non-executive Directors at the said meeting.

The Board has adopted a board diversity policy and its aims to set out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. The Nomination Committee reviews the measurable objectives for implementing diversity on the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, educational background, professional experience, skills and knowledge. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

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 2014 are set out below:

		Meetings attended/held
Mr. Liu Wei (Chairman)	Resigned with effect from 19 March 2014	1/1
Mr. Xuan Zongmin (Chairman)	Appointed with effect from 19 March 2014	N/A
Mr. Liu Shaobo		1/1
Mr. Gui Shouping		1/1

SUPERVISORY COMMITTEE

The Supervisory Committee comprises seven members, including two independent Supervisors (namely, Ms. Lu Zhenghua and Mr. Bai Hua), two Supervisors appointed by Shareholders (namely, Mr. You Xiaocong and Ms. Li Haihong), and three Supervisors representing the staff of the Group (namely, Ms. Li Hui, Ms. Zhang Anli and Mr. Zhen Jianhui). 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 2014, the Supervisory Committee reviewed and examined the financial position and the legal compliance of the operations of the Company and performed its duties in a proactive and diligent manner under the principles of due care through convening the Supervisory Committee's meetings and attending the Board meetings of the Company.

During the year ended 31 December 2014, the Supervisory Committee held one meeting.

INTERNAL CONTROL

The Board is responsible for the establishment and effective implementation of the internal control system of the Company. The internal control system of the Company includes an optimised organizational structure and a comprehensive set of rules and standards so as to ensure effective balance. The Board is responsible for reviewing the internal control and supervising the orderly implementation of the internal control through the Audit and Corporate Governance Committee. The management of the Company is responsible for the daily conduct of the internal control. The Supervisory Committee is responsible for supervising the establishment and implementation of the internal control by the Board and the daily conduct of the internal control by the management. The internal control system is designed to maintain the safe and effective operation of the Group's assets, 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, so as to safeguard the interests of the Shareholders.

The Directors conducted a review on the internal control system of the Company in 2014. 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.

1. Financial Control and Risk Management

The Company deeply believes that risk management is the cornerstone for continuing operation of the enterprise and the key to ensure profitable long-term growth of the Company, especially in the current economic environment where changes may occur rapidly, matching the needs of the Company in operational development and strengthening risk management are particularly important. The Company has always adhered to the philosophy that risk management is the foremost duty of management staff of all levels within the enterprise. The Company's management will assume risk management as its duty closely connected and complementary with our daily business.

According to the practical operating environment and business conditions, the Company has improved the risk management system scientifically by combining external accountant with internal financial risk controls, in order to contain the contingent risk of a mismatch in the realization of strategic and operational targets within the minimum tolerable extent for the management of the Company, assure compliance with relevant laws and regulations of the central and regulatory authorities, and ensure the due execution of significant investments and operational matters, for realizing objectives of the Company's strategic plans and enhancing the Company's operational efficiency to minimize the effects of risk factors and achieve effectiveness in refined management.

The Company has strictly complied with the relevant requirements of the Listing Rules from 2005 while listed on the Stock Exchange. We have engaged PricewaterhouseCoopers Zhong Tian LLP, Guangdong Zhengzhong Zhujiang Certified Public Accountants, Deloitte Touche Tohmatsu CPA LLP and KPMG Huazhen, respectively through public tender to audit our financial 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, in order to ensure the truth and effectiveness of the financial reports disclosed to the Shareholders and market investors.

The accounting firm engaged by the Company has audited financial information and pay attention to risk matters during the course of audit, and proposed effective management recommendations to the Company for improving business operation, strengthening risk control and refining project auditing. The Company, based on its strategies and plans, annually makes adjustments to the implementation of its operational strategies according to the operating recommendations from the accounting firm in order to enhance its risk control. The accounting firm 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, including management of financial affairs, supervision and control funds, tax administration and financial reporting standard, and gradually formulated a financial system mechanism. The Company fully implements the financial control requirements through various aspects such as risk identification, risk measurement and risk control. Once any financial system is formulated, it shall be circulated to each unit which shall implement such amendments according to its own operation features. The Company reviewed the system formulation annually for modifications according to the business environment.

The Company implements comprehensive budget management. Different departments of each unit shall specify the budget target management, refine the finalization of budget matters and strictly control the implementation of budget according to their own operation features. Through comprehensive budget management, the Company breaks down the financial risks control and would arrange to make adjustments to its operation plan in due time of every year, every half-year and every quarter by comparing its operating results with the budget targets in order to improve the operational efficiency of its funds and reduce its operation and management risks.

The Company 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 subsidiary of the Company shall also comply with the system arrangement in respect of new investment projects which will be implemented subject to the approval.

The Company is subject to internal audit annually by the Supervisors, 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 subsidiaries, as well as standardized its operation and reformed its business to ensure that the risk was controllable and the objectives were attained.

In 2014, in respect of its risk management, the Group also focused on special risk identification of its trade receivables and full check on the basic information of trade receivables, trade receivables reconciliation, basis on which the credit period is granted, actions taken in respect of due trade receivables, the specific due trade receivables to be settled through legal proceedings and trade receivables involved in litigation (or arbitration) as well as formulated corresponding improvement measures in order to further improve the dynamic management mechanism of trade receivables, enhance risk management and control and increase the use efficiency of funds.

2. Operational and 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 in its operation. Depending on its situation, the Company continuously formulates and improves its internal rules and systems. The management staff and departments of the Company conduct business operation, enter into contracts and take part in tendering processes in accordance with the management requirements of the Company. In addition to engagement of regular legal advisors in China and Hong Kong, the Company also has in place a designated team of professionals for legal affairs, which advises on the lawfulness and compliance of entering into of contracts and material operational decisions so as to ensure compliance with laws and regulations of the Company's operation and management, safety of its assets, truth and completeness of its financial reports and the relevant information and to improve its operation efficiency and effectiveness.

The Company has formulated rules and systems to ensure its compliance with the requirements under the Listing Rules; has formulated the internal guidelines on information disclosure and has established the information disclosure management mechanism based on these guidelines in order to ensure that the Company can report and disclose matters of significance in a timely manner; has developed the measures for the management of insider information confidentiality and registration and enhances its insider information management based on these measures; has formulated the internal guidelines on connected transactions and enhances the approval and disclosure of connected transactions based on these guidelines as well as compiles regular statistics of connected transactions in order to ensure that the proceeding and procedures of connected transactions as well as information disclosure are in compliance with the requirements under the Listing Rules.

3. Internal Audit

2014 internal audit was carried out by the Company through strict front-end prevention and back-end inspection at two levels, namely management foundation and defense line.

On one hand, the Company carried out internal audit according to the annual audit plan and requirements of the management and supervised and evaluated the risk control status of critical business processes and the management system of subsidiaries through "Three-in-one" method, such as annual review of the Supervisory Committee, economic liabilities audit, construction project audit, special research and study and effectiveness monitoring, which provided strong support for the decision-making of management and optimization of management process in business department.

On the other hand, from the perspective of internal control, the Company conducted self-inspection and self-correction on internal control within the Company and its subsidiaries in order to identify system defects and implementation weakness, improve the construction of systems of the Company and its subsidiaries, strengthen the operation and management base of the Group, enhance the level of its operation and management and promote the continuous, healthy and steady development of the Company.

In 2014, the Company carried out 45 internal audits and relevant items, and proposed 270 audit recommendations. Meanwhile, the Company conducted dynamic management and regular supervision on problems identified in the process of internal audit through establishment of problem bank, and followed up the implementation of audit recommendations to ensure the problems identified in the process of internal audit have been effectively resolved.

AUDITOR

The Company has appointed KPMG Huazhen (Special General Partnership) as the independent auditor of the Company. The fees for the audit and non-audit services provided by the above auditor to the Group for the year ended 31 December 2014 amounted to RMB6,990,000 (after tax), of which RMB5,640,000 was audit service fees, and RMB1,350,000 was non-audit service fees (including interim review fees and service fees relating to debt issuance).

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

JOINT COMPANY SECRETARIES

Ms. Zhang Li ("Ms. Zhang") and Mr. Kwok Siu Man ("Mr. Kwok") are the joint company secretaries of the Company (the "Joint Company Secretaries"). 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 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. 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 has obtained professional qualification as a senior economist. Ms. Zhang is also a director of Guangdong South China Logistics Enterprise Co., Ltd. (廣東南粵物流實業有限公司). Ms. Zhang Li joined the Company in March 2001 and has 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 and a director of Boardroom Share Registrars (HK) Limited. He is a fellow member of (i) The Institute of Chartered Secretaries and Administrators in England; (ii) The Institute of Financial Accountants in England; (iii) The Hong Kong Institute of Chartered Secretaries (the "HKICS"); (iv) The Association of Hong Kong Accountants; (v) The Hong Kong Institute of Directors; and a member of the Hong Kong Securities and Investment Institute. He also possesses a number of other professional qualifications. He holds a post-graduate diploma in laws and a bachelor's degree of arts and has extensive experience in company secretarial practice. In addition, Mr. Kwok was a chief examiner and the longest-serving director of the HKICS. Currently, Mr. Kwok serves as the company secretary and joint company secretaries of a number of companies listed on the Main Board and the Growth Enterprises Market of the Stock Exchange, respectively. He is also an independent non-executive director of a company listed on the Stock Exchange.

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

As Mr. Kwok was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange at substantial times since then, he was not required to have at least 15 hours of relevant continuous professional development training in the year ended 31 December 2014 under the Listing Rules.

GENERAL MEETINGS

The general meeting holds the highest authority of the Company. The Company held the 2013 Annual General Meeting on 26 June 2014 to consider and approve seven ordinary resolutions, including but not limited to the Directors' Report, the Auditor's Report and audited financial statements for the year ended 31 December 2013, the payment of a final dividend of 2013, appointment of Directors, engagement of auditors, as well as four special resolutions, including but not limited to grant of general mandate to the Board of the Company to issue, allot and deal with additional domestic shares not exceeding 20% of the domestic shares of the Company in issue and additional H shares of the Company not exceeding 20% of the H shares of the Company in issue, consider and approve issue of bond shares as well as amendments to the Articles of Association. The Company held the Domestic Shares Class meeting and H Shares Class Meeting, respectively, on 26 June 2014 to consider and approve the special resolution regarding the issue of Bonus Shares. The special resolution regarding the issue of Bonus Shares has been approved in the Domestic Shares Class meeting, while it has not been approved in the H Shares Class Meeting. The Company held an extraordinary general meeting on 25 August 2014 to consider and approve the special resolution regarding the proposed issue of the Bonds, and consider and approve the ordinary resolution regarding the granting of the Counter Guarantee by the Company to GCGC in respect of the Guarantee provided by GCGC in relation to the issue of the Bonds. 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 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: the content of the proposal must not violate any provisions of laws and regulations and must be within the scope of the operations of the Company and the terms of reference of the general meeting; the proposal must contain explicit topics and specific resolutions; and the proposal must be submitted to or duly served on the Board 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.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments were made to the articles of association of the Company during the year ended 31 December 2014, details of which are disclosed at on pages 76 to 77 of this annual report.

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 2014 together with the audited financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

In 2014, the Company was principally engaged in the provision of motor vehicle transportation and auxiliary services, material logistics services and expressway service 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 IV 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 29 to 36 of this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's results for the year ended 31 December 2014 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 pages 91 to 92 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 37 of this annual report.

PROPOSED PAYMENT OF FINAL DIVIDEND AND PROPOSED BONUS SHARE ISSUE

The Board recommended the payment of the final dividend of 2014 and resolved to propose bonus issue of the Company as follows: (1) distribution of the final dividend of 2014 of RMB0.15 before tax per share, and (2) for the Shareholders whose names appear on the registers of members in the record date (except for the overseas Shareholders), bonus issue of two shares for every 10 shares by way of the capitalisation of the retained earnings and of three shares for every 10 Shares by way of the capitalisation of the share premium based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014 (the "Bonus Shares Issue").

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

- (i) the approval by 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.

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 2014 final dividend and issue of Bonus Shares by way of the capitalisation of the retained earnings 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 Monday, 22 June 2015.

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 Monday, 22 June 2015 and whose registered addresses are located in the Hong Kong or outside China are exempted from individual income tax of China when distribution of 2014 final dividend and issue of Bonus Shares by way of the capitalisation of the retained earnings of the Company.

Pursuant to the Individual Income Tax Law of the People's Republic of China and its implementation rules and regulations, the Company shall be obliged to withhold 20% individual income tax when it distributes the 2014 final dividend and issue of Bonus Shares by way of the capitalisation of the retained earnings to individual shareholders of H shares whose names appear on the H share register of members at 4:30 p.m. on Monday, 22 June 2015 and whose registered addresses are located in China.

According to the relevant taxation laws and regulation in PRC, the Company shall not deduct or withhold Enterprise Income Tax and Individual Income Tax for all shareholders in respect of Bonus Shares issued by way of the capitalisation of the share premium.

Above relevant taxation laws and regulations shall be interpreted by the relevant local taxation authority and shall be amended from time to time. 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.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Thursday, 11 June 2015 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. 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, 11 May 2015
Closure of register of members	Tuesday, 12 May 2015 to Thursday, 11 June 2015 (both days inclusive)
Date of record	Thursday, 11 June 2015

- (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 Tuesday, 16 June 2015
Closure of register of members	Wednesday, 17 June 2015 to Monday, 22 June 2015 (both days inclusive)
Date of record	Monday, 22 June 2015

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, 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 2014, the Group's total purchases attributable to the Group's five largest suppliers were 30.82%, and the Group's aggregate sales attributable to the Group's five largest customers were 35.79%.

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 13.38% of total purchases of the Group for the year ended 31 December 2014.

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 12.38% of total sales of the Group for the year ended 31 December 2014.

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2014 and details of the distributable reserves of the Company as at 31 December 2014 are set out in note V.39 to the financial statements prepared in accordance with the CAS.

STATUTORY RESERVE FUNDS

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

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 2014 are set out in note V.11 and V.12 to the financial statements.

EMPLOYEE PENSION SCHEME

Details of the Company's employee pension scheme are set out in note V.33 to the financial statements prepared in accordance with the CAS.

DIRECTORS AND SUPERVISORS

The Directors who were under current term of office during the year ended 31 December 2014 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 (Appointed as a non-executive Director on 6 June 2012, and re-designated as an executive Director on 18 December 2012)	6 June 2012	N/A
Mr. Tang Yinghai (Appointed as a non-executive Director on 6 June 2012, and re-designated as an executive Director on 18 December 2012)	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	26 June 2014
Mr. Liu Hong	26 June 2014	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 2014 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	15 April 2014
Ms. Li Hui	2 February 2004	N/A
Mr. Lei Jian	30 May 2013	15 April 2014
Ms. Zhang Anli	15 April 2014	N/A
Mr. Zhen Jianhui	15 April 2014	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 38 to 46 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 2014 are required to be disclosed in the annual report of the Company:

Non-exempt continuing connected transactions approved by independent Shareholders

- (a) On 9 August 2006, the Company and GCGC, the controlling Shareholder of the Company, entered into a Taiping Interchange repair services master Agreement (the "Taiping Interchange Repair Services Master Agreement"), pursuant to which the members of GCGC Group provide repair and renovation services for the Taiping Interchange to the Group pursuant to the execution agreements under the Taiping Interchange Repair Services Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The annual caps of continuing 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 announcement dated 30 September 2013 and the Company's circular dated 13 November 2013.

- (b) On 15 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a first right of operation agreement (the "First Right of Operation Agreement"), pursuant to which the Company has been granted preferential rights by GCGC to obtain operating rights of the expressway service zones controlled by the members of GCGC Group. When exercising such preferential rights, members of the Group entered into individual expressway services subcontracting agreements with owners of each of the expressways, which were companies under the members of GCGC Group. The annual caps of continuing 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 announcement dated 30 September 2013 and the Company's circular dated 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 (the "Material Purchase Master Agreement"), pursuant to which the Group purchases construction materials from the members of GCGC Group pursuant to the execution agreements under the Material Purchase Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Material Purchase 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 annual caps of continuing 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 announcement dated 30 September 2013 and the Company's circular dated 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 Group in the construction of expressway and other infrastructure projects pursuant to the execution agreements under the Material Logistics Service Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The annual caps of continuing 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 announcement dated 30 September 2013 and the Company's circular dated 13 November 2013.

- (e) On 30 September 2013, the Company and GCGC, the controlling Shareholder of the Company, 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 pursuant to the execution agreements under the Rescue Services Entrustment Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The annual caps of continuing 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 30 September 2013 and the Company's circular dated 13 November 2013.

Discloseable continuing connected transactions exempt from independent Shareholders' approval

- (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, pursuant to which the Group provides transportation intelligence services to the members of GCGC Group pursuant to the execution agreements under the transportation intelligence services and other auxiliary services master agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The Group ceased to operate transportation intelligence services since 2013, but operate other auxiliary services. The annual caps of continuing 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 announcement dated 30 September 2013.

- (g) On 29 December 2011, the Company and Guangdong Humen Bridge Company Limited ("Humen Bridge Company", an associate of GCGC and therefore a connected person of the Company under Chapter 14A of the Listing Rules) entered into an entrusted operation management contract (the "Previous Entrusted Operation Management Contract"), pursuant to which the 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. The annual caps of continuing connected transactions under the Previous Entrusted Operation Management Contract for the years ended 31 December 2012, 2013 and 2014 were RMB4,200,000. On 30 December 2014, the Company and Humen Bridge Company entered into a new entrusted operation management contract (the "Entrusted Operation Management Contract"), pursuant to which the Company continued to engage Humen Bridge Company in providing certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange for the period from 1 January 2015 to 31 December 2017. The annual caps of continuing connected transactions under the Entrusted Operation Management Contract for the years ended 31 December 2015, 2016 and 2017 were RMB4,700,000.

For further information relating to the above transactions, please refer to the Company's announcements dated 29 December 2011 and 30 December 2014, respectively.

- (h) On 26 March 2013, Guangzhou Yueyun Investment Management Company Limited (“Yueyun Investment Management”, a whole-owned subsidiary of GCGC and therefore a connected person of the Company under Chapter 14A of the Listing Rules) (as lessor) and the Company (as lessee) entered into a lease agreement in respect of the leasing of the leased premises (the “Previous Lease Agreement”). Pursuant to the Previous 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 (“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. On 31 March 2014, Yueyun Investment Management and the Company entered into a new lease agreement in respect of the leasing of leased premises (the “Lease Agreement”), pursuant to which the Company leased from Yueyun Investment Management the premises located at 8th, 17th, 18th, 19th, 21st, 23rd, 24th, 25th and 26th floors of Yueyun Building for office purpose for a term commencing on 1 April 2014 to 31 December 2016. The annual caps of continuing connected transactions under the Previous Lease Agreement for the years ended 31 December 2013 and 31 December 2014 were RMB1,628,484 and RMB470,028, and the Previous Lease Agreement and the Lease Agreement for the years ended 31 December 2014, 2015 and 2016 were RMB1,746,390, RMB1,701,816 and RMB1,701,816, respectively.

For further information relating to the above transactions, please refer to the Company's announcements dated 26 March 2013 and 31 March 2014, respectively.

- (i) On 19 June 2012, Yueyun Investment Management (as appointor) and Guangdong Yunxing Property Management Company Limited (“Yunxing Property Management”, an indirect whole-owned subsidiary of the Company) (as appointee) entered into a property management entrustment agreement (the “Previous 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 annual caps of continuing connected transactions under the Previous Property Management Entrustment Agreement for the year ended 31 December 2013 was RMB10,500,000 and for the period from 1 January 2014 to 31 May 2014 was RMB5,000,000. On 29 May 2014, Yunxing Property Management and Yueyun Investment Management entered into a new property management entrustment agreement for a term from 1 June 2014 to 31 December 2016 (the “Property Management Entrustment Agreement”). The annual caps of continuing connected transactions under the Previous Property Management Entrustment Agreement and the Property Management Entrustment Agreement for the years ended 31 December 2014, 2015 and 2016 were RMB8,400,000, RMB9,000,000 and RMB9,220,000, respectively.

For further information relating to the above transactions, please refer to the Company's announcements dated 31 December 2012 and 29 May 2014, respectively.

- (j) The Company and GVTG entered into the following continuing connected transactions in respect of the provision of entrustment and business operation services during the terms of the entrusted management agreements:
- (1) the Meizhou Yueyun, Shenzhen Yueyun and Yangjiang Transportation entrusted management agreement dated 22 June 2012 entered into between Yueyun Investment Management (as appointor) and GVTG (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) the Gongbei Transportation 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) the Kee Kwan 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) the Weisheng 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 GVTG (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.81 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 GVTG in respect of the provision of entrustment and business operation services under the above entrusted management agreements shall be RMB8,262,000 for the year ended 31 December 2013 and 2014.

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

- (k) On 30 December 2013, Guangdong Province Transportation Engineering Company Limited ("Guangdong Transportation Engineering", a wholly-owned subsidiary of the Company, as the lessor) entered into one lease agreement with each of Guangdong Xinyue Communications Investment Company Limited (a wholly-owned subsidiary of GCGC, as the lessee) and Guangdong Xinyue Communications Investment Company Limited Intelligence Transportation Research Institute (a branch company of Guangdong Xinyue Communications Investment Company Limited, as the lessee) in respect of property leasing matters, for a term from 1 January 2014 to 31 December 2014. The maximum amount for the year ended 31 December 2014 under the lease agreements was is RMB2,041,917.60 per annum.

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

- (l) On 30 September 2013, the Company and GCGC entered into an information systems services master agreement (the "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 pursuant to the execution agreements under the Information Systems Services Master Agreement, with an initial term of three years commencing on 1 January 2014 and ending on 31 December 2016. Subject to the relevant requirements of the Listing Rules, the Information Systems 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 annual caps of continuing 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.

- (m) GVTG and Kwong Fat Transport Limited ("Kwong Fat Transport", a member of the GCGC Group and therefore a connected person of the Company under Chapter 14A of the Listing Rules) entered into a target license usage agreement (the "Target License Usage Agreement") on 1 January 2002, pursuant to which GVTG agreed to allow vehicles operated by Kwong Fat Transport to use the target licenses obtained by GVTG from the relevant traffic authority for a term from 1 January 2002 to 31 December 2014. Annual caps of continuing connected transactions under the Target License Usage Agreement for the years ended 31 December 2013 and 2014 was HKD1,500,000 per annum.

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

- (n) On 30 December 2014, the Company and Yueyun Investment Management entered into the entrusted management agreement, pursuant to which Yueyun Investment Management entrusted its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operation of such companies to the Company for a term of one year commencing from 1 January 2015 and ending on 31 December 2015 at an annual entrusted management fee of RMB 7,662,000.

For further information relating to the above transactions, please refer to the Company's announcement dated 30 December 2014.

The independent non-executive Directors, Mr. Gui Shouping, Mr. Liu Shaobo, Mr. Peng Xiaolei and Mr. Jin Wenzhou have reviewed the above continuing connected transactions as set out in (a) to (n) 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 70 to 71 in this report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

- a. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have not been approved by the Company's board of directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions set out above, nothing has come to their attention that causes them to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the previous announcements made by the Company in respect of each of the disclosed continuing connected transactions.

The following table sets out the relevant annual caps and the actual amounts for the year ended 31 December 2014 in relation to the continuing connected transactions of the Company.

Transactions	For the year ended 31 December 2014	
	Annual Cap (RMB'000)	Actual Amount (RMB'000)
Non-exempt continuing connected transactions approved by independent Shareholders		
(a) Provision of repair and renovation services for the Taiping Interchange by members of GCGC to the Group under the Taiping Interchange Repair Services Master Agreement and the subsisting agreements	15,700	252
(b) Grant of a first right to operate the expressway service zones on the expressways controlled by members of GCGC by GCGC to the Company under the First Right of Operation Agreement and the subsisting agreements	141,021	104,113
(c) Purchase of construction materials from members of GCGC by the Group under the Materials Purchase Master Agreement and the subsisting agreements	2,380,000	1,332,885
(d) Provision of material logistics services to members of GCGC by the Group under the Material Logistics Services Master Agreement and the subsisting agreements	2,853,600	1,952,686
(e) Provision of expressway rescue services to members of GCGC by the Group under the Rescue Services Entrustment Master Agreement and the subsisting agreements	36,003	22,816

Transactions	For the year ended 31 December 2014	
	Annual Cap (RMB'000)	Actual Amount (RMB'000)
Discloseable continuing connected transactions exempt from independent Shareholders' approval		
(f) Provision of other auxiliary services to members of GCGC by the Group under the Transportation Intelligence Services and Other Auxiliary Services Master Agreement and the subsisting agreements	22,523	5,524
(g) Engagement of Humen Bridge Company by the Company in providing certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange under the Previous Entrusted Operation Management Contract	4,200	4,200
(h) Leasing of the leased premises from Yueyun Investment Management by the Group for office purpose under the Previous Lease Agreement the Lease Agreement	1,746	1,702
(i) Provision of property management services in respect of Yueyun Building by Guangdong Yunxing Property Management Company Limited to Yueyun Investment Management under the Previous Property Management Entrustment Agreement and the Property Management Entrustment Agreement	8,400	8,136
(j) 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 GVTG 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 GVTG's 100% equity interest in Weisheng and the business operations of these companies to the Company by GCGC and GVTG	8,262	8,262
(k) Leasing of the leased premises by Guangdong Transportation Engineering to Guangdong Xinyue Communications Investment Company Limited and Guangdong Xinyue Communications Investment Company Limited Intelligence Transportation Research Institute for office and storage uses under the Property Lease Agreement	2,042	2,042
(l) Provision of information system services to the Group by members of GCGC under the Information Systems Services Master Agreement and the subsisting agreements	13,794	3,823
(m) Agreement from GVTG to allow vehicles operated by Kwong Fat Transport to use the target license obtained by GVTG from the relevant traffic authority under the Target License Usage Agreement	1,188 (HK\$1,500,000)	—

CONNECTED TRANSACTIONS

The connected transactions of the Group for the year ended 31 December 2014:

- (a) After completion of a tender process conducted through the Southern United Assets and Equity Exchange, on 14 January 2014, the Company and Guangdong Xinyue Transportation Investment Co, Ltd entered into the acquisition agreement, pursuant to which the Company agreed to acquire 1.6% equity interest in Guangdong South China Logistics Enterprise Co, Ltd from Guangdong Xinyue Transportation Investment Co, Ltd. Upon completion of the acquisition, Guangdong South China Logistics Enterprise Co, Ltd became a wholly-owned subsidiary of the Company. The consideration for the acquisition was RMB 2,846,400.

For further information relating to the above transaction, please refer to the Company's announcement dated 14 January 2014.

- (b) After completion of a tender process conducted through the Southern United Assets and Equity Exchange, on 17 April 2014, the Company, Guangdong Litong Technology Investment Co. Ltd., (a wholly-owned subsidiary of GCGC) a connected person, and Guangdong Nengda Higher Level Highway Maintenance Co. Ltd., an independent third party, entered into the disposal agreement, pursuant to which the Company (i) transferred its 20% equity interest in Guangdong Feida Transportation Engineering Co. Ltd. to Guangdong Litong Technology Investment Co. Ltd. for a consideration of RMB7,510,820; and (ii) transfer its 10% equity interest in Guangdong Feida Transportation Engineering Co. Ltd. to Guangdong Nengda Higher Level Highway Maintenance Co. Ltd., an independent third party, for a consideration of RMB3,755,410.

For further information relating to the above transaction, please refer to the Company's announcement dated 17 April 2014.

- (c) In respect of the provision of the guarantee by GCGC for the Company's proposed issue of corporate bonds, on 28 May 2014, the Company and GCGC entered into the counter guarantee agreement, pursuant to which the Company provided the counter guarantee in favor of GCGC against all amounts incurred by GCGC under the guarantee. The counter guarantee took place in the form of a pledge provided by the Company to GCGC of the Toll Collection Right for Taiping Interchange held by it. The terms and the granting of the counter guarantee by the Company to GCGC were approved by independent shareholders at the extraordinary general meeting of the Company held on 25 August 2014.

For further information relating to the above transactions, please refer to the Company's announcement dated 28 May 2014 and the Company's circular dated 10 July 2014.

- (d) With the approval from the Board on 4 November 2014, the agreement entered into between Guangdong Top-E Expressway Service Zone Company Limited and Guangdong Guangzhu West Line Expressway Company Limited (an associate of GCGC and therefore a connected person of the Company under Chapter 14 A of the Listing Rules) became effective immediately. Pursuant to the agreement, Guangdong Guangzhu West Line Expressway Company Limited agreed to, amongst other things, reimburse Guangdong Top-E Expressway Service Zone Company Limited's construction cost for the property located at the Shunde Service Zone at Beijiao Town, Shunde District, Foshan City in the amount of RMB 36,159,624 and Guangdong Top-E Expressway Service Zone Company Limited shall terminate the recognition of the property.

For further information relating to the above transactions, please refer to the Company's announcement dated 4 November 2014.

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 “continuing connected transactions” or “connected transactions” under the Listing Rules have been set out in the sections headed “Continuing Connected Transactions” and “Connected Transactions” above, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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

As at 31 December 2014, 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 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	Approximate percentage in relevant class of share capital	Note
Guangdong Provincial Expressway Development Co. Ltd. (“Guangdong Expressway”)	Yao Hanxiong	Personal	2,393	0.0003	(1)
Guangdong Expressway	Liu Hong	Personal	11,972	0.0013	(2)
Guangdong Expressway	Zhen Jianhui	Personal	9,209	0.0010	(3)

Notes:

- (1) Mr. Yao Hanxiong is deemed to be interested in 2,393 shares as a result of his own beneficial interest in the said shares of Guangdong Expressway.
- (2) Mr. Liu Hong is deemed to be interested in 11,972 shares as a result of his own beneficial interest in the said shares of Guangdong Expressway.
- (3) Mr. Zhen Jianhui is deemed to be interested in 9,209 shares as a result of his own beneficial interest in the said shares of Guangdong Expressway.

Save as disclosed above, as at 31 December 2014, 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 2014 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 VI.4(7) to the financial statements prepared in accordance with the CAS.

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 2014.

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 2014 is set out below:

Remuneration range (RMB)	Number of persons
300,000 to 500,000	1
500,000 to 700,000	7
700,000 to 900,000	3

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at 31 December 2014, no Director or Supervisor had 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 2014.

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 50 to 53 of this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had 18,633 employees and the staff costs (including remuneration of Directors) of the Group was RMB1,156 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, academic background and capacities of the employees. The performance bonus is determined according to the performance assessment results and contribution of the employees.

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

The Company has always attached great importance to the training and development of human resources:

The Company has always attached great importance to the training and development of human resources, and made endeavor to provide training and education to management personnel. We have faithfully implemented budgeted standard for training expenses and its implementation plan of the Company, and 100% of management personnel have participated in the training courses. In addition to continuing enhance on training and education of hard skills such as professional ability, academic degrees, qualifications, legal affairs and techniques, we have strengthened the training of soft skills (such as attitude and concept) on management personnel at various levels, through holding training courses on the staff code of the Group, professional quality of staff and the management of staff relationship of listed companies, work rules on management personnel at headquarters and outside; and continued to bring the function of networking colleges into full play, make great effort to enhance training and education of management personnel at all levels, which were implemented gradually among the middle and senior management, the low-level management personnel and professional technicians with special focus and aims according to guideline of "setting up compulsory courses at different levels, recommending classified optional courses and arranging general courses on an overall plan basis". Approximately 190 people participated in internet learning sessions throughout the year.

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 2014.

DONATIONS

Donations of RMB865,668.37 was made by the Group during the year ended 31 December 2014.

AUDITOR

Deloitte Touche Tohmatsu CAP LLP retired as the auditors of the Company due to expiry of contract on 26 June 2014. On 26 June 2014, with the approval of the annual general meeting, the Company appointed KPMG Huazhen (Special General Partnership) as the auditor of the Company for a term of office until the close of the next annual general meeting of the Company. KPMG Huazhen (Special General Partnership) has audited the Group's financial statements which were prepared in accordance with the CAS. The Company will propose a resolution at the annual general meeting to be held on 11 June 2015 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 of the Company (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 Transfer Agreements; and (c) increase the composition of the Board from 9 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. The above mentioned amendments to the Articles of Association have been approved by Department of Commence of Guangdong Province and registered for changes with Administration of Industry and Commerce of Guangdong Province, with formal effect on 4 April 2014. For further information, please refer to the Company's circular dated 13 November 2013.
- (2) The Shareholders considered and approved certain amendments to the Articles of Association at the AGM held on 26 June 2014. Amendments to the Articles of Association are for the purposes of (a) amending the terms relating to the scope of operations in the Articles of Association by adding "inter-provincial passenger transportation coach service, inter-city passenger transportation coach service; inter-provincial passenger transportation chartered coach service, inter-city passenger transportation chartered coach service (the above items are operated under valid operation licenses)" to the scope of operations; and (b) conditional on the Bonus Shares Issue becoming unconditional upon the satisfaction of the conditions stated under the "Conditions for the Bonus Shares Issue" of the circular on 29 April 2014, the registered capital of the Company will be increased upon completion of the Bonus Shares Issue and the Articles of Association will be required to be amended accordingly. As the Bonus Shares Issue was not approved by shareholders of H Shares at the H Shares Class Meeting, the amendment to the Articles of Association in item (b) mentioned above did not take effect. The amendment to the Articles of Association in item (a) mentioned above has been approved by Department of Commence of Guangdong Province and registered for changes with Administration of Industry and Commerce of Guangdong Province, with formal effect on 12 September 2014. Please refer to the circular dated 29 April 2014 and the announcement dated 26 June 2014 of the Company for details.

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 2014, 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. The obligor, Tangshan Xingye Gongmao Jituan Co., Ltd, has filed for bankruptcy petition to Tangshan Kaiping People's Court due to insolvency, and the court has decided to accept the bankruptcy petition filed by it on 28 February 2014.

On behalf of the Board

Xuan Zongmin

Chairman of the Board

Guangzhou, The PRC

25 March 2015

SUPERVISORS' REPORT

Dear Shareholders:

In 2014, 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 19 March 2014 the Supervisory Committee convened the first meeting of the fifth 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.

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

- (I) Annual Work Report of the Supervisory Committee for 2013
- (II) Work Plan of the Supervisory Committee for 2014

Upon review at the meeting, the following reports and proposals of the Company were agreed with unanimously:

- (I) Proposal on Change of Directors
- (II) Proposal on Change of Chairman and General Manager
- (III) Proposal on Change of Members of the board committees
- (IV) Draft of Annual Report and Results Announcement for 2013
- (V) Final Financial Report for 2013 and Financial Budget Report for 2014
- (VI) Profit Distribution Plan for 2013
- (VII) Proposal on Application for Composite Credit Facilities from the Banks
- (VIII) Proposal on Appointment of Agent for Distributing H Shares Dividends
- (IX) Investment Performance for 2013 and Investment Plan for 2014
- (X) Remuneration Incentive Packages for 2013
- (XI) Proposal on General Mandate to Issue Domestic Shares and/or H Shares
- (XII) Proposal on Preparation of Working Rules for Compliance Committee of the Board
- (XIII) Proposal on Preparation of Interim Measures on the Administration of Appraisal of Performance for Members of the Management Team
- (XIV) Proposal on Convening the 2013 Annual General Meeting

- (XV) Proposal on Lease of Offices
- (XVI) Meeting Minutes for Audit and Corporate Governance Committee
- (XVII) Meeting Minutes for Remuneration Committee
- (XVIII) Proposal on Amendments to the Articles of Association
- (XIX) The Internal Audit Plan for 2014

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

In 2014, 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. We 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 position and other significant events which require shareholder notification, the Supervisory Committee conducted five comprehensive reviews during the Reporting Period, involving the Company and its 19 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 2014, 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

KPMG Huazhen (Special General Partnership) has audited the 2014 financial statements of the Company and issued a standard unqualified audit report. The 2014 financial statements audited by KPMG Huazhen (Special General Partnership) present fairly, in material respects, the financial position and operating results of the Company.

(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
25 March 2015

PARTICULARS OF SHAREHOLDERS

SHARE CAPITAL

Details of the share capital of the Company are set out in the note V.35 to financial statements prepared in accordance with the CAS.

PRE-EMPTIVE RIGHTS

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

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

To the best knowledge of the Directors, as at 31 December 2014, 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	Domestic shares	279,641,867	Beneficial owner	100	66.96
China Petrochemical Corporation (Note 1)	H shares	22,100,000	Interests of controlled corporations	16.01	5.29
China Petroleum & Chemical Corporation (Note 1)	H shares	22,100,000	Interests of controlled corporations	16.01	5.29
Sinopec (Hong Kong) Limited	H shares	22,100,000	Beneficial owner	16.01	5.29
Pope Asset Management, LLC	H shares	12,496,838	Investment manager	9.06	2.99
Shah Capital Management	H shares	12,209,000	Investment manager	8.85	2.92

Note 1: Sinopec (Hong Kong) Limited is a wholly-owned subsidiary of China Petroleum & Chemical Corporation and China Petroleum & Chemical Corporation is a subsidiary of China Petrochemical Corporation. Accordingly, China Petrochemical Corporation and China Petroleum & Chemical Corporation are deemed to be interested in 22,100,000 H shares of the Company held by Sinopec (Hong Kong) Limited respectively.

Save as disclosed above, as at 31 December 2014, 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 2014, GCGC held 279,641,867 domestic shares of the Company, representing 66.96% 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 2014 was RMB26,800,000,000. It is principally engaged in the investment, construction and management of expressways in Guangdong Province, as well as logistics and transportation business.

SUFFICIENCY OF PUBLIC FLOAT

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

FINANCIAL STATEMENTS

Auditor's Report

Consolidated Balance Sheet

Balance Sheet

Consolidated Income Statement

Income Statement

Consolidated Cash Flow Statement

Cash Flow Statement

Consolidated Statement of

Changes In Shareholders' Equity

Statement of Changes in Shareholders' Equity

Notes to the Financial Statements

All Shareholders of Guangdong Yueyun Transportation Company Limited:

We have audited the accompanying financial statements of Guangdong Yueyun Transportation Company Limited ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2014, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing for Certified Public Accountants. Those standards require that we comply with China Code of Ethics for 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 procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's 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 entity's 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.

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2014, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

KPMG Huazhen

(Special General Partnership)

Beijing, China

Certified Public Accountants

Registered in the People's Republic of China

Peng Jing

Wang Jie

25 March 2015

CONSOLIDATED BALANCE SHEET

As at 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013
Assets			
Current Assets			
Cash at bank and on hand	1	1,773,706,526.84	1,717,993,999.71
Bills receivable	2	1,500,000.00	5,000,000.00
Accounts receivable	3	668,287,137.36	752,645,715.22
Prepayments	4	188,767,804.38	524,893,262.66
Other receivables	5	298,713,423.99	210,531,999.01
Inventories	6	153,138,610.49	175,705,590.22
Non-current assets due within one year		7,985,219.32	734,786.40
Other current assets	7	17,036,912.36	9,341,397.14
Total current assets		3,109,135,634.74	3,396,846,750.36
Non-current assets			
Long-term receivables	8	35,458,574.50	—
Long-term equity investments	9	204,665,915.87	204,614,480.91
Available-for-sale financial assets	10	8,238,722.82	563,228.22
Investment properties	11	152,693,971.95	65,511,714.03
Fixed assets	12	1,738,940,439.54	1,367,390,427.02
Construction in progress	13	172,616,315.39	147,438,556.91
Intangible assets	14	820,725,330.31	614,492,984.64
Goodwill	15	84,597,291.76	61,206,135.90
Long-term deferred expenses	16	25,994,397.66	37,430,177.90
Deferred tax assets	17	191,265,434.64	170,269,350.37
Other non-current assets	18	208,747,950.30	111,171,889.92
Total non-current assets		3,643,944,344.74	2,780,088,945.82
Total assets		6,753,079,979.48	6,176,935,696.18

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

(Expressed in Renminbi Yuan)

	Note V	2014	2013 Restated
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	21	285,749,912.78	626,554,858.03
Bills payable	22	319,317,371.36	453,403,442.66
Accounts payable	23	961,762,867.70	917,633,504.96
Advances from customers	24	334,744,357.78	623,748,827.75
Employee benefits payable	25	146,784,610.23	117,969,504.01
Taxes payable	26	168,433,156.47	130,080,294.75
Interest payable	27	5,157,354.24	2,535,638.24
Dividends payable	28	22,183,255.35	27,108,564.15
Other payables	29	546,330,830.89	312,163,240.48
Non-current liabilities due within one year	30	411,602,480.02	47,147,372.48
Total current liabilities		3,202,066,196.82	3,258,345,247.51
Non-current liabilities			
Long-term loans	31	299,529,507.68	87,916,694.66
Bonds payable		—	298,024,078.94
Long-term payables	32	41,223,617.48	58,607,675.17
Long-term employee benefits payable	33	181,699,822.62	26,484,125.99
Deferred tax liabilities	17	31,129,102.06	7,894,283.45
Deferred income	34	285,528,984.00	228,773,308.30
Total non-current liabilities		839,111,033.84	707,700,166.51
Total liabilities		4,041,177,230.66	3,966,045,414.02

	Note V	2014	2013 Restated
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	35	417,641,867.00	417,641,867.00
Other equity instrument	36	281,810,000.00	281,810,000.00
Capital reserve	37	170,451,076.51	172,076,352.20
Other comprehensive income	38	(37,962,427.11)	(38,886,623.71)
Special reserve	39	22,864,907.64	14,833,820.53
Surplus reserve	40	136,839,287.38	130,421,930.77
Retained earnings	41	669,480,517.83	517,684,409.50
Total equity attributable to shareholders of the Company	42	1,661,125,229.25	1,495,581,756.29
Non-controlling interests		1,050,777,519.57	715,308,525.87
Total shareholders' equity		2,711,902,748.82	2,210,890,282.16
Total liabilities and shareholders' equity		6,753,079,979.48	6,176,935,696.18

These financial statements were approved by the Board of Directors of the Company on 25 March 2015.

The notes on pages 102 to 316 form part of these financial statements.

Xuan Zongmin
Legal Representative

Wei Hengdong
The person in charge
of accounting affairs

Leng Xuelin
The head of the
accounting department

BALANCE SHEET

As at 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013 Restated
Assets			
Current assets			
Cash at bank and on hand	1	843,395,937.87	1,204,812,278.53
Bills receivable	2	1,300,000.00	5,000,000.00
Accounts receivable	3	355,589,986.51	448,979,488.81
Prepayments	4	59,947,954.08	203,441,882.37
Other receivables	5	428,471,288.71	245,627,902.06
Inventories	6	33,430,248.59	83,582,043.31
Other current assets	7	3,628,030.91	—
Total current assets		1,725,763,446.67	2,191,443,595.08
Non-current assets			
Long-term equity investments	9	803,848,951.98	799,140,755.21
Available-for-sale financial assets	10	777,412.45	777,412.45
Fixed assets	12	4,102,293.64	3,867,674.12
Construction in progress	13	241,523.95	10,365,330.46
Intangible assets	14	164,104,686.38	191,690,587.40
Long-term deferred expenses	16	11,026,231.52	8,205,738.45
Deferred tax assets	17	141,389,770.29	135,404,942.08
Total non-current assets		1,125,490,870.21	1,149,452,440.17
Total assets		2,851,254,316.88	3,340,896,035.25

BALANCE SHEET
As at 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	21	200,000,000.00	480,000,000.00
Bills payable	22	221,317,371.36	327,477,270.09
Accounts payable	23	131,040,998.59	438,870,540.68
Advances from customers	24	34,107,156.14	128,566,243.07
Employee benefits payable	25	18,778,140.46	17,998,637.25
Taxes payable	26	10,880,883.30	40,483,968.20
Interest payable	27	604,666.58	896,111.08
Other payables	29	786,835,649.48	598,110,193.25
Total current liabilities		1,403,564,865.91	2,032,402,963.62
Non-current liabilities			
Long-term loans	31	120,000,000.00	—
Total non-current liabilities		120,000,000.00	—
Total liabilities		1,523,564,865.91	2,032,402,963.62

BALANCE SHEET
As at 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013 Restated
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	35	417,641,867.00	417,641,867.00
Other equity instrument	36	281,810,000.00	281,810,000.00
Capital reserve	37	262,889,247.11	263,284,147.15
Surplus reserve	40	134,361,198.52	127,943,841.91
Retained earnings	41	230,987,138.34	217,813,215.57
Total shareholders' equity		1,327,689,450.97	1,308,493,071.63
Total liabilities and shareholders' equity		2,851,254,316.88	3,340,896,035.25

These financial statements were approved by the Board of Directors of the Company on 25 March 2015.

The notes on pages 102 to 316 form part of these financial statements.

Xuan Zongmin
 Legal Representative

Wei Hengdong
 The person in charge
 of accounting affairs

Leng Xuelin
 The head of the
 accounting department

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

(Expressed in Renminbi Yuan)

	Note V	2014	2013
I. Operating income	43	9,878,072,290.17	6,165,831,692.86
II. Less: Operating costs	43	8,834,334,349.78	5,306,996,967.70
Business taxes and surcharges	44	60,921,237.70	47,247,555.10
Selling and distribution expenses		63,415,746.33	63,377,368.00
General and administrative expenses		553,520,490.64	503,166,362.04
Financial expenses	45	63,343,464.01	43,225,734.28
Impairment losses	46	19,111,569.64	16,076,440.90
Add: Investment income	47	17,204,031.96	11,945,935.96
(Including: Income from investment in associates and joint ventures)		15,554,646.74	11,210,791.51
III. Operating profit		300,629,464.03	197,687,200.80
Add: Non-operating income	48	131,972,861.31	106,631,264.92
(Including: Gains from disposal of non-current assets)		19,410,509.37	2,515,648.06
Less: Non-operating expenses	49	11,914,706.33	6,030,972.68
(Including: Losses from disposal of non-current assets)		6,040,394.20	1,664,441.78
IV. Profit before income tax		420,687,619.01	298,287,493.04
Less: Income tax expenses	50	127,098,497.64	88,140,142.56
V. Net profit for the year		293,589,121.37	210,147,350.48
Attributable to:			
Shareholders of the Company		202,795,751.64	135,892,609.02
Non-controlling interests		90,793,369.73	74,254,741.46

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013 Restated
VI. Other comprehensive income, net of tax			
(I) Items that will not be reclassified to profit and loss		—	—
(II) Items that may be reclassified subsequently to profit or loss:	52		
1. Translation differences arising from translation of foreign currency financial statements		785,846.04	(6,614,049.45)
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		752,563.35	—
VII. Total comprehensive income for the year		<u>295,127,530.76</u>	<u>203,533,301.03</u>
Attributable to:			
Shareholders of the Company		203,719,948.24	131,779,794.15
Non-controlling interests		<u>91,407,582.52</u>	<u>71,753,506.88</u>
VIII. Earnings per share			
(I) Basic earnings per share	51(1)	0.48	0.32
(II) Diluted earnings per share	51(2)	<u>0.39</u>	<u>0.26</u>

The notes on pages 102 to 316 form part of these financial statements.

INCOME STATEMENT

For the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013
I. Operation income	43	2,000,020,895.76	2,636,639,051.75
II. Less: Operating costs	43	1,831,615,553.84	2,409,245,050.21
Business taxes and surcharges	44	9,322,055.27	8,382,012.57
Selling and distribution expenses		21,226,973.43	44,664,595.19
General and administrative expenses		89,227,228.80	91,985,740.58
Financial expenses	45	15,083,059.52	4,809,447.60
Impairment losses	46	8,529,256.98	16,248,401.21
Add: Investment income	47	46,273,513.43	34,923,061.51
(Including: Income from investment in associates and joint ventures)		9,507,953.05	3,189,342.60
III. Operating profit		71,290,281.35	96,226,865.90
Add: Non-operating income	48	70,000.01	38,609.94
(Including: Gains from disposal of non-current assets)		—	20,832.04
Less: Non-operating expenses	49	15,040.00	1,015,872.25
(Including: Losses from disposal of non-current assets)		8,040.00	16,785.02
IV. Profit before income tax		71,345,241.36	95,249,603.59
Less: Income tax expenses	50	7,171,675.28	18,695,290.46
V. Net profit for the year		64,173,566.08	76,554,313.13
VI. Other comprehensive income, net of tax		—	—
VII. Total comprehensive income for the year		64,173,566.08	76,554,313.13

The notes on pages 102 to 316 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		11,077,335,346.13	7,461,458,536.11
Cash received relating to other operating activities		142,303,964.88	128,613,210.62
Sub-total of cash inflows		11,219,639,311.01	7,590,071,746.73
Payment for goods and services		8,822,305,097.53	5,844,463,822.44
Payment to and for employees		1,159,209,176.19	968,435,145.51
Payment of various taxes		369,026,989.26	274,707,201.82
Payment relating to other operating activities		168,009,923.06	199,922,307.25
Sub-total of cash outflows		10,518,551,186.04	7,287,528,477.02
Net cash inflow from operating activities	54(a)	701,088,124.97	302,543,269.71
II. Cash flows from investing activities:			
Proceeds from disposal of investments		12,542,166.17	16,720,000.00
Net proceeds from acquisition of subsidiaries	54(d)	39,772,396.23	—
Investment returns received		6,237,917.96	894,525.84
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		46,451,430.03	14,790,256.91
Cash received relating to other investing activities		—	103,564,877.52
Sub-total of cash inflows		105,003,910.39	135,969,660.27
Payment for acquisition of fixed assets, intangible assets and other long-term assets		474,836,833.19	493,230,999.28
Payment for acquisition of investments		3,600,000.00	4,800,000.00
Net payment for acquisition of subsidiaries and other business units		2,127,947.17	3,422,644.17
Payment relating to other investing activities		—	18,026,089.83
Sub-total of cash outflows		480,564,780.36	519,479,733.28
Net cash outflow from investing activities		(375,560,869.97)	(383,510,073.01)

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2014

(Expressed in Renminbi Yuan)

	Note V	2014	2013
III. Cash flows from financing activities:			
Proceeds from investors		11,021,781.52	14,173,863.71
Proceeds from borrowings		695,095,885.61	1,079,534,781.66
Proceeds from other financing activities	54(e)	—	39,510,446.49
Sub-total of cash inflows		706,117,667.13	1,133,219,091.86
Repayments of borrowings		808,448,058.04	445,218,731.22
Payment for dividends, profit distributions or interest (Including: Dividends and profits paid to non-controlling shareholders by subsidiaries)		160,103,176.77	120,780,700.81
Payment relating to other financing activities	54(e)	9,868,864.70	28,005,255.38
Sub-total of cash outflows		978,420,099.51	594,004,687.41
Net cash (outflow)/inflow from financing activities		(272,302,432.38)	539,214,404.45
IV. Effect of foreign exchange rate changes on cash and cash equivalents		288,901.76	(2,046,363.68)
V. Net increase in cash and cash equivalents	54(b)	53,513,724.42	456,201,237.47
Add: Cash and cash equivalents at the beginning of the year		1,710,089,275.02	1,253,888,037.55
VI. Cash and cash equivalents at the end of the year	54(c)	1,763,602,999.44	1,710,089,275.02

The notes on pages 102 to 316 form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		2,308,323,873.56	3,248,640,775.32
Proceeds from other operating activities		6,233,746.48	3,600,638.68
Sub-total of cash inflows		2,314,557,620.04	3,252,241,414.00
Payment for goods and services		2,363,278,574.06	3,484,467,415.75
Payment to and for employees		42,288,166.47	44,177,012.40
Payment of various of taxes		52,664,659.05	63,877,374.51
Payment relating to other operating activities		230,321,686.69	96,712,424.72
Sub-total of cash outflows		2,688,553,086.27	3,689,234,227.38
Net cash outflow from operating activities	54(a)	(373,995,466.23)	(436,992,813.38)
II. Cash flows from investing activities:			
Proceeds from disposal of investments		12,542,166.17	—
Investment returns received		35,403,506.87	31,458,206.66
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		1,200.00	17,548.05
Proceeds relating to other investing activities		—	109,169,828.59
Sub-total of cash inflows		47,946,873.04	140,645,583.30
Payment for acquisition of fixed assets, intangible assets and other long-term assets		4,738,869.69	11,452,749.12
Payment for acquisition of investments		3,600,000.00	—
Payment relating to other investing activities		—	17,542,505.08
Sub-total of cash outflows		8,338,869.69	28,995,254.20
Net cash inflow from investing activities		39,608,003.35	111,650,329.10

CASH FLOW STATEMENT
For the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note V	2014	2013
III. Cash flows from financing activities:			
Proceeds from borrowings		320,000,000.00	680,000,000.00
Proceeds from other financing activities	54(e)	202,871,575.59	323,337,199.35
Sub-total of cash inflows		522,871,575.59	1,003,337,199.35
Repayments of borrowings		480,000,000.00	200,000,000.00
Payment for dividends, profit distributions or interest		69,900,453.37	41,290,510.60
Payment for other financing activities		—	914,166.57
Sub-total of cash outflows		549,900,453.37	242,204,677.17
Net cash (outflow)/inflow from financing activities		(27,028,877.78)	761,132,522.18
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	747,782.77
V. Net (decrease)/increase in cash and cash equivalents	54(b)	(361,416,340.66)	436,537,820.67
Add: cash and cash equivalents at the beginning of the year		1,204,812,278.53	768,274,457.86
VI. Cash and cash equivalents at the end of the year	54(c)	843,395,937.87	1,204,812,278.53

The notes on pages 102 to 316 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2014

(Expressed in Renminbi Yuan)

	Note	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity	
		Share capital	Other equity instrument	Capital reserve	Special reserve	Other comprehensive income	Surplus reserve	Retained earnings			Total
I.	Balance as at 1 January 2014	417,641,867.00	281,810,000.00	172,076,352.20	14,833,820.53	(38,886,623.71)	130,421,930.77	517,684,409.50	1,495,581,756.29	715,308,525.87	2,210,890,282.16
II.	Changes in equity for the year										
1.	Total comprehensive income	—	—	—	—	924,196.60	—	202,795,751.64	203,719,948.24	91,407,582.52	295,127,530.76
2.	Shareholders' contributions										
(1)	Contribution by owners	—	—	—	—	—	—	—	—	11,021,781.52	11,021,781.52
(2)	Increase from a business combination involving enterprises not under common control	—	—	—	—	—	—	—	—	261,352,746.96	261,352,746.96
(3)	Acquisition of non-controlling interests	—	—	(1,230,375.65)	—	—	—	—	(1,230,375.65)	(1,944,880.76)	(3,175,256.41)
3.	Appropriation of profits	V.41									
(1)	Appropriation for surplus reserve	—	—	—	—	—	6,417,356.61	(6,417,356.61)	—	—	—
(2)	Distributions to shareholders	—	—	—	—	—	—	(41,764,186.70)	(41,764,186.70)	(31,252,908.07)	(73,017,094.77)
(3)	Distribution of earnings of convertible securities	—	—	—	—	—	—	(2,818,100.00)	(2,818,100.00)	—	(2,818,100.00)
4.	Special reserve	V.39									
(1)	Accrued	—	—	—	24,732,415.63	—	—	—	24,732,415.63	18,799,114.58	43,531,530.21
(2)	Utilised	—	—	—	(16,701,328.52)	—	—	—	(16,701,328.52)	(13,914,443.05)	(30,615,771.57)
5.	Others	—	—	(394,900.04)	—	—	—	—	(394,900.04)	—	(394,900.04)
	Sub-total	—	—	(1,625,275.69)	8,031,087.11	924,196.60	6,417,356.61	151,796,108.33	165,543,472.96	335,468,993.70	501,012,466.66
III.	Balance as at 31 December 2014	417,641,867.00	281,810,000.00	170,451,076.51	22,864,907.64	(37,962,427.11)	136,839,287.38	669,480,517.83	1,661,125,229.25	1,050,777,519.57	2,711,902,748.82

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2013
(Expressed in Renminbi Yuan)

		Attributable to shareholders of the Company										
		Share	Other equity	Capital	Special	Other	Surplus	Retained		Non-	Total	
		capital	instrument	reserve	reserve	comprehensive	reserve	earnings	Total	controlling	shareholders'	
		Note				income				interests	equity	
I.	Balance as at 31 December 2012		417,641,867.00	—	453,534,816.70	9,771,609.17	(34,773,808.84)	122,766,499.46	411,164,608.79	1,380,105,592.28	578,102,490.47	1,958,208,082.75
	Changes in accounting policies	II. (34) a (iii)	—	281,810,000.00	(281,810,000.00)	—	—	—	—	—	—	—
II.	Balance as at 1 January 2013		417,641,867.00	281,810,000.00	171,724,816.70	9,771,609.17	(34,773,808.84)	122,766,499.46	411,164,608.79	1,380,105,592.28	578,102,490.47	1,958,208,082.75
III.	Changes in equity for the year											
1.	Total comprehensive income		—	—	—	—	(4,112,814.87)	—	135,892,609.02	131,779,794.15	71,753,506.88	203,533,301.03
2.	Shareholders' contributions											
	(1) Contribution by owners		—	—	—	—	—	—	—	—	101,884,128.36	101,884,128.36
	(2) Others		—	—	(43,364.54)	—	—	—	—	(43,364.54)	(898,205.36)	(941,569.90)
3.	Appropriation of profits	V. 41										
	(1) Appropriation for 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)	
4.	Special reserve	V. 39										
	(1) Accrued		—	—	—	16,828,225.32	—	—	—	16,828,225.32	12,382,982.17	29,211,207.49
	(2) Utilised		—	—	—	(11,766,013.96)	—	—	—	(11,766,013.96)	(8,417,338.27)	(20,183,352.23)
5.	Others		—	—	394,900.04	—	—	—	—	394,900.04	—	394,900.04
	Sub-total		—	—	351,535.50	5,062,211.36	(4,112,814.87)	7,655,431.31	106,519,800.71	115,476,164.01	137,206,035.40	252,682,199.41
IV.	Balance as at 31 December 2013		417,641,867.00	281,810,000.00	172,076,352.20	14,833,820.53	(38,886,623.71)	130,421,930.77	517,684,409.50	1,495,581,756.29	715,308,525.87	2,210,890,282.16

The notes on pages 102 to 316 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended 31 December 2014

(Expressed in Renminbi Yuan)

	Note	Other equity			Retained	Total equity	
		Share capital	instrument	Capital reserve	Surplus reserve		earnings
I. Balance as at 1 January 2014		417,641,867.00	281,810,000.00	263,284,147.15	127,943,841.91	217,813,215.57	1,308,493,071.63
II. Changes in equity for the year							
1. Total comprehensive income		—	—	—	—	64,173,566.08	64,173,566.08
2. Appropriation of profits	V.41						
(1) Appropriation for surplus reserve		—	—	—	6,417,356.61	(6,417,356.61)	—
(2) Distributions to shareholders		—	—	—	—	(41,764,186.70)	(41,764,186.70)
(3) Distribution of earnings of convertible securities		—	—	—	—	(2,818,100.00)	(2,818,100.00)
3. Others		—	—	(394,900.04)	—	—	(394,900.04)
Sub-total		—	—	(394,900.04)	6,417,356.61	13,173,922.77	19,196,379.34
III. Balance as at 31 December 2014		417,641,867.00	281,810,000.00	262,889,247.11	134,361,198.52	230,987,138.34	1,327,689,450.97

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note	Share capital	Other equity instrument	Capital reserve	Surplus reserve	Retained earnings	Total equity
I. Balance as 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
Changes in accounting policies	II. (34)a(iii)	—	281,810,000.00	(281,810,000.00)	—	—	—
II. Balance as at 1 January 2013		417,641,867.00	281,810,000.00	262,889,247.11	120,288,410.60	170,631,710.75	1,253,261,235.46
III. Changes in equity for the year							
1. Total comprehensive income		—	—	—	—	76,554,313.13	76,554,313.13
2. Appropriation of profits	V.41						
(1) Appropriation for surplus reserve		—	—	—	7,655,431.31	(7,655,431.31)	—
(2) Distributions to shareholders		—	—	—	—	(21,717,377.00)	(21,717,377.00)
3. Others		—	—	394,900.04	—	—	394,900.04
Sub-total		—	—	394,900.04	7,655,431.31	47,181,504.82	55,231,836.17
IV. Balance as at 31 December 2013		417,641,867.00	281,810,000.00	263,284,147.15	127,943,841.91	217,813,215.57	1,308,493,071.63

The notes on pages 102 to 316 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

I. COMPANY STATUS

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 South China Logistics Enterprise 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 South China Logistics Enterprise 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 principal businesses of the Company and its subsidiaries (the “Group”) include: (1) motor vehicle transportation and auxiliary services, mainly including passenger and cargo transportation services within Guangdong Province, interprovincial transportation services, multi-modal logistics, passenger and freight station, storage, lightering, automobile leasing and repair, and cross border transportation services between Hong Kong and Guangdong Province; (2) material supply and logistics services, mainly including logistics management and supply of construction materials for expressways and other sizable infrastructure projects; (3) expressway service zones operation and related auxiliary services, such as operating food and beverage networks, convenience stores, outdoor advertising for expressways and property leasing service; and (4) the operation business and toll collection at Tai Ping Interchange in Guangdong Province, the PRC.

The parent of the Company and its ultimate holding company is Guangdong Provincial Communication Group Company Limited (“GCGC”). The registered office is 8th floor, No.1731-1735 Airport Road, Guangzhou, the PRC. The legal representative of the Company is Mr. Xuan Zongmin.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Basis of preparation

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

The financial statements of the Group have been prepared on the going concern basis for the period from 1 January 2015 to 31 December 2015.

As at 31 December 2014, the Group's total current liabilities were in excess of total current assets by RMB 92,930,562.08. As of 31 December 2014, the Group had unutilised bank facilities amounting to RMB 5.045 billion. The Group's management believed that the Group has sufficient funds to operate as a going concern in the foreseeable future. Accordingly, the financial statements are prepared on a going concern basis.

The financial statements have been prepared in accordance with the requirements of Accounting Standard for Business Enterprises issued by the Ministry of Finance (MOF) of the PRC. These financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on SEHK (the "Listing Rules") and the disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

(2) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2014, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

(3) Basis of accounting

The Group has adopted the accrual basis of accounting.

(4) Accounting period

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

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

(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 as their functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to present its financial statements, and the financial statements of foreign subsidiaries have been translated based on the accounting policy as set out in Note II. (10).

(6) Accounting treatments for business combination involving enterprises under and not under common control

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

(a) 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 business combination, and that control is not transitory.

The assets acquired and liabilities assumed are measured on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination is adjusted to share premium in the capital reserve. If the balance of share premium is insufficient, any excess is adjusted to retained earnings.

Any costs directly attributable to the combination are recognised in profit or loss for the current period when occurred.

The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(6) Accounting treatments for business combination involving enterprises under and not under common control (Continued)

(b) Business combinations involving enterprises not under common control and goodwill

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

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets (including the equity interest in the acquiree held before the acquisition date) 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 other consultancy service and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination involving not enterprises under common control is achieved in stages, the cost of combination is the aggregate 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 Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income for the current period. The amount recognised in other comprehensive income relating to the previously held equity interest in the acquiree is reclassified as investment income for the current period when the acquisition takes place.

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. Acquisition date is the date on which the acquirer effectively obtains control of the acquiree. 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. On disposal of an asset group or a set of asset groups, any attributable amount of the purchased goodwill is written off and included in the calculation of the profit or loss on disposal. Goodwill is tested for impairment at least at the end of each year.

For the calculation and recognition of impairment of goodwill, please refer to Note II. (21).

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

(7) Preparation of consolidated financial statements

(a) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. For the purpose of assessing power, only substantive rights (held by the Group and others) shall be considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intra-group balances and transactions are eliminated, and any unrealized profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

The significant accounting policies and accounting periods adopted by the PRC subsidiaries are determined based on the uniform accounting policies and accounting periods adopted 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.

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

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

(b) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts in the financial statements of the ultimate controlling party are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate controlling party of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying value of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

(c) Disposal of subsidiaries

When the Group loses control of a subsidiary, the Group derecognises assets, liabilities, non-controlling interests and other related items in shareholders' equity in relation to that subsidiary. The remaining equity investment is remeasured 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.

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

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

(d) Changes in non-controlling interests

Acquisition of Non-controlling 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 Non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the Non-controlling interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve (share premium) under shareholders' equity. If the balance of capital reserve (share premium) is insufficient, any excess is adjusted to retained earnings.

(8) Interests in a joint operation

Joint operation is a joint arrangement whereby the parties that have joint control (the definition of joint control is set out in Note II. (14)(3)) of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Group as a joint operator (i.e. a party to a joint operation that has joint control of the arrangement), shall recognise in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

(9) 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 and highly liquid investments, which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

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

(10) Foreign currency transactions and translation of financial statements denominated in foreign currencies

When the Group receives capital in foreign currencies from investors, the capital is translated to RMB at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to RMB at the spot exchange rates on the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China, the State Administration of Foreign Exchange or a cross rate determined based on quoted exchange rates.

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the purpose of acquisition or construction of qualifying assets. Non-monetary items that are measured in foreign currencies are translated using the exchange rate at the transaction date. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the re-translation of available-for-sale financial assets, which are recognised in other comprehensive income.

Assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the balance sheet date. Equity items, excluding "retained earnings", are translated to RMB at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to RMB at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in other comprehensive income. The cumulative amount of the translation differences accumulated in shareholders' equity with respect to a foreign operation is transferred to profit or loss when the foreign operation is disposed.

(11) Financial instruments

Financial instruments of the Group include cash at bank and on hand, equity investments other than those classified as long-term equity investments as set out in Note II. (14), receivables, payables, loans and borrowings, bonds payable, other equity instrument and share capital, etc.

(a) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

The Group classifies financial assets and liabilities into different categories at initial recognition based on the purpose of acquiring assets or assuming liabilities: financial assets and financial liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets and other financial liabilities.

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

(11) Financial instruments *(Continued)*

(a) Recognition and measurement of financial assets and financial liabilities *(Continued)*

Financial assets and financial liabilities are measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss (including financial assets or financial liabilities held for trading)

A financial asset or financial liability is classified as at fair value through profit or loss if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term or if it is a derivative.

Subsequent to initial recognition, financial assets and financial liabilities at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

- Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method.

- Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated upon initial recognition as available for sale and other financial assets which do not fall into any of the above categories.

Available-for-sale investments in equity instruments whose fair value cannot be measured reliably are measured at cost subsequent to initial recognition. Other available-for-sale financial assets are measured at fair value subsequent to initial recognition and changes therein are generally recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses from monetary financial assets which are recognised directly in profit or loss. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss. Dividend income from the available-for-sale equity instruments is recognised in profit or loss when the investee declares the dividends. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as set out in Note II. (24)(d).

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

(11) Financial instruments *(Continued)*

(a) Recognition and measurement of financial assets and financial liabilities (Continued)

- Other financial liabilities

Financial liabilities other than the financial liabilities at fair value through profit or loss are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method.

(b) Presentation of financial assets and financial liabilities

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

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

(c) Derecognition of financial assets and financial liabilities

A financial asset is derecognised if the Group's contractual rights to the cash flows from the financial asset expire or if the Group transfers substantially all the risks and rewards of ownership of the financial asset to another party.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred;
- the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised directly in shareholders' equity.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is discharged or cancelled or expired.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Financial instruments (Continued)

(d) Impairment of financial assets

The carrying amounts of financial assets (other than those at fair value through profit or loss) are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised.

Objective evidence that a financial asset is impaired includes but is not limited to:

- (i) significant financial difficulty of the issuer or obligor;
- (ii) a breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (iii) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (iv) the disappearance of an active market for that financial asset because of financial difficulties faced by the issuer;
- (v) significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of an investment in an equity instrument may not be recovered by the investor;
- (vi) a significant decline in the fair value or a prolonged decline in the fair value of an investment in an equity instrument below its cost.

For the calculation method of impairment of receivables, please refer to Note II. (12). The impairment of other financial assets is measured as follows:

– Available-for-sale financial assets

Available-for-sale financial assets are assessed for impairment on an individual basis and/or a collective group basis. When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in shareholders' equity is reclassified to profit or loss even though the financial asset has not been derecognised.

If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss. The impairment loss on an investment in unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

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

(11) Financial instruments *(Continued)*

(e) Equity instrument

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

Other equity instrument held by the Company as at the period end represented the Perpetual Subordinated Convertible Securities ("PSCS") issued by the Company. The PSCS is classified as equity instrument. The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Earnings distributed for the PSCS in issue are treated as appropriation of profits. Where the PSCS is redeemed according to relevant terms of agreement, the consideration and transaction costs paid by the Company for the redemption are deducted from shareholders' equity.

(12) Receivables and impairment

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

(a) Receivables that are individually significant and assessed individually for impairment

Judgment basis or criteria for receivables that are individually significant	The Group considers accounts receivable individually greater than RMB 10 million (including RMB 10 million) and other receivables individually greater than RMB 2 million (including RMB 2 million) are significant.
--	--

Method of provisioning for bad and doubtful debts for receivables that are individually significant	Impairment is assessed on an individual basis. Where there is objective evidence that the and assessed individually Group won't be able to collect the receivables according to the original contract terms, impairment loss is provided and calculated as the excess of its carrying amount over the present value of the estimated future cash flows .
---	--

(b) Receivables that are individually insignificant but assessed individually for impairment

The Group assesses the recoverability of insignificant receivable items on an individual basis. Where there is objective evidence that the receivables that are individually insignificant have been impaired, the Group will individually assesses them and made bad debt provision based on the difference between the present value of estimated future cash flows and the carrying amount.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(13) Inventories

(a) *Classification and initial recognition*

The Group's inventories mainly include spare parts, construction materials, low-value consumables, packaging materials, goods on hand and construction contracts-costs incurred but not settled.

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.

Cost of a construction contracts comprise the direct and indirect costs attributable to the contract and incurred during the period from the date of entering into the contract to the final completion of the contract. The excess of (a) costs incurred plus recognised profits (less recognised losses) over (b) progress billings is presented in the balance sheet as inventory, or as advance from customers when (b) exceeds (a).

(b) *Cost of inventories transferred out*

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

(c) *Amortisation method for low-value consumables and packaging materials*

Consumables including low-value consumables and packaging materials are amortised in full when received for use.

(d) *Basis for determining the net realisable value and provisioning methods for impairment losses of inventories*

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

(e) *Inventory system*

The Group maintains a perpetual inventory system.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Long-term equity investments

(1) Investment cost of long-term equity investments

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

The initial investment cost of a long-term equity investment obtained through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statement of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to share premium in the capital reserve, with any excess adjusted against retained earnings.

For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving enterprises under common control and achieved through multiple transactions in stages which do not form a bundled transaction, the initial cost comprises the carrying value of the previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

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

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note II. (7).

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

(14) Long-term equity investments *(Continued)*

(2) Subsequent measurement of long-term equity investment *(Continued)*

(b) Investment in joint ventures and associates

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

An associate is an enterprise over which the Group has significant influence.

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

The Group makes the following accounting treatments when using the equity method:

- Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.
- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses and other comprehensive income ("other changes in owners' equity"), and recognises the corresponding adjustment in shareholders' equity.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owner's equity, the Group recognises investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associates or joint venture. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealised gains but only to the extent that there is no impairment.

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

(14) Long-term equity investments *(Continued)*

(2) *Subsequent measurement of long-term equity investment (Continued)*

(b) Investment in joint ventures and associates *(Continued)*

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

(3) *Basis for determining the existence of joint control or significant influence over an investee*

Joint control is the contractually agreed sharing of control of an arrangement exists only when decisions about the relevant activities with significant impact on the returns of the arrangement require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally;
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is that the Group has power to participate in the financial and operational decisions of an investee but does not have control or joint control over those decisions.

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

(15) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Specifically exemplify as 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. Subsequently expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

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

For the testing and measurement of impairment on investment properties, please refer to Note II. (21).

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

(16) Fixed assets

(a) Recognition of fixed assets

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(16) Fixed assets (Continued)

(b) Depreciation of each category of fixed assets

Depreciation of a fixed asset begins in the next month when it is available for use. A fixed asset is depreciated over its useful life using the straight-line method. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Useful lives (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	10 - 60	0 - 5	1.58 - 10
Building improvement	3 - 5	0	20 - 33.33
Transportation vehicle	4 - 8	0 - 5	11.88 - 25
Machinery and equipment	5 - 12	0 - 5	7.92 - 20
Electronic equipment, office equipment and others	3 - 10	0 - 5	9.5 - 33.33
Pier	44	0	2.27

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.

(c) For the method of impairment testing and measurement of fixed assets, refer to Note II. (21).

(d) 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, otherwise, the leased asset is depreciated over the shorter of the lease term and its useful life.

(e) Disposal of fixed assets

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

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

(17) 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 its intended use.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (see Note II. (21)).

(18) 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)

(19) Intangible assets

Intangible assets, other than toll bridge franchise operating rights which are initially recognised based on the agreed amount of shareholder's capital contribution, 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.

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

Estimated useful life of intangible assets are as follows:

Items	Estimated useful lives (years)
Land use rights	20 – 70/Indefinite
Computer software	5 - 10
Coastline use right	48
Passenger service licences	Indefinite
Station franchise operating rights	38
Toll bridge franchise operating rights	30
Trademark rights	10
Route license use rights and route operation rights	3 - 20

The Group reassesses the useful lives and amortisation method of intangible assets with a finite useful life at each financial year end, and makes necessary adjustments when necessary.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Intangible assets (Continued)

The toll bridge franchise operating right held by the Group represents Tai Ping Interchange franchise operating right which was injected by a shareholder and was granted to the shareholder by government authority previously. The Group is entitled to the right to charge toll fees to users of relevant public services, however, the right does not constitute an unconditional right to receive cash and the toll fee amounts to be received are not guaranteed. Therefore, the Group recognises the concession right as intangible asset and amortises it over the concession period of 30 years using straight-line method.

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

Expenditure on the research phase is recognised in profit or loss when incurred. Expenditure on the development phase is capitalised if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalised development costs are stated in the balance sheet at cost less impairment losses (see Note II. (21)). Other development expenditure is recognised as an expense in the period in which it is incurred.

(20) Long-term deferred expenses

Long-term deferred expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of over one year). Long-term deferred expenses are amortised using the straight-line method within the benefit period. The respective amortisation periods for such expenses are as follows:

Items	Amortisation period (years)
Renovation costs of station auxiliary facilities	5 - 10
Prepaid land use rights rental fee	2 - 23
Leasehold improvements	5 - 10

For the method of impairment testing and measurement of long-term deferred expenses, refer to Note II. (21).

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

(21) Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- investment properties measured using a cost model
- long-term deferred expenses
- long-term equity investments
- goodwill

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill and intangible assets with indefinite useful lives at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group or set of asset groups, which is expected to benefit from the synergies of the combination for the purpose of impairment testing.

The recoverable amount of an asset, (or asset group, set of asset groups, as below is the higher of its fair value (see Note II. (22)) less costs to sell and its present value of expected future cash flows.

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups. An asset group is composed of assets directly relating to cash-generation. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups. In identifying an asset group, the Group also considers how management monitors the Group's operations and how management makes decisions about continuing or disposing of the Group's assets.

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

An impairment loss is recognised in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognised accordingly. Impairment losses related to an asset group or a set of asset groups, are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(22) Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as below:

Fair value is the 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, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

(23) Provisions

A provision is recognised for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised 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.

(24) Revenue recognition

Revenue is the gross inflow of economic benefit arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following conditions are met:

(a) Sale of goods

Revenue is recognised when (1) significant risks and rewards of ownership of the goods have been transferred to the buyer; (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)

(24) Revenue recognition (Continued)

(b) Rendering of services

Revenue is measured at the fair value of the consideration received or receivable under the contract or agreement.

Revenue is recognised when (1) the amount of revenue can be measured reliably; (2) it is probable that the economic benefits will flow to the Group; (3) the stage of completion of the transaction can be determined reliably; and (4) the costs incurred or to be incurred can be measured reliably. At the balance sheet date, where the outcome of a transaction involving the rendering of services can be estimated reliably, revenue is recognised by reference to the stage of completion based on the proportion of services performed to date to the total services to be performed.

Where the outcome cannot be estimated reliably, revenues are recognised to the extent of the costs incurred that are expected to be recoverable if the costs incurred are expected to be recovered, and an equivalent amount is charged to profit or loss as service cost; otherwise, the costs incurred are recognised in profit or loss and no service revenue is recognised.

Revenue from passenger and cargo transportation services is recognised when the services are rendered.

(c) Revenue from construction contracts

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

Where the outcome of a construction contract cannot be estimated reliably, (1) if contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered; and contract costs are recognised as expenses in the period in which they are incurred; (2) otherwise, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised. 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 recognised using the percentage of completion method.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(24) Revenue recognition (Continued)

(d) Interest income

Interest income is recognised on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

(e) Royalties from intangible assets

Royalty income from intangible assets is determined according to the period and method of charging as stipulated in the relevant contracts or agreements.

(25) Government grants

Government grants are non-reciprocal transfer of monetary or non-monetary assets from the government to the Group at no consideration. A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

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 recognised 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 recognised as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset.

A grant that compensates the Group for expenses to be incurred in future is recognised initially as deferred income, and released to profit or loss in the periods in which the expenses are recognised. A grant that compensates the Group for expenses already incurred is recognised in profit or loss immediately.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(26) Specific reserve

The Group recognises a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the expenses. When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilisation of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognised, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognised in accumulated depreciation with respect to the related fixed assets. As a consequence, such fixed assets are not depreciated in subsequent periods.

(27) Income tax

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

(a) 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.

(b) 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 recognised as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognised using the balance sheet liability method.

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

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

(27) Income tax *(Continued)*

(b) Deferred tax assets and deferred tax liabilities (Continued)

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 differences 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.

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 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)*

(28) Operating leases and finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of a leased asset to the lessee. An operating lease is a lease other than finance lease.

(a) The Group as lessee under operating leases

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

(b) 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 lease term. 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.

(c) 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.

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)*

(28) Operating leases and finance leases *(Continued)*

(d) The Group as lessor under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are analysed and separately presented as long-term receivables or non-current assets due within one year.

(29) Employee benefits

(a) Short-term employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. When the short-term employee benefits are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related services, and the financial impact is material, the obligation shall be measured on a discounted basis.

(b) Post-employment benefits - defined contribution plans

Pursuant to the relevant laws and regulations of the PRC, the Company and its domestic subsidiaries participated in a defined contribution basic pension insurance in the social insurance system established and managed by government organisations. The Company and its domestic subsidiaries makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. Basic pension insurance contributions are recognised as part of the cost of assets or charged to profit or loss as the related services are rendered by the employees.

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

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

(29) Employee benefits *(Continued)*

(c) Post-employment benefits - defined benefit plans

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

The cost of providing benefits is determined using the projected unit credit method which makes estimates based on unbiased and mutually compatible actuarial assumptions about demographic variables and financial variables that will influence the cost of the benefit. The discounted cost of providing benefit is recognised as a defined benefit liability.

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

(d) Termination benefits

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

- The Group is not allowed to withdraw the termination benefits arising from the termination plan or redundancy offer unilaterally;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

(30) Profit distributions to shareholders

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognised as a liability at the balance sheet date but are disclosed in the notes separately.

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

(31) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

- (a) the Company's parent;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprises or individuals if a party has control or joint control over both the enterprises or individuals and the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;
- (h) principal individual investors of the Group and close family members of such individuals;
- (i) key management personnel of the Group and close family members of such individuals;
- (j) key management personnel of the Company's parent and close family members of such individuals;
- (k) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, or close family members of such individuals.

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

(32) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group

- that engages in business activities from which it may earn revenues and incur expenses;
- whose financial performance is regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance, and
- for which financial information regarding financial position, financial performance and cash flows is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have similar economic characteristics and are same or similar in respect of

- the nature of each product and service;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services, and
- the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

(33) Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(33) Significant accounting estimates and judgments (Continued)

Impairment of receivables

Receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, an impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there is objective evidence of a recovery in value of receivables which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed.

Impairment of assets other than inventories and financial assets

As described in Note II. 21, assets other than inventories and financial assets are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, an impairment loss is recognised.

The recoverable amount of an asset (or an asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (or the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably, the recoverable amount was calculated based on the present value of estimated future cash flows. In assessing value in use and the present value of estimated future cash flows, significant judgements are exercised over the asset's production, selling price, related operating expenses and discount rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumptions.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(33) Significant accounting estimates and judgments (Continued)

Depreciation and amortisation of assets such as investment properties, fixed assets, intangible assets and long-term deferred expenses

Assets such as investment properties, fixed assets, intangible assets and long-term deferred expenses are depreciated and amortised over their useful lives after taking into account residual value. The estimated useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

Deferred tax assets

The realisation of deferred tax assets is mainly determined by actual future taxable income and actual tax rate of temporary difference in future years. If the actual future taxable income is less than estimates, or the actual tax rate is lower than estimates, the recognised deferred tax assets shall be reversed, and be recognised in profit and loss for the period in which the reversal is incurred. In addition, as it is unable to determine whether future taxable profits will be available against which deductible tax losses and deductible temporary differences can be utilised, the Group did not recognise deferred tax assets in respect of the deductible tax losses and deductible temporary differences. 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 recognised in the profit and loss in the period in which they are incurred.

Liabilities of retirement benefits

The Group recognises the defined benefit scheme provided to the retired and early retired employees in the future as a liability. The amount of the expenses and liabilities related to the scheme is calculated and paid based on various assumptions, including the discount rate, the growth rate of the salary during the retirement, the growth rate of medical expenses and other factors. Although management considers these assumptions to be reasonable, actual experience and changes in the assumptions will affect the expenses and liabilities related to the employee retirement benefits - defined benefit scheme of the Group.

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

(34) Changes in accounting policies

(a) *Description of and reasons for changes in accounting policies*

The Group early adopted the following new standards and revised standards from 1 January 2014:

- (i) Accounting Standards for Business Enterprises No. 2 – Long-term Equity Investments (“CAS 2 (2014)”)
- (ii) Accounting Standards for Business Enterprises No. 41 – Disclosure of Interests in Other Entities (“CAS 41”)

In addition, the Company has adopted Accounting Rules on Classification between Financial Liabilities and Equity Instruments as well as the Related Accounting Treatment (“Caikuai [2014] No. 13”) since 17 March 2014 and Accounting Standards for Business Enterprises No. 37 – Financial Instruments: Presentation and Disclosures (“CAS 37 (2014)”) in the 2014 annual financial statements.

The Group has early adopted Accounting Standards for Business Enterprises No. 9 – Employee Benefits (“CAS 9 (2014)”) and Accounting Standards for Business Enterprises No. 30 – Presentation of Financial Statements (“CAS 30 (2014)”) since 1 January 2013. The application guidance of CAS 9 (2014) and CAS 30 (2014) were subsequently revised and became effective since 1 July 2014. The Group has adopted those application guidances since 1 July 2014.

The significant accounting policies after adopting the above Accounting Standards for Business Enterprises are summarised in Note II. (11) and (14). The accounting policies adopted by subsidiaries are consistent with those of the Company in preparing the consolidated financial statements.

Impacts of the adoption of the above accounting standards and regulations mentioned above are discussed follows:

(i) Long-term equity investments

Before adopting CAS 2 (2014), investments where the Group does not have control, joint control or significant influence over the investees, and the investments are not quoted in an active market and their fair value cannot be reliably measured, are recognised as other long-term equity investments. Such investments are then accounted for using the cost method. After adopting CAS 2 (2014), such investments are now accounted for using the accounting policy related to financial instruments (see Note II. 11). The relevant comparative amounts have been retrospectively adjusted.

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

(34) Changes in accounting policies *(Continued)*

(a) Description of and reasons for changes in accounting policies *(Continued)*

(i) Long-term equity investments *(Continued)*

In addition, the Group has revised its accounting policies in relation to the equity method (see Note II. 14) as a result of the revision brought about by CAS 2 (2014). The relevant comparative items have been retrospectively adjusted.

CAS 2 (2014) also revised some requirements with respect to the scope, recognition and measurement of long-term equity investments, and the disclosure requirements have been stipulated in CAS 41. The Group has reassessed the effect of the revisions and concluded that the revisions do not have any material impact on the Group's financial statements (including current and comparative periods).

(ii) Disclosures of interests in other entities

CAS 41 modifies and specifies disclosure requirements relevant to an enterprise's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group has provided disclosures accordingly in related notes in accordance with this standard.

(iii) Presentation of financial statements

In accordance with CAS 9 (2014) and CAS 30 (2014) and the application guidance, the Group has modified the presentation of its financial statements, including presenting separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that will never be reclassified to profit or loss in its income statement.

The presentation of the comparative information has been adjusted.

(iv) Classification between financial liabilities and equity instruments and presentation and disclosures of financial instruments

Caikuai [2014] No. 13 provided guidance on the classification of financial liabilities and equity instruments. Caikuai [2014] No. 13 requires that the carrying amount of equity-classified financial instruments other than ordinary shares issued by an entity should be classified as "Other equity instrument" and separately presented as mezzanine item between share capital and capital reserve in the balance sheet. Accordingly, the PSCS issued on 31 December 2012 should be recognised as other equity instrument. The Group has revised related presentation in accordance with this standard.

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

(34) Changes in accounting policies *(Continued)*

(a) Description of and reasons for changes in accounting policies *(Continued)*

- (iv) Classification between financial liabilities and equity instruments and presentation and disclosures of financial instruments *(Continued)*

In addition, according to Caikuai [2014] No. 13, the dividends or interests of other equity instruments should be excluded from the numerator (the net profit attributable to ordinary shareholders) in the calculation of basic earnings per share. The dividends or interests of other equity instruments such as cumulative preference shares should be deducted from the numerator, whether it is declared or not. Before Caikuai [2014] No. 13 became effective, the earnings attributable to the holder of PSCS (see Note V. 36) which have not yet been declared were included in the numerator when calculating the basic earnings per share, even if they are of cumulative nature. After Caikuai [2014] No. 13 became effective, such earnings should be deducted from the numerator in the calculation of basic earnings per share in view of their cumulative nature. Upon adoption of Caikuai [2014] No. 13, the Group calculated the basic earnings per share, and retrospectively re-calculated the basic earnings per share for the year ended 31 December 2013. The re-calculated basic earnings per share for the year ended 31 December 2013 are reduced by RMB0.01. The calculation of the adjusted basic earnings per share for the comparative period is set out in Note V. 51(1).

CAS 37 (2014) provided further guidance on the offsetting of a financial asset and a financial liability and revised the disclosure requirements for financial instruments. The offsetting guidance does not have any material impact on the presentation of the Group's financial statements.

(b) Effect of changes in accounting policies on the financial statements

The following notes summarise the impacts of the above changes on the Group's and the Company's financial statements:

- (i) Effect of changes in accounting policies on the current year financial statements

There is no impact of changes in accounting policies on each of the line items in the consolidated income statement and income statement for the year ended 31 December 2014 than it would have been had the previous policies still been applied in the year.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(34) Changes in accounting policies (Continued)

(b) Effect of changes in accounting policies on the financial statements (Continued)

(ii) Effect of changes in accounting policies on the current year financial statements (Continued)

The following tables provide estimates of the extent to which each of the line items in the consolidated balance sheet and balance sheet for the year ended 31 December 2014 is higher or lower than it would have been had the previous policies still been applied in the year:

	Note II	Effect of new policy increase/(decrease) in the line items for the year	
		the Group RMB	the Company RMB
Assets:			
Long-term equity investments	(34)(a)(i)	(563,228.22)	(777,412.45)
Available-for-sale financial assets	(34)(a)(i)	<u>563,228.22</u>	<u>777,412.45</u>
Liabilities:			
Advances from customers	(34)(a)(iii)	(237,166,928.57)	—
Employee benefits payable	(34)(a)(iii)	3,892,684.33	—
Non-current liabilities			
due within one year	(34)(a)(iii)	(3,892,684.33)	—
Long-term payables	(34)(a)(iii)	(181,699,822.62)	—
Long-term employee benefits payable	(34)(a)(iii)	181,699,822.62	—
Deferred income	(34)(a)(iii)	285,528,984.00	—
Other non-current liabilities	(34)(a)(iii)	<u>(48,362,055.43)</u>	<u>—</u>
Owner's Equity:			
Capital reserve	(34)(a)(iv)	(281,810,000.00)	(281,810,000.00)
Other equity instrument	(34)(a)(iv)	281,810,000.00	281,810,000.00
Other comprehensive income	(34)(a)(iii)	38,390,306.03	—
Translation differences of financial statements denominated in foreign currency			
	(34)(a)(iii)	<u>(38,390,306.03)</u>	<u>—</u>

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(34) Changes in accounting policies (Continued)

(b) Effect of changes in accounting policies on the financial statements (Continued)

(i) Effect of changes in accounting policies on the current year financial statements (Continued)

Effects of the above changes in accounting policies on consolidated balance sheet and balance sheet as at 31 December 2013 are summarised as follows:

The Group

	Note II	Before adjustment RMB	Adjustment RMB	After adjustment RMB
Long-term equity				
investments	(34)(a)(i)	205,177,709.13	(563,228.22)	204,614,480.91
Available-for-sale				
financial assets	(34)(a)(i)	—	563,228.22	563,228.22
Advances from customers	(34)(a)(iii)	830,345,917.82	(206,597,090.07)	623,748,827.75
Employee benefits payable	(34)(a)(iii)	114,595,310.23	3,374,193.78	117,969,504.01
Non-current liabilities				
due within one year	(34)(a)(iii)	50,521,566.26	(3,374,193.78)	47,147,372.48
Long-term payables	(34)(a)(iii)	85,091,801.16	(26,484,125.99)	58,607,675.17
Long-term employee				
benefits payable	(34)(a)(iii)	—	26,484,125.99	26,484,125.99
Deferred income	(34)(a)(iii)	—	228,773,308.30	228,773,308.30
Other non-current liabilities	(34)(a)(iii)	22,176,218.23	(22,176,218.23)	—
Capital reserve	(34)(a)(iv)	453,886,352.20	(281,810,000.00)	172,076,352.20
Other equity instrument	(34)(a)(iv)	—	281,810,000.00	281,810,000.00
Other comprehensive				
income	(34)(a)(iii)	—	(38,886,623.71)	(38,886,623.71)
Translation differences				
of financial statements				
denominated in				
foreign currency	(34)(a)(iii)	(38,886,623.71)	<u>38,886,623.71</u>	—
Total			<u>—</u>	

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(34) Changes in accounting policies (Continued)

(b) Effect of changes in accounting policies on the financial statements (Continued)

(i) Effect of changes in accounting policies on the current year financial statements (Continued)

The Company

	Note II	Before adjustment RMB	Adjustment RMB	After adjustment RMB
Long-term equity investments	(34)(a)(i)	799,918,167.66	(777,412.45)	799,140,755.21
Available-for-sale financial assets	(34)(a)(i)	—	777,412.45	777,412.45
Capital reserve	(34)(a)(iv)	545,094,147.15	(281,810,000.00)	263,284,147.15
Other equity instrument	(34)(a)(iv)	—	<u>281,810,000.00</u>	281,810,000.00
Total			<u>—</u>	

III. TAXATION

(1) Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value added tax (VAT)	Income from sale of goods	13%, 17%
VAT	Transportation income (Note 1)	exempted, 0%, 13%, 11%
VAT	Income from cargo storage and rescue service	6%
Business tax	Income from rendering services in highway facilities and other auxiliary facilities	5%
Business tax	Income from construction contracts and toll income	3%
City maintenance and construction tax	Business tax and VAT payable	5%, 7%
Education surcharge and local education surcharge	Business tax and VAT payable	3%, 2%
Embankment protection fee	Operating income except for cross-border transportation income	0.05%, 0.1%, 0.13%
Cultural construction fee	Income from advertisements	3%
Enterprise income tax	Taxable profit (Note 2)	20%, 25%
Hong Kong profits tax	Assessable profit	16.5%

Note 1: Since 1 November 2012, the Group's subsidiaries that meet the conditions of levying VAT instead of business tax pilot shall apply the VAT rates 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 [2011] No. 111) and "The Announcement of Implementation Measures on Value Added Tax Pilot Scheme including Railway Transport and Postal Service Sectors" (Cai Shui [2013] No. 106). Accordingly, for domestic subsidiaries engaged in cross-border transportation, the cross-border transportation revenues from The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited is exempted from VAT and the cross-border transportation revenues from Guangdong Yue Li Jia Passenger Transport Company apply zero VAT rate. For the subsidiaries engaged in domestic transportation, part of them apply the simplified calculation method with tax levy rate of 3% for VAT calculation purpose and the rest apply the general calculation method with tax rate of 11%.

Note 2: The Group's subsidiaries Chaozhou City Yueyun High Speed Passenger Traffic Co., Ltd. and Guangdong Gangtong Vehicles Transportation Company Limited meet the conditions of Small-scaled minimal profit enterprise. Since 29 November 2011, pursuant to the Announcement of Preferential tax treatment of Small-scaled minimal profit enterprise (Cai Shui [2011] No. 117), the Small-scaled minimal profit enterprise with an annual taxable income below RMB 60,000 (60,000 included) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of Income Tax rates as 20% from 1 January 2012 to 31 December 2015. Except for above two subsidiaries, the income tax rate applicable to the Company and each of its subsidiaries for the year is 25% (2013: 25%).

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1 The subsidiaries of the Group as at the end of 2014 and 2013

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
1	Guangdong New Way Advertising Company Limited	Domestic and non-financial subsidiary	Guangdong China	Guangdong China	Expressway Services	RMB 33,000,000.00	RMB 33,000,000.00	100	100	Established
2	Guangdong Yueyun Jia Fu Industrial Ltd. (Formerly Known as Dongguan City Nan Yue Jia Fu Logistics Company Limited)	Domestic and non-financial subsidiary	Guangdong China	Guangdong China	Material Logistics Services	RMB 10,000,000.00	RMB 10,000,000.00	100	100	Established
3	Yueyun Transportation (HK) Company Limited	Overseas subsidiary	Hongkong China	Hongkong China	Material Logistics Services	HKD 1,500,000.00	RMB 1,323,750.00	100	100	Established
4	Guangdong Top-E Expressway Service Zone Company Limited	Domestic and non-financial subsidiary	Guangdong China	Guangdong China	Expressway Services	RMB 100,000,000.00	RMB 98,831,192.00	95.56	95.56	Business combinations involving enterprises under common control
5	Guangdong Tongyi Landscape Co., Ltd. (Formerly Known as Guangdong Guantong Expressway Assets Management Company Limited)	Domestic and non-financial subsidiary	Guangdong China	Guangdong China	Expressway Services	RMB 10,000,000.00	RMB 10,000,000.00	100	100	Business combinations involving enterprises under common control
6	Guangdong Jingdaoda Expressway Economic Development Company Limited	Domestic and non-financial subsidiary	Guangdong China	Guangdong China	Expressway Services	RMB 10,000,000.00	RMB 10,277,412.45	100	100	Business combinations involving enterprises under common control
7	Guangdong South China Logistics Enterprise Company Limited	Domestic and non-financial subsidiary	Guangdong China	Guangdong China	Material Logistics Services	RMB 100,000,000.00	RMB 127,632,494.21	100	100	Business combinations involving enterprises under common control
8	The Motor Transport Company of Guangdong and Hong Kong Limited	Overseas subsidiary	Hongkong China	Hongkong China	Cross-border Transportation Services	HKD 9,000,000.00	RMB 120,196,428.59	62	62	Business combinations involving enterprises under common control
9	Gang Tong (HK) Motor Transport Company Limited	Overseas subsidiary	Hongkong China	Hongkong China	Cross-border Transportation Services	HKD 500,000.00	HKD 500,000.00	100	100	Business combinations involving enterprises under common control
10	Yue Kong Shipping Company Limited	Overseas subsidiary	Hongkong China	Hongkong China	Cross-border Transportation Services	HKD 20,000.00	HKD 20,000.00	100	100	Business combinations involving enterprises under common control

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2014 and 2013 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
11	Man Kam To Coach Management Company Limited	Overseas subsidiary	Hongkong	Hongkong	Cross-border Transportation Services	HKD 100,000.00	HKD 69,000.00	69	69	Business combinations involving enterprises under common control
12	Guangdong Yue Li Jia Passenger Transport Company (Hong Kong)	Overseas subsidiary	Hongkong	Hongkong	Cross-border Transportation Services	HKD 10,000.00	HKD 7,000.00	70	70	Business combinations involving enterprises under common control
13	The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited	Domestic and non-financial	Guangdong	Guangdong	Cross-border Transportation Services	HKD 25,000,000.00	RMB 25,319,234.10	62	62	Business combinations involving enterprises under common control
14	Shenzhen Yueyang Transport Company Limited	Domestic and non-financial	Guangdong	Guangdong	Cross-border Transportation Services	HKD 10,500,000.00	RMB 8,273,755.35	100	100	Business combinations involving enterprises under common control
15	Guangdong Yue Li Jia Passenger Transport Company (Guangzhou)	Domestic and non-financial	Guangdong	Guangdong	Cross-border Transportation Services	HKD 3,500,000.00	RMB 2,310,000.00	70	70	Business combinations involving enterprises under common control
16	Guangdong Province Transportation Engineering Company Limited	Domestic and non-financial	Guangdong	Guangdong	Transportation Services	RMB 17,040,000.00	RMB 69,564,856.62	100	100	Business combinations involving enterprises under common control
17	Guangdong Vehicles Transportation Group Co., Ltd. ("GVTC")	Domestic and non-financial	Guangdong	Guangdong	Investment and Domestic Transportation	RMB 300,000,000.00	RMB 448,110,000.00	100	100	Business combinations involving enterprises under common control
18	Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong	Guangdong	Domestic Transportation	RMB 3,000,000.00	RMB 2,010,000.00	67	67	Business combinations involving enterprises under common control
19	Guangdong Province Yangliang City Guangyang High-Speed Railway Co., Ltd.	Domestic and non-financial	Guangdong	Guangdong	Domestic Transportation	RMB 500,000.00	RMB 335,000.00	67	67	Business combinations involving enterprises under common control
20	Guangdong Yunxing Property Management Co., Ltd.	Domestic and non-financial	Guangdong	Guangdong	Property Management	RMB 500,000.00	RMB 500,000.00	100	100	Business combinations involving enterprises under common control
21	Chaozhou City Yueyun High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong	Guangdong	Domestic Transportation	RMB 500,000.00	RMB 255,000.00	51	51	Business combinations involving enterprises under common control

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2014 and 2013 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
22	Guangdong Yueyun Second Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 5,000,000.00	RMB 2,550,000.00	51	51	Business combinations involving enterprises under common control
23	Foshan City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 20,000,000.00	RMB 128,000,000.00	51	51	Business combinations involving enterprises under common control
24	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 100,000,000.00	RMB 682,500.00	51	51	Business combinations involving enterprises under common control
25	Deqing County Yueyun Bus Terminal Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 19,778,320.00	RMB 13,844,824.00	70	70	Business combinations involving enterprises under common control
26	Zhaoqing City Yueyun Logistics Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Logistics Services	RMB 2,000,000.00	RMB 2,000,000.00	100	100	Business combinations involving enterprises under common control
27	Foshan City Sanshui District Yueyun Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 20,000,000.00	RMB 10,200,000.00	51	51	Business combinations involving enterprises under common control
28	Guangdong Yueyun Traffic Rescue Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Traffic Rescue	RMB 30,000,000.00	RMB 60,000,000.00	100	100	Business combinations involving enterprises under common control
29	Guangdong Province Guangshen High Speed Coach Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 6,000,000.00	RMB 3,060,000.00	51	51	Business combinations involving enterprises under common control
30	Shenzhen City Shenwei Lighter Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 12,000,000.00	RMB 6,600,000.00	55	55	Business combinations involving enterprises under common control
31	Guangdong Yueyun Langqi Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 156,750,000.00	RMB 156,750,000.00	51	51	Business combinations involving enterprises under common control
32	Yangdong Bus Terminal Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 16,969,900.00	100	100	Business combinations involving enterprises under common control

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2014 and 2013 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
33	Yangchun Langri Fuels Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Fuel Supply	RMB 1,000,000.00	RMB 1,609,540.00	100	100	Business combinations involving enterprises under common control
34	Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 300,000.00	60	60	Business combinations involving enterprises under common control
35	Yangjiang City Yueyun Langri Public Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 2,000,000.00	RMB 1,300,000.00	65	100	Business combinations involving enterprises under common control
36	Yangchun City's Third Motor Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 580,000.00	RMB 198,660.00	70	100	Business combinations involving enterprises under common control
37	Yangdong Yueyun Langri Passenger Transportation Co., Ltd. (Formerly Known as Yangdong County Yongdong Motor Transportation Co., Ltd.)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,794,686.61	100	100	Business combinations involving enterprises under common control
38	Yangchun City Yueyun Langri Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 150,000.00	RMB 150,000.00	100	100	Business combinations involving enterprises under common control
39	Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises under common control
40	Yangxi County Yueyun Langri Passenger Transportation Co., Ltd. (Formerly Known as Yangxi County Yueyun Langri City-Village Passenger Transportation Co., Ltd.)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises under common control
41	Zhongshan City Yueyun Tongxing Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,682,600.00	RMB 2,146,740.93	51	51	Business combinations involving enterprises under common control
42	Zhongshan City Eastern Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 630,000.00	RMB 630,000.00	100	100	Business combinations involving enterprises under common control

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2014 and 2013 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
43	Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 3,700,000.00	70	70	Business combinations involving enterprises under common control
44	Guangzhou City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 503,000.00	RMB 3,853,222.62	51	51	Business combinations involving enterprises under common control
45	Guangzhou City Yueyun Public Bus Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 900,000.00	RMB 900,000.00	100	100	Business combinations involving enterprises under common control
46	Guangzhou City Yueyun Auto Maintenance Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation Maintenance	RMB 100,000.00	RMB 100,000.00	100	100	Business combinations involving enterprises under common control
47	Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station reconstruction	RMB 30,000,000.00	RMB 42,000,000.00	60	60	Business combinations involving enterprises under common control
48	Guangdong Yuntong Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,296,513.20	100	100	Business combinations involving enterprises under common control
49	Heyuan City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 10,000,000.00	RMB 15,868,580.65	51	51	Business combinations involving enterprises under common control
50	Foshan City Yueyun Heqing Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,020,408.00	RMB 5,247,896.42	51	73	Business combinations involving enterprises under common control
51	Zhaoqing High-tech Zone Yueyun Development Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Reconstruction	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises under common control
52	Yang Jiang City Yueyun Langri Fuels Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Fuel Retail	RMB 3,000,000.00	RMB 3,000,000.00	100	100	Established
53	Yang Jiang City Yueyun Langri Logistics Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	General Freight	RMB 2,000,000.00	RMB 2,000,000.00	100	100	Established

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2014 and 2013 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
54	Long Chuan County Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100	Established
55	Yang Jiang City Yueyun Langri Property Development Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Property Development	RMB 5,000,000.00	RMB 5,000,000.00	100	100	Established
56	Guangdong Gangtong Vehicles Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Cross-border Transportation Services	HKD 5,000,000.00	HKD 5,000,000.00	100	100	Established
57	Yang Jiang City Yueyun Langri International Travel Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Tourism	RMB 500,000.00	RMB 500,000.00	100	100	Established
58	Guangzhou Yueyun Insurance Surveyors And Loss Adjusters Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Insurance Inspection, Appraisal, And Risk Assessment	RMB 2,000,000.00	RMB 1,020,000.00	51	51	Established
59	Heyuan City Chengjian Freight Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Established
60	Zijin County Yueyun Property Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Property Management	RMB 500,000.00	RMB 500,000.00	100	100	Established
61	Guangzhou Yueyun Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 3,000,000.00	100	100	Established
62	Heyuan City Yueyun Tongying Travel Automobile Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises under common control
63	Heyuan City Yueyun Lvdu Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 9,000,000.00	RMB 9,000,000.00	100	100	Business combinations involving enterprises under common control
64	Yang Jiang City Yangzha New Image Public Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 7,405,000.00	100	100	Business combinations involving enterprises under common control

Note 1: Due to shareholders' assignment and some other agreements, the Group's percentage of voting right is more than percentage of direct and indirect holdings.

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 Subsidiaries acquired through establishment or investment during the year

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)
1	Yueyun Transportation Technology Service (Guangzhou) Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Wholesale	RMB 9,800,000.00	RMB 2,000,101.06	100	100
2	Yangjiang City Yueyun Langri Advertising Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Advertising Services	RMB 3,000,000.00	RMB 1,500,000.00	100	100
3	Yangjiang City High-tech Zone Yueyun Langri Industrial Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Parts Sales	RMB5,000,000.00	—	51	51
4	Lianping County Zhongxin Town Yueyun Property Leasing Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Property Management	RMB5,445,000.00	RMB500,000.00	100	100
5	Heyuan City Yuancheng District Yueyun Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100
6	Lianping County Yueyun Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100
7	Dongyuan County Dengia Town Yueyun Property Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Property Management	RMB 500,000.00	—	100	100

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3 Subsidiaries acquired through business combination not under common control during the year

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)
1	Qingyuan Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 50,000,000.00	RMB 132,770,025.00	61.75	61.75
2	Yangshan County Huashun Motor Inspection Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Vehicle Inspection	RMB 400,000.00	RMB 400,000.00	100	100
3	Qingyuan City Yueyun Public Transportation Co., Ltd. (Formerly Known as Qingyuan City Second Transportation Co., Ltd.)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 3,000,000.00	100	100
4	Qingyuan City Jinyu Vehicle Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Taxi Service	RMB 500,000.00	RMB 500,000.00	100	100
5	Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 142,779,951.08	RMB 167,240,842.09	56.86	56.86
6	Nanxiong City Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 600,000.00	RMB 600,000.00	100	100
7	Shaoguan Libao Technology Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Vehicle Information System	RMB 1,000,000.00	RMB 1,000,000.00	100	100
8	Rerhua County Feima Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100
9	Shaoguan Polycom Motor Vehicle Driving Training Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Skill Training	RMB 1,000,000.00	RMB 700,000.00	70	70
10	Shaoguan City Zhixin Trade Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Leasing and Trading	RMB 4,449,275.00	RMB 4,449,275.00	100	100

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)
11	Shaoguan City Xian Tourist Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100
12	Nanxiong City Lutong Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 600,000.00	RMB 600,000.00	100	100
13	Shaoguan City Xian Traffic Travel Agency Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Tourism	RMB 300,000.00	RMB 300,000.00	100	100
14	Ruyuan Yao Autonomous County Shundia City-Village Public Passenger Transport Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 110,000.00	RMB 110,000.00	100	100
15	Shixing County Zhengji Car Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 400,000.00	RMB 400,000.00	100	100
16	Lechang City Pingshi Yongtong Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100
17	Shixing County Junxing City-Village Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 510,000.00	51	51
18	Shaoguan City Oujiang District Carmoutianxia Catering Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Catering	RMB 3,000,000.00	RMB 1,530,000.00	51	51
19	Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 1,530,000.00	51	51
20	Shantou office of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 2,000,000.00	RMB 1,020,000.00	51	51

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4 Business combinations not involving enterprises under common control during the year

- (a) According to the Share Subscription Agreement signed on 19 August 2014 by the former shareholders of Qingyuan Yueyun Vehicles Transportation Co. Ltd., GVTG, Yueyun Transportation Technology Service (Guangzhou) Co., Ltd. (“Yueyun Transportation Technology”) and other new investors, GVTG, Yueyun Transportation Technology and other new investors shall contribute cash of RMB219,300,000.00, RMB46,240,000.00 and RMB35,460,000.00 respectively (RMB301,000,000.00 in aggregate) to subscribe 51%, 10.75% and 8.25% of equity interests in Qingyuan Yueyun Vehicles Transportation Co. Ltd. respectively. Among which, the Group’s subsidiaries, GVTG and Yueyun Transportation Technology, shall contribute an aggregated amount of RMB265,540,000.00 to acquire 61.75% equity interests in total. As of 31 August 2014, the acquisition date, GVTG, Yueyun Transportation Technology and other new investors have made first instalment payments in an aggregate amount of RMB 143,408,025.00. According to the Share Subscription Agreement, the remaining amounts are to be paid in two years from the date of signing the above agreement.

At the acquisition date, the fair value of the net assets of Qingyuan Yueyun Vehicles Transportation Co. Ltd. before taking into account of the new share subscription was RMB91,143,877.33. Adding up the new share subscription amount of RMB301,000,000.00, total value were RMB392,143,877. The fair value of 61.75% equity interests acquired by the Group as at the acquisition date was RMB242,148,844.14, which was lower than the acquisition cost of RMB265,540,000.00. The difference of RMB23,391,155.86 was recognised as goodwill.

Qingyuan Yueyun Vehicles Transportation Co. Ltd. was established on 29 June 1994, located in Qingyuan City. It is mainly engaged in providing passenger and freight transportation services. Before the acquisition, its parent company and ultimate holding company was Qingyuan City Transportation Construction Development Co., Ltd..

Key financial information of Qingyuan Yueyun Vehicles Transportation Co. Ltd. is as follows:

	From 31 August 2014 (acquisition date) to 31 December 2014 RMB
Revenue	115,231,516.70
Net profit	16,440,321.37
Net cash outflow	(67,429,537.76)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4 Business combinations not involving enterprises under common control during the year

(Continued)

(a) (Continued)

The identifiable assets and liabilities:

	31 Aug 2014 (before share subscription)		31 Dec 2013
	Carrying Amount RMB	Fair value RMB	Carrying Amount RMB
Cash at bank and on hand	124,049,339.34	124,049,339.34	35,862,392.92
Accounts receivables and other receivables	50,079,887.21	50,079,887.21	82,462,132.68
Other current assets	4,835,753.84	4,835,753.84	2,372,391.97
Other non-current assets	334,189,763.86	334,189,763.86	405,120,081.29
Accounts payable and other payables	(191,913,060.62)	(191,913,060.62)	(147,973,753.23)
Other current liabilities	(73,555,392.25)	(73,555,392.25)	(34,047,152.26)
Long-term payables	(152,214,437.25)	(152,214,437.25)	(136,458,460.63)
Other non-current liabilities	(4,327,976.80)	(4,327,976.80)	(800,000.00)
Identifiable net assets	<u>91,143,877.33</u>	<u>91,143,877.33</u>	<u>206,537,632.74</u>

- (b) On 19 September 2014, the acquisition date, the Group's subsidiaries, GVTG and Yueyun Transportation Technology acquired 51% and 5.8562% equity interests, respectively, in Guangdong Shaoguan Vehicles Transportation Group Co., Ltd. by paying cash of RMB150,015,001.82 and RMB17,225,840.27 respectively (RMB167,240,842.09 in aggregate) as acquisition costs.

The fair value of those equity interests as at the acquisition date was RMB167,240,842.09.

Guangdong Shaoguan Vehicles Transportation Group Co., Ltd. was established on 22 June 2001 in Guangdong Shaoguan city. It is mainly engaged in providing passenger and freight transportation services. Before the acquisition, its ultimate holding company was Shaoguan City Jinye Development Company.

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4 Business combinations not involving enterprises under common control during the year

(Continued)

(b) (Continued)

Key financial information of Guangdong Shaoguan Vehicles Transportation is as follows:

	From 19 August 2014 (acquisition day) to 31 December 2014 RMB
Revenue	104,947,671.65
Net profit	6,102,400.10
Net cash outflow	(1,060,890.68)

The identifiable assets and liabilities:

	19 September 2014		31 December 2013
	Carrying Amount	Fair value	Carrying Amount
	RMB	RMB	RMB
Current assets	116,950,045.21	116,950,045.21	122,723,007.26
Investment properties	55,670,762.89	66,510,680.45	57,072,329.65
Fixed assets and construction in progress	110,536,795.50	131,958,147.54	147,130,801.09
Intangible assets	61,024,525.38	78,988,399.83	88,740,751.39
Other non-current assets	17,527,456.02	17,527,456.02	16,165,276.29
Current liabilities	(90,478,575.43)	(90,478,575.43)	(117,549,995.17)
Non-current liabilities	(12,749,387.84)	(25,305,626.28)	(71,806,183.42)
Identifiable net assets	<u>258,481,621.73</u>	<u>296,150,527.34</u>	<u>242,475,987.09</u>

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4 Business combinations not involving enterprises under common control during the year

(Continued)

- (c) The Group's subsidiary, GVTG, formerly held 37% equity interests in Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. ("Guangdong Guangshan"), which was an associate of the Group. On 31 August 2014, the acquisition date, GVTG further acquired 14% equity interests in Guangdong Guangshan by paying cash in an amount of RMB2,171,456.00 as acquisition cost. The fair value of the additional 14% equity interests as at the acquisition date was RMB1,561,975.96. Upon the acquisition date, the Group held a total of 51% equity interests in Guangdong Guangshan, which became a subsidiary of the Group since then.

Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. was established on 30 July 1997 in Guangzhou, Guangdong province. It is mainly engaged in providing passenger transportation services.

Key financial information of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. is as follows:

	From 31 August 2014 (acquisition day) to 31 December 2014 RMB
Revenue	2,810,299.58
Net losses	(1,348,373.40)
Net cash inflow	1,351,197.90

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4 Business combinations not involving enterprises under common control during the year

(Continued)

(c) (Continued)

Identifiable assets and identifiable liabilities:

	31 August 2014		31 December 2013
	Carrying Amount	Fair value	Carrying Amount
	RMB	RMB	RMB
Cash at bank and on hand	5,609,767.26	5,609,767.26	9,658,077.77
Other current assets	5,216,468.06	5,216,468.06	4,371,881.84
Fixed assets and construction in progress	2,822,093.14	2,822,093.14	5,197,093.60
Current liabilities	(2,491,357.35)	(2,491,357.35)	(3,236,435.32)
Identifiable net assets	<u>11,156,971.11</u>	<u>11,156,971.11</u>	<u>15,990,617.89</u>

- (d) The Group's subsidiary, GVTG, formerly held 37% equity interests in Shantou office of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. ("Guangshan Shantou"), which was an associate of the Group. On 31 August 2014, the acquisition date, the Company further acquired 14% equity interests in Guangshan Shantou by paying cash in an amount of RMB718,774.00 as acquisition cost. The fair value of the additional 14% equity interests as at acquisition date was RMB521,502.09. Upon the acquisition date, the Group held a total of 51% equity interests in Guangshan Shantou, which became a subsidiary of the Group since then.

Guangshan Shantou was established on 21 August 1998 in Shantou, Guangdong province. It is mainly engaged in providing passenger transportation services.

Key financial information of Guangshan Shantou is as follows:

	From 31 August 2014 (acquisition date) to 31 December 2014 RMB
Revenue	752,378.59
Net losses	(914,709.63)
Net cash inflow	110,636.79

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

4 Business combinations not involving enterprises under common control during the year

(Continued)

(d) (Continued)

Identifiable assets and identifiable liabilities:

	31 August 2014		31 December 2014
	Carrying Amount	Fair value	Carrying Amount
	RMB	RMB	RMB
Cash at bank and on hand	523,013.05	523,013.05	1,181,533.21
Other current assets	2,652,058.19	2,652,058.19	2,669,357.23
Fixed assets and construction in progress	830,414.05	830,414.05	934,959.27
Current liabilities	(280,470.37)	(280,470.37)	(207,193.93)
Identifiable net assets	<u>3,725,014.92</u>	<u>3,725,014.92</u>	<u>4,578,655.78</u>

5 Former subsidiaries that ceased to be consolidated during the year

Jiacheng development Co., Ltd. completed deregistration on 29 August 2014 (date of deregistration). Its operating results and cash flows before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow for 2014.

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6 Material non-controlling interests

Ownership interests held by non-controlling interests ("NCI") of the Company's subsidiaries that are material to the Group are set out as follows:

2014

Name of the subsidiary	Proportion of ownership interest held by NCI	Profit or loss allocated to NCI during the year RMB	Dividends paid to NCI during the year RMB	Other changes during the year RMB	Accumulated NCI at the end of the year RMB
Foshan City Yueyun Public Transportation Co., Ltd.	49%	10,484,147.07	9,310,000.00	116,840.26	141,440,451.21
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	49%	35,367,177.71	—	(218,915.95)	159,790,340.91
Guangdong Yueyun Langri Co., Ltd.	49%	37,048,029.38	7,680,750.00	1,639,559.00	142,598,934.00
Heyuan City Yueyun Motor Transportation Co., Ltd.	49%	(1,286,277.70)	1,653,750.94	9,820,434.96	111,714,523.71
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	38.25%	6,288,422.92	—	126,952,888.41	133,241,311.33
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.	43.14%	2,425,574.68	—	127,961,750.02	130,387,538.36
The Motor Transport Company of Guangdong and Hong Kong Limited	38%	3,181,828.42	1,072,648.19	1,052,431.86	93,938,328.84

2013

Name of the subsidiary	Proportion of ownership interest held by NCI	Profit or loss allocated to NCI during the year RMB	Dividends paid to NCI during the year RMB	Other changes during the year RMB	Accumulated NCI at the end of the year RMB
Foshan City Yueyun Public Transportation Co., Ltd.	49%	7,662,713.54	15,190,000.00	(224,401.31)	140,149,463.88
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	49%	24,141,525.40	—	82,121.56	124,642,079.15
Guangdong Yueyun Langri Co., Ltd.	49%	32,412,995.10	13,201,250.00	2,147,530.43	111,592,095.62
Heyuan City Yueyun Motor Transportation Co., Ltd.	49%	(790,197.34)	—	101,167,826.47	104,834,117.39
The Motor Transport Company of Guangdong and Hong Kong Limited	38%	3,734,460.97	1,007,387.60	(1,599,457.68)	90,776,716.75

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 Material non-controlling interests (Continued)

The following table sets out the key financial information of the above subsidiaries without offsetting internal transactions, but with adjustments made in light of the fair value at the consolidation date and difference in accounting policies:

	2014				2013						
	The Motor Transport Company of Guangdong and Hong Kong Limited	Foshan City Yueyun Public Transportation Co., Ltd.	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Guangdong Yueyun Langri Co., Ltd.	Heyuan City Yueyun Motor Transportation Co., Ltd.	Qingyuan Yueyun Vehicles Transportation Co., Ltd.	The Motor Transport Company of Guangdong and Hong Kong Limited	Foshan City Yueyun Public Transportation Co., Ltd.	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Guangdong Yueyun Langri Co., Ltd.	Heyuan City Yueyun Motor Transportation Co., Ltd.
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Current assets	183,395,071.75	106,790,328.75	106,790,328.75	144,623,254.35	56,065,942.60	250,413,927.16	169,422,865.90	119,045,718.40	90,251,250.27	85,675,903.82	41,890,856.73
Non-current assets	122,146,973.14	405,097,407.23	314,703,864.77	327,277,399.07	286,176,546.47	3,691,978,558.70	118,289,619.13	301,327,886.68	283,574,713.50	327,139,934.48	234,948,924.97
Total assets	305,542,044.89	505,624,447.38	421,493,893.52	471,900,653.42	342,242,489.07	611,392,485.86	287,712,485.03	420,373,605.08	373,825,963.77	412,815,838.30	276,239,781.70
Current liabilities	(59,971,623.75)	(216,610,465.27)	(86,567,690.22)	(124,423,708.72)	(90,955,751.10)	(189,644,181.54)	(49,490,223.16)	(95,386,040.64)	(110,089,063.99)	(114,613,139.43)	(76,231,657.90)
Non-current liabilities	(2,645,457.28)	(360,000.04)	(2,852,819.92)	(55,439,234.24)	(20,368,251.31)	(1,663,065,169.05)	(2,339,493.37)	(38,988,250.39)	(3,322,215.71)	(75,904,550.01)	(4,604,420.45)
Total liabilities	(62,617,081.03)	(216,970,465.31)	(89,419,850.14)	(179,862,942.96)	(111,324,002.41)	(655,709,350.59)	(51,829,716.53)	(134,354,291.03)	(113,611,279.70)	(190,717,689.44)	(80,836,078.35)
Operating income	225,706,666.71	327,387,065.84	531,476,676.66	565,492,014.89	154,212,923.69	115,231,516.70	231,666,120.07	292,497,877.44	483,867,837.14	549,130,343.86	102,306,202.92
Net profit/(losses) for the year	8,373,232.89	21,396,218.50	72,177,913.70	75,608,232.23	(2,625,066.53)	16,440,321.37	9,827,328.88	15,638,190.89	49,199,433.17	66,193,236.89	(161,264,633)
Total comprehensive income	9,004,884.46	21,396,218.50	72,177,913.70	75,608,232.23	(2,625,066.53)	16,440,321.37	2,876,383.15	15,638,190.89	49,199,433.17	66,193,236.89	(161,264,633)
Net cash inflow/(outflow) from operating activities	42,057,538.53	59,993,448.27	119,494,794.67	125,099,245.25	9,770,219.09	(25,841,496.62)	27,830,954.15	57,245,455.28	84,303,510.09	116,978,417.94	(32,724,071.62)

7 Exchange rate used for major items in the financial statements of overseas operating entities

As at 31 December 2014, overseas subsidiaries translate all asset and liability items in their balance sheet by applying the spot exchange rate at the year end as HKD 1 against RMB 0.7889; and all items in the income statement and items reflecting the distributions of profits are translated by applying the average exchange rate during the year as HKD 1 against RMB 0.7876.

V. NOTES TO THE FINANCIAL STATEMENTS

1 Cash at bank and on hand

The Group

	2014			2013		
	Original currency	Exchange Rate	Amount in RMB	Original currency	Exchange rate	Amount in RMB
Cash on hand						
RMB	—	—	16,672,749.46	—	—	13,464,555.99
HKD	74,088.36	0.7889	58,448.31	64,802.40	0.7862	50,947.65
Deposits with banks						
RMB	—	—	1,656,167,821.94	—	—	1,623,245,040.10
USD	455,388.44	6.1190	2,786,521.86	289,094.98	6.0969	1,762,583.19
HKD	111,443,095.29	0.7889	87,917,457.87	91,027,820.27	0.7862	71,566,148.09
Other monetary funds (Note)						
RMB	—	—	7,964,847.73	—	—	7,190,893.18
HKD	2,710,964.21	0.7889	2,138,679.67	907,951.55	0.7862	713,831.51
Total			<u>1,773,706,526.84</u>			<u>1,717,993,999.71</u>

Note: Other monetary funds as at 31 December 2014 comprise customs deposits, deposits for issuing bank acceptance bills, letter of guarantee and performance bonds, bidding deposits and property maintenance funds with total amount of RMB10,103,527.40 (31 December 2013: RMB7,904,724.69).

The Company

	2014			2013		
	Original currency	Exchange Rate	RMB	Original currency	Exchange rate	RMB
Cash on hand						
RMB	—	—	1,201.59	—	—	11,458.96
Deposits with banks						
RMB	—	—	843,394,736.28	—	—	1,204,800,819.57
Total			<u>843,395,937.87</u>			<u>1,204,812,278.53</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

2 Bills receivable

- (1) Classification of bills receivable

Item	The Group		The Company	
	2014 RMB	2013 RMB	2014 RMB	2013 RMB
Bank acceptance bills	<u>1,500,000.00</u>	<u>5,000,000.00</u>	<u>1,300,000.00</u>	<u>5,000,000.00</u>

The above bills receivable are due within one year °

- (2) At at 31 December 2014, the Group had no undue discounted bank acceptance bills (31 December 2013: RMB15,600,000.00), and had no undue endorsed bank acceptance bills (31 December 2013: Nil).

The Company had no undue discounted bank acceptance bills or undue endorsed bank acceptance bills at 31 December 2014 and 31 December 2013.

3 Accounts receivable

The Group

- (1) Accounts receivable by category:

Category	2014				2013			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount RMB	percentage (%)	Amount RMB	percentage (%)	Amount RMB	percentage (%)	Amount RMB	percentage (%)
Individually significant and assessed individually for impairment	382,730,978.79	54.76	14,264,922.29	3.73	593,887,230.28	76.38	14,564,922.29	2.45
Individually insignificant but assessed individually for impairment	<u>316,230,342.55</u>	<u>45.24</u>	<u>16,409,261.69</u>	<u>5.19</u>	<u>183,625,987.82</u>	<u>23.62</u>	<u>10,302,580.59</u>	<u>5.61</u>
Total	<u>698,961,321.34</u>	<u>100.00</u>	<u>30,674,183.98</u>	<u>4.39</u>	<u>777,513,218.10</u>	<u>100.00</u>	<u>24,867,502.88</u>	<u>3.20</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 Accounts receivable (Continued)

The Group (Continued)

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

As at 31 December 2014

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 3 months (inclusive)	394,323,330.02	—	394,323,330.02
Over 3 months and within 6 months (inclusive)	37,144,021.08	—	37,144,021.08
Over 6 months and within 1 year (inclusive)	39,508,418.09	—	39,508,418.09
Over 1 year and within 2 years (inclusive)	30,110,893.01	506,425.30	29,604,467.71
Over 2 years and within 3 years (inclusive)	4,099,157.51	386,725.44	3,712,432.07
Over 3 years	193,775,501.63	29,781,033.24	163,994,468.39
Total	<u>698,961,321.34</u>	<u>30,674,183.98</u>	<u>668,287,137.36</u>

As at 31 December 2013

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 3 months (inclusive)	475,943,150.18	—	475,943,150.18
Over 3 months and within 6 months (inclusive)	40,260,499.87	—	40,260,499.87
Over 6 months and within 1 year (inclusive)	48,205,202.02	—	48,205,202.02
Over 1 year and within 2 years (inclusive)	7,933,841.21	306,019.41	7,627,821.80
Over 2 years and within 3 years (inclusive)	111,657,764.96	26,749.30	111,631,015.66
Over 3 years	93,512,759.86	24,534,734.17	68,978,025.69
Total	<u>777,513,218.10</u>	<u>24,867,502.88</u>	<u>752,645,715.22</u>

The ageing is counted starting from the date when accounts receivable are recognised.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 Accounts receivable (Continued)

The Group (Continued)

(3) An analysis of the movements of provisions for impairment of receivables for the year is as follows:

	The Group	
	2014 RMB	2013 RMB
Balance at the beginning of the year	24,867,502.88	24,452,273.42
Addition during the year	7,141,854.06	415,229.46
Reversal during the year	(1,625,859.39)	—
Write-off during the year	(107,642.10)	—
Addition arising from business combination not under common control	398,328.53	—
Balance at the end of the year	<u>30,674,183.98</u>	<u>24,867,502.88</u>

The Company

(1) Accounts receivable by category:

Category	2014				2013			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount RMB	percentage (%)	Amount RMB	percentage (%)	Amount RMB	percentage (%)	Amount RMB	percentage (%)
Individually significant and assessed individually for impairment	246,993,764.81	64.59	14,264,922.29	5.78	393,338,920.40	83.34	14,264,922.29	3.63
Individually insignificant but assessed individually for impairment	135,435,746.16	35.41	12,574,602.17	9.28	78,622,146.27	16.66	8,716,655.57	11.09
Total	<u>382,429,510.97</u>	<u>100.00</u>	<u>26,839,524.46</u>	<u>7.02</u>	<u>471,961,066.67</u>	<u>100.00</u>	<u>22,981,577.86</u>	<u>4.87</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 Accounts receivable (Continued)

The Company (Continued)

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

As at 31 December 2014

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 3 months (inclusive)	151,787,212.47	—	151,787,212.47
Over 3 months and within 6 months (inclusive)	5,351,564.62	—	5,351,564.62
Over 6 months and within 1 year (inclusive)	18,139,071.42	—	18,139,071.42
Over 1 year and within 2 years (inclusive)	25,394,905.54	—	25,394,905.54
Over 2 years and within 3 years (inclusive)	1,379,243.34	—	1,379,243.34
Over 3 years	180,377,513.58	26,839,524.46	153,537,989.12
Total	382,429,510.97	26,839,524.46	355,589,986.51

As at 31 December 2013

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 3 months (inclusive)	233,882,680.52	—	233,882,680.52
Over 3 months and within 6 months (inclusive)	16,330,410.13	—	16,330,410.13
Over 6 months and within 1 year (inclusive)	31,438,086.30	—	31,438,086.30
Over 1 year and within 2 years (inclusive)	1,379,243.34	—	1,379,243.34
Over 2 years and within 3 years (inclusive)	72,802,971.08	—	72,802,971.08
Over 3 years	116,127,675.30	22,981,577.86	93,146,097.44
Total	471,961,066.67	22,981,577.86	448,979,488.81

The ageing is counted starting from the date when accounts receivable are recognised.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 Accounts receivable (Continued)

The Company (Continued)

(3) An analysis of the movements of provisions for impairment of receivables for the year is as follows:

	The Company	
	2014	2013
	RMB	RMB
Balance at the beginning of the year	22,981,577.86	22,981,577.86
Addition during the year	5,289,446.60	—
Reversal during the year	(1,431,500.00)	—
Balance at the end of the year	<u>26,839,524.46</u>	<u>22,981,577.86</u>

Before accepting new customers, the Group and the Company assessed the credit worthiness of potential clients and set corresponding credit limits according to the internal credit assessment policies. Except for the general requirement that new customers usually need to make payments in advance, the Group sets respective credit policies according to their respective market and business needs. Credit period is generally 3 months, while the credit period of major customers can be extended to 6 months. According to the past collection experiences and the debtors' credit capability, the Group and Company consider no provision for impairment of receivables is required for overdue receivables, except for those with provision already made.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 Prepayments

- (1) The ageing analysis of prepayments is as follows:

The Group

Ageing	2014				2013			
	Amount	Percentage	Provision for	Carrying	Amount	Percentage	Provision for	Carrying
	RMB	(%)	RMB	amount	RMB	(%)	RMB	amount
Within 1 year (inclusive)	183,525,705.91	27.52	514,536.48	183,011,169.43	468,080,554.60	46.82	—	468,080,554.60
Over 1 year but within 2 years (inclusive)	5,281,097.76	0.79	—	5,281,097.76	53,599,398.50	5.36	—	53,599,398.50
Over 2 years but within 3 years (inclusive)	278,040.04	0.04	—	278,040.04	167,656.45	0.02	—	167,656.45
Over 3 years	477,687,760.40	71.65	477,490,263.25	197,497.15	477,784,482.69	47.80	474,738,829.58	3,045,653.11
Total	<u>666,772,604.11</u>	<u>100.00</u>	<u>478,004,799.73</u>	<u>188,767,804.38</u>	<u>999,632,092.24</u>	<u>100.00</u>	<u>474,738,829.58</u>	<u>524,893,262.66</u>

The Company

Ageing	2014				2013			
	Amount	Percentage	Provision for	Carrying	Amount	Percentage	Provision for	Carrying
	RMB	(%)	RMB	amount	RMB	(%)	RMB	amount
Within 1 year (inclusive)	58,310,388.18	10.85	—	58,310,388.18	150,543,050.70	22.20	—	150,543,050.70
Over 1 year but within 2 years (inclusive)	1,637,565.90	0.30	—	1,637,565.90	50,116,898.00	7.39	—	50,116,898.00
Over 2 years but within 3 years (inclusive)	—	0.00	—	—	25,500.00	0.00	—	25,500.00
Over 3 years	477,490,263.25	88.85	477,490,263.25	—	477,495,263.25	70.41	474,738,829.58	2,756,433.67
Total	<u>537,438,217.33</u>	<u>100.00</u>	<u>477,490,263.25</u>	<u>59,947,954.08</u>	<u>678,180,711.95</u>	<u>100.00</u>	<u>474,738,829.58</u>	<u>203,441,882.37</u>

The ageing is counted starting from the date when prepayments are recognised.

- (2) Individually significant prepayments aged over one year mainly include a payment of RMB477,490,263.25 with age over 3 years. The counter party defaulted in execution of the contract and the Company has won the lawsuit against it. The execution of court order is still in process. The Group and the Company have made full provision for the prepayment.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Other receivables

The Group

(1) Other receivables by category:

Category	2014				2013			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount	percentage	Amount	percentage	Amount	percentage	Amount	percentage
	RMB	(%)	RMB	(%)	RMB	(%)	RMB	(%)
Individually significant and assessed individually for impairment	219,384,346.15	62.85	38,011,374.34	17.33	162,034,779.73	64.18	34,771,111.41	21.46
Individually insignificant but assessed individually for impairment	129,675,991.41	37.15	12,335,539.23	9.51	90,451,378.78	35.82	7,183,048.09	7.94
Total	349,060,337.56	100.00	50,346,913.57	14.42	252,486,158.51	100.00	41,954,159.50	16.62

(2) The ageing analysis of other receivables is as follows:

As at 31 December 2014

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 1 year (inclusive)	153,329,735.77	2,630,991.05	150,698,744.72
Over 1 year but within 2 years (inclusive)	43,368,297.13	172,458.30	43,195,838.83
Over 2 years but within 3 years (inclusive)	25,865,685.73	728,155.28	25,137,530.45
Over 3 years	126,496,618.93	46,815,308.94	79,681,309.99
Total	349,060,337.56	50,346,913.57	298,713,423.99

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Other receivables (Continued)

The Group (Continued)

(2) The ageing analysis of other receivables is as follows: (Continued)

As at 31 December 2013

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 1 year (inclusive)	88,892,198.14	—	88,892,198.14
Over 1 year but within 2 years (inclusive)	22,509,692.32	224,820.83	22,284,871.49
Over 2 years but within 3 years (inclusive)	25,126,550.72	264,143.24	24,862,407.48
Over 3 years	115,957,717.33	41,465,195.43	74,492,521.90
Total	<u>252,486,158.51</u>	<u>41,954,159.50</u>	<u>210,531,999.01</u>

(3) An analysis of the movements of provisions for impairment of other receivables for the year is as follows:

	The Group	
	2014 RMB	2013 RMB
Balance at the beginning of the year	41,954,159.50	41,657,359.86
Addition during the year	8,803,528.59	296,799.64
Addition arising from business combination not under common control	1,939,768.59	—
Write-off during the year	(2,350,543.11)	—
Balance at the end of the year	<u>50,346,913.57</u>	<u>41,954,159.50</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Other receivables (Continued)

The Company

(1) Other receivables by category:

Category	2014				2013			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount	percentage	Amount	percentage	Amount	percentage	Amount	percentage
	RMB	(%)	RMB	(%)	RMB	(%)	RMB	(%)
Individually significant and assessed individually for impairment	448,596,709.13	97.23	32,384,587.67	7.22	267,403,740.83	96.00	32,384,587.67	12.11
Individually insignificant but assessed individually for impairment	12,786,588.45	2.77	527,421.20	4.12	11,136,170.10	4.00	527,421.20	4.74
Total	461,383,297.58	100.00	32,912,008.87	7.13	278,539,910.93	100.00	32,912,008.87	11.82

(2) The ageing analysis of other receivables is as follows:

As at 31 December 2014

Ageing	Amount	Provision	Carrying
	RMB	for bad and doubtful debts RMB	amount RMB
Within 1 year (inclusive)	237,430,789.25	—	237,430,789.25
Over 1 year but within 2 years (inclusive)	19,061,288.56	—	19,061,288.56
Over 2 years but within 3 years (inclusive)	33,785,647.29	—	33,785,647.29
Over 3 years	171,105,572.48	32,912,008.87	138,193,563.61
Total	461,383,297.58	32,912,008.87	428,471,288.71

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Other receivables (Continued)

The Company

(2) The ageing analysis of other receivables is as follows: (Continued)

As at 31 December 2013

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 1 year (inclusive)	53,053,160.58	—	53,053,160.58
Over 1 year but within 2 years (inclusive)	34,203,370.62	—	34,203,370.62
Over 2 years but within 3 years (inclusive)	59,486,898.81	—	59,486,898.81
Over 3 years	131,796,480.92	32,912,008.87	98,884,472.05
Total	<u>278,539,910.93</u>	<u>32,912,008.87</u>	<u>245,627,902.06</u>

6 Inventories

The Group

An analysis of the movements of inventories for the year is as follows:

Item	Balance at the beginning of the year RMB	Additions during the year RMB	Reductions during the year RMB	Balance at the end of the year RMB
Raw materials	28,642,280.03	291,493,429.23	(284,990,515.43)	35,145,193.83
Finished goods	142,228,065.45	6,281,253,045.65	(6,311,427,211.15)	112,053,899.95
Construction contracts cost (completed but unsettled)	4,835,244.74	10,709,861.32	(9,605,589.35)	5,939,516.71
Sub-total	175,705,590.22	6,583,456,336.20	(6,606,023,315.93)	153,138,610.49
Less: Provision for impairment of inventories	—	—	—	—
Total	<u>175,705,590.22</u>	<u>6,583,456,336.20</u>	<u>(6,606,023,315.93)</u>	<u>153,138,610.49</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 Inventories (Continued)

The Company

An analysis of the movements of inventories for the year is as follows:

Item	Balance at the beginning of the year RMB	Additions during the year RMB	Reductions during the year RMB	Balance at the end of the year RMB
Finished goods	83,582,043.31	1,726,516,623.18	(1,776,668,417.90)	33,430,248.59
Sub-total	83,582,043.31	1,726,516,623.18	(1,776,668,417.90)	33,430,248.59
Less: Provision for impairment of inventories	—	—	—	—
Total	<u>83,582,043.31</u>	<u>1,726,516,623.18</u>	<u>(1,776,668,417.90)</u>	<u>33,430,248.59</u>

7 Other current assets

	The Group	
	2014 RMB	2013 RMB
Deductable input VAT	10,508,042.37	8,491,480.40
Prepaid corporate income tax	3,779,052.29	—
Prepaid business tax and surcharges	2,749,817.70	837,697.70
Other taxes payable	—	12,219.04
Total	<u>17,036,912.36</u>	<u>9,341,397.14</u>

	The Company	
	2014 RMB	2013 RMB
Prepaid corporate income tax	<u>3,628,030.91</u>	—

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 Long-term receivables

	The Group	
	2014 RMB	2013 RMB
Finance leases	13,357,969.44	—
Payment on behalf of third parties	30,484,283.27	398,458.89
Total	43,842,252.71	398,458.89
Less: Due within one year	(7,985,219.32)	—
Provision for bad and doubtful debts	(398,458.89)	(398,458.89)
Total	35,458,574.50	—

An analysis of the above finance leases receivable is as follows:

	The Group	
	2014 RMB	2013 RMB
Amount due from lessees	27,066,234.45	—
Less: Unearned finance income	(13,708,265.01)	—
Finance leases	13,357,969.44	—

The total future minimum lease receipts under finance leases after the balance sheet date are as follows:

	The Group	
	2014 RMB	2013 RMB
Within 1 year (inclusive)	7,985,219.32	—
Over 1 year but within 2 year (inclusive)	7,537,615.82	—
Over 2 year but within 3 years (inclusive)	3,988,098.82	—
Over 3 years	7,555,300.49	—
Sub-total	27,066,234.45	—
Less: Unearned finance income	(13,708,265.01)	—
Total	13,357,969.44	—

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments

	Note	The Group		The Company	
		2014 RMB	2013 RMB	2014 RMB	2013 RMB
			Restated		Restated
Investments in subsidiaries	(1)	—	—	759,275,429.77	756,100,173.36
Investments in joint ventures	(2)	33,306,525.72	28,720,326.77	—	—
Investments in associates	(3)	171,359,390.15	175,894,154.14	44,573,522.21	43,040,581.85
Total		<u>204,665,915.87</u>	<u>204,614,480.91</u>	<u>803,848,951.98</u>	<u>799,140,755.21</u>

(1) As at 31 December 2014, the Company's investments in subsidiaries were as follows:

Investee	Investment cost RMB	Balance at	Increase/ Decrease	Balance at	Shareholding percentage %	Voting rights percentage %	Provision for impairment RMB	Cash dividend for the year RMB
		the beginning of the year RMB	RMB	the end of the year RMB				
Guangdong Top-E Expressway Service Zone Company Limited	98,831,192.00	98,831,192.00	—	98,831,192.00	95.56	95.56	—	27,416,240.08
Guangdong South China Logistics Enterprise Company Limited	127,632,494.21	124,457,237.80	3,175,256.41	127,632,494.21	100.00	100.00	—	2,805,151.21
Guangdong New Way advertising Company Limited	19,800,000.00	19,800,000.00	—	19,800,000.00	60.00	60.00	—	3,426,450.17
The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited	25,319,234.10	25,319,234.10	—	25,319,234.10	62.00	62.00	—	—
The Motor Transport Company of Guangdong and Hong Kong Limited	120,196,428.59	120,196,428.59	—	120,196,428.59	62.00	62.00	—	1,755,665.41
Yueyun Transportation (HK) Company Limited	1,323,750.00	1,323,750.00	—	1,323,750.00	100.00	100.00	—	—
GVTG	366,172,330.87	366,172,330.87	—	366,172,330.87	100.00	100.00	—	—
Guangdong Province Transportation Engineering Company Limited (Note)	—	—	—	—	100.00	100.00	—	—
Total	<u>759,275,429.77</u>	<u>756,100,173.36</u>	<u>3,175,256.41</u>	<u>759,275,429.77</u>			—	<u>35,403,506.87</u>

Detailed information about the subsidiaries is set out in Note 4.

Note: Guangdong Province Transportation Engineering Company Limited had net liabilities at the combination date. Accordingly, the Company recognised the initial investment cost in Guangdong Province Transportation Engineering Company Limited as zero according to the Company's share of the carrying amount of its equity.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(2) As at 31 December 2014, the Group's investments in joint ventures were as follows:

Name of investee	Investment	Balance at	Increase/	Balance at	Shareholding	Voting rights
	cost	the beginning	Decrease	end of the		
	RMB	of the year	RMB	the year		
		RMB		RMB	percentage	percentage
					(%)	(%)
(1) Material joint ventures						
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	15,000,000.00	27,273,819.82	4,966,198.95	32,240,018.77	50.00	50.00
Sub-total	<u>15,000,000.00</u>	<u>27,273,819.82</u>	<u>4,966,198.95</u>	<u>32,240,018.77</u>		
(2) Immaterial joint ventures						
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	1,500,000.00	932,701.85	(380,000.00)	552,701.85	50.00	50.00
Guangdong Province Bus Terminal Co., Ltd.	500,000.00	513,805.10	—	513,805.10	50.00	50.00
Sub-total	<u>2,000,000.00</u>	<u>1,446,506.95</u>	<u>(380,000.00)</u>	<u>1,066,506.95</u>		
Total	<u>17,000,000.00</u>	<u>28,720,326.77</u>	<u>4,586,198.95</u>	<u>33,306,525.72</u>		

All joint ventures of the Group are non-listed companies.

None of them declared dividend during the year. As at 31 December 2014, the ability to transfer fund from above joint ventures to the Group is not restricted (2013: nil).

(i) Details of the Group's material joint ventures are as follows:

Name of enterprise	Principal Place of business	Registered place	Registered capital	Shareholding percentage	Business nature	Strategic to the Group's activities?	
							RMB
Guangdong Zhong Yue Tong Oil Products Operation Company Limited	Guangdong China	Guangdong China	30,000,000.00	50%	Wholesale of Oil	Yes	

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(2) As at 31 December 2014, the Group's investments in joint ventures were as follows: (Continued)

(i) Details of the Group's material joint ventures are as follows: (Continued)

The following table sets out the key financial information of the Group's material joint venture, adjusted for fair value adjustments at the time of acquisition and the differences in accounting policies of the Group. The table also reconciles the key financial information to the carrying amount of the Group's investment in the joint venture when using the equity method:

	Guangdong Zhong Yue Tong Oil Products Operation Company Limited	
	2014	2013
	RMB	RMB
Current assets	55,498,867.29	43,793,449.68
Including: Cash and cash equivalents	51,878,431.35	39,380,107.16
Non-current assets	11,010,272.71	11,752,863.58
Total assets	66,509,140.00	55,546,313.26
Current liabilities	(2,029,102.47)	(998,673.62)
Total liabilities	(2,029,102.47)	(998,673.62)
Net assets	64,480,037.53	54,547,639.64
Group's share of net assets	32,240,018.77	27,273,819.82
Carrying amount of interests in joint venture	32,240,018.77	27,273,819.82
Operating income	136,034,340.07	136,080,410.59
Financial expenses	(543,610.20)	(554,155.07)
Income tax expense	3,263,175.58	2,686,429.17
Net profit	9,932,397.89	8,059,287.43
Other comprehensive income	—	—
Total comprehensive income	9,932,397.89	8,059,287.43

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(2) As at 31 December 2014, the Group's investments in joint ventures were as follows: (Continued)

(ii) Details of immaterial joint ventures accounted for using the equity method is summarised as follows:

	The Group	
	2014 RMB	2013 RMB
Aggregate carrying amount of investments	<u>1,066,506.95</u>	<u>1,446,506.95</u>
Aggregate amount of share of		
– Net (losses)/profit	<u>(380,000.00)</u>	77,775.27
– Other comprehensive income	<u>—</u>	<u>—</u>
– Total comprehensive income	<u>(380,000.00)</u>	<u>77,775.27</u>

(3) As at 31 December 2014, the Group's investments in associates were as follows:

Investee	Balance at the		Increase/ (Decrease) RMB	Balance at the		Shareholding percentage (%)	Voting rights (%)	Provision for impairment RMB	Cash dividend for the year RMB
	Investment cost RMB	beginning of the year RMB		end of the year RMB					
(1) Material associates									
Southern United Assets and Equity Exchange Company Limited	20,000,000.00	20,073,265.49	7,406,000.00	27,479,265.49	20.00	20.00	—	—	
Shenzhen Yueyun Investment Development Company Limited	48,590,602.00	48,105,442.84	(1,001,299.88)	47,104,142.96	20.00	20.00	—	—	
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	17,019,117.00	19,381,697.18	(4,249,789.97)	15,131,907.21	48.00	48.00	—	2,736,000.00	
Guangzhou City Tianhe Coach Terminal Co., Ltd.	2,000,000.00	13,690,217.41	3,280,347.84	16,970,565.25	20.00	20.00	—	—	
Shantou City Automobile Passenger Traffic Center Co., Ltd.	25,206,264.00	30,048,755.50	(527,289.13)	29,521,466.37	35.00	35.00	—	—	
CNPC Yueyun Natural Gas Co. Ltd.	12,000,000.00	11,734,676.61	1,276,921.40	13,011,598.01	24.00	24.00	—	—	
Sub-total	<u>124,815,983.00</u>	<u>143,034,055.03</u>	<u>6,184,890.26</u>	<u>149,218,945.29</u>			<u>—</u>	<u>2,736,000.00</u>	

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2014, the Group's investments in associates were as follows: (Continued)

Investee	Balance at the		Increase/ (Decrease) RMB	Balance at the		Shareholding percentage (%)	Voting rights (%)	Provision for impairment RMB	Cash dividend for the year RMB
	Investment	beginning		end of the	year				
	cost RMB	of the year RMB		year RMB	year RMB				
(2) Immaterial associates									
Guangdong Feida Traffic Engineering Company Limited. (Note 3)	11,200,000.00	11,575,012.68	(11,575,012.68)	—	30.00	30.00	—	—	
Guangdong Foda Expressway Economy Development Co., Ltd.	490,000.00	1,335,343.49	(135,244.81)	1,200,098.68	49.00	49.00	—	—	
Lufeng Shenshan Expressway Company Limited	45,000.00	2,514,032.14	(212,799.01)	2,301,233.13	45.00	45.00	—	998,842.96	
Express Cross-Border Coach Management Company Limited (Note 6)	41,351.00	—	—	—	23.62	23.62	—	—	
Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd.	420,000.00	1,402,224.11	284,937.00	1,687,161.11	42.00	42.00	—	—	
Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd.	420,000.00	1,141,569.82	55,071.38	1,196,641.20	42.00	42.00	—	420,000.00	
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd. (Note 5 and 6)	200,000.00	—	—	—	51.00	40.00	—	—	
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. (Note 5)	800,000.00	1,588,614.84	175,890.77	1,764,505.61	51.00	40.00	—	—	
Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. (Note 1)	1,110,000.00	5,839,348.78	(5,839,348.78)	—	37.00	37.00	—	1,933,800.00	
Shantou office of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd. (Note 1)	740,000.00	1,662,370.40	(1,662,370.40)	—	37.00	37.00	—	—	
Yangjiang City Jiqiang Automobile Sales & Maintenance Co., Ltd.	490,000.00	295,554.83	(3,420.25)	292,134.58	49.00	49.00	—	—	
Guangdong Guangye Shentong Natural Gas Co., Ltd.	6,000,000.00	5,506,028.02	709,100.05	6,215,128.07	30.00	30.00	—	—	
Guangdong south passenger network center Co., Ltd. (Note 2)	3,600,000.00	—	3,600,000.00	3,600,000.00	12.00	12.00	—	—	
Qingyuan zhongguan development Co., Ltd.	100,000.00	—	674,535.91	674,535.91	20.00	20.00	—	—	
Qingyuan kuitong Car Lease Co., Ltd. (Note 6)	800,000.00	—	—	—	40.00	40.00	—	—	
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	3,400,000.00	—	3,209,006.57	3,209,006.57	34.00	34.00	—	—	
Sub-total	29,856,351.00	32,860,099.11	(10,719,654.25)	22,140,444.86			—	3,352,642.96	
Total	154,672,334.00	175,894,154.14	(4,534,763.99)	171,359,390.15			—	6,088,642.96	

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2014, the Group's investments in associates were as follows: (Continued)

As at 31 December 2014, the Company's investments in associates were as follows:

Investee	Investment cost RMB	Balance at the beginning RMB	Increase/ (Decrease) RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights (%)
(1) Material associates						
Southern United Assets and Equity Exchange Company Limited	20,000,000.00	20,073,265.49	7,406,000.00	27,479,265.49	20.00	20.00
Guangdong Zhong Yue Tong Oil Products Operation Company Limited (Note 4)	6,250,000.00	11,392,303.67	2,101,953.05	13,494,256.72	20.83	20.83
Sub-total	26,250,000.00	31,465,569.16	9,507,953.05	40,973,522.21		
(2) Immaterial associates						
Guangdong Feida Traffic Engineering Company Limited (Note 3)	11,200,000.00	11,575,012.69	(11,575,012.69)	—	—	—
Guangdong South Passenger Network Center (Note 2)	3,600,000.00	—	3,600,000.00	3,600,000.00	12.00	12.00
Sub-total	14,800,000.00	11,575,012.69	(7,975,012.69)	3,600,000.00		
Total	41,050,000.00	43,040,581.85	1,532,940.36	44,573,522.21		

Note 1: In August 2014, the Group further acquired 14% equity interests in each of Guangdong Guangshan and Guangdong Shantou. As a result, the shareholding percentage in these two companies both reached 51%. These two former associates became subsidiaries of the Group since then. Detailed information is set out in Note VI. 4(c) and VI. 4(d).

Note 2: At the end of this year, the Group and the Company held 12% equity interests in Guangdong South Passenger Network Center ("Nanyuetong"). According to the shareholders' agreement, the Group and the Company have rights of participation and decision in the board of director of Nanyuetong. Consequently, the Group and the Company have significant influence to Nanyuetong.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2014, the Group's investments in associates were as follows: (Continued)

Note 3: The Group and the Company disposed 30% equity interests in Guangdong Feida Traffic Engineering Company in March 2014. Since then, the Group and the Company no longer hold any equity interests in Guangdong Feida Traffic Engineering Company.

Note 4: At the end of this year, the Company and Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, hold 20.83% and 29.17% equity interests in Guangdong Zhong Yue Tong Oil Products Operation Company Limited ("Zhongyuetong") respectively. The Group holds a total of 50% equity interests in Zhongyuetong. Consequently, Zhongyuetong is a joint venture of the Group and an associate of the Company.

Note 5: The Group formerly held 40% equity interests in Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. and Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. In 2006, GVTG, the subsidiary of the Group, further acquired 11% equity interests in each of the above companies at the considerations of RMB 110,000.00 and RMB 55,000.00 respectively. After the share transfer, the shareholding percentages in the above companies both reached 51%. According to relevant agreement, GVTG nominally increased its equity interests by 11%, while it continues to share the operating results and bears the operating risks in accordance with the original share percentage of 40%. Therefore GVTG does not have control over these companies, and these companies do not fall into the scope of consolidation of the Group.

Note 6: The Group and the Company adopt equity method in accounting for investments in associates. The Group and the Company ceased recognising its share of losses of the associates due to excess losses of the investee. As at 31 December, 2014, the unrecognised share of losses of associates is as follows:

Investee	Accumulated unrecognised share of losses at the beginning of the year RMB	Unrecognised share of losses (or recognised share of profits) during the year RMB	Accumulated unrecognised share of losses at the end of the year RMB
Express Cross-Border Coach Management Company Limited	347,366.11	(196,193.30)	151,172.81
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	406,564.68	(121,760.96)	284,803.72
Qingyuan Kuitong Car Lease Co., Ltd.	68,592.01	800.10	69,392.11
Total	<u>822,522.80</u>	<u>(317,154.16)</u>	<u>505,368.64</u>

Note 7: All associates of the Group and the Company are non-listed companies. As at 31 December 2014, the ability to transfer fund from the above associates to the Group is not restricted (2013: Nil).

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2014, the Group's investments in associates were as follows: (Continued)

(i) Details of the Group's material associates are as follows:

The Group

Name of joint operation	Principal pace of business	Registered place	Registered capital RMB	Shareholding percentage	Business nature	Strategic to the Group's activities?
Southern United Assets and Equity Exchange Company Limited	Guangdong China	Guangdong China	80,000,000.00	20%	Property Exchange	Yes
Shenzhen Yueyun Investment Development Company Limited	Guangdong	Guangdong	30,000,000.00	20%	Passenger Terminal	Yes
Guangdong Province Shenshan High Speed Passenger Co., Ltd.	Guangdong China	Guangdong China	10,000,000.00	48%	Transportation	Yes
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	10,000,000.00	20%	Passenger Terminal	Yes
Shantou City Automobile Passenger Traffic Center Co., Ltd.	Guangdong China	Guangdong China	7,575,000.00	35%	Passenger Terminal	Yes
Zhongyuetong	Guangdong China	Guangdong China	50,000,000.00	24%	Gas station	Yes

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2014, the Group's investments in associates were as follows: (Continued)

(i) Details of the Group's material associates are as follows: (Continued)

The Company

The material associates of the Company include Southern United Assets and Equity Exchange Company Limited and Zhongyuetong. Detailed information of Southern United Assets and Equity Exchange Company Limited, is set out below, and detailed information of Zhongyuetong is set out in note V. 9(2)(i).

	Southern United Assets and Equity Exchange Company Limited		Shenzhen Yueyun Investment Development Company Limited		Guangdong Province Shenshan High Speed Passenger Co., Ltd.		Guangzhou City Tianhe Coach Terminal Co., Ltd.		Shantou City Automobile Passenger Traffic Center Co., Ltd.		CNPC Yueyun Natural Gas Co., Ltd.		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Current assets	79,461,063.63	74,139,276.05	6,335,100.23	9,873,459.39	30,679,731.44	41,725,495.33	94,066,712.74	92,061,194.99	4,541,965.59	3,550,018.55	40,913,651.95	26,718,717.47	256,031,245.58	248,094,163.78
Non-current assets	87,186,779.05	65,231,440.02	267,415,888.35	275,512,494.34	3,017,990.34	3,139,032.62	71,720,240.19	62,482,623.19	83,832,487.67	84,620,221.26	25,276,628.42	24,834,750.27	544,430,225.02	513,820,661.70
Total assets	166,650,862.68	139,370,716.07	273,750,988.58	285,385,953.73	33,697,721.78	44,864,527.95	171,816,952.93	154,543,818.18	88,374,453.26	88,176,239.81	66,190,280.37	51,553,467.74	800,461,470.60	763,914,725.48
Current liabilities	(22,254,535.23)	(21,004,390.62)	(36,630,274.78)	(44,858,739.53)	(2,172,915.10)	(4,156,635.94)	(86,364,126.68)	(86,112,731.13)	(19,426,227.16)	(19,119,541.17)	(11,975,488.65)	(2,658,981.86)	(179,422,367.60)	(177,910,020.25)
Non-current liabilities	(7,000,000.00)	(18,000,000.00)	(1,600,000.00)	—	—	(33,356.22)	—	—	(6,373.09)	(4,467.13)	—	—	(8,603,373.09)	(18,334,623.35)
Total liabilities	(29,254,535.23)	(39,004,390.62)	(38,230,274.78)	(44,858,739.53)	(2,172,915.10)	(4,490,000.16)	(86,364,126.68)	(86,112,731.13)	(19,426,600.25)	(19,124,008.30)	(11,975,488.65)	(2,658,981.86)	(188,025,940.69)	(196,244,643.60)
Net assets	137,396,327.45	100,366,327.45	235,520,714.80	240,527,214.20	31,524,806.68	40,374,535.79	84,852,826.25	68,451,087.05	68,948,253.01	69,052,231.51	54,214,991.72	48,894,486.88	612,435,529.91	567,669,881.88

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2014, the Group's investments in associates were as follows: (Continued)

(i) Details of the Group's material associates are as follows: (Continued)

The Company (Continued)

	Southern United Assets and Equity Exchange Company Limited		Shenzhen Yueyun Investment Development Company Limited		Guangdong Province Shenshan High Speed Passenger Co., Ltd.		Guangzhou City Tianhe Coach Terminal Co., Ltd.		Shantou City Automobile Passenger Traffic Center Co., Ltd.		CNPC Yueyun Natural Gas Co., Ltd.		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Group's share of net assets	27,479,265.49	20,073,265.49	47,104,142.96	48,105,442.84	15,131,907.21	19,391,697.18	16,970,566.25	13,680,217.41	24,131,062.05	24,182,291.03	13,011,598.01	11,734,676.61	143,828,530.97	137,153,580.56
Add: Debt difference of long-term equity investments	-	-	-	-	-	-	-	-	5,390,414.32	5,880,474.47	-	-	5,390,414.32	5,880,474.47
Carrying amount of interests in joint ventures	27,479,265.49	20,073,265.49	47,104,142.96	48,105,442.84	15,131,907.21	19,391,697.18	16,970,566.25	13,680,217.41	29,521,466.37	30,042,755.50	13,011,598.01	11,734,676.61	149,218,945.29	143,034,055.03
Operating income	96,867,900.04	46,939,227.96	28,456,733.31	28,454,954.08	12,280,463.59	34,429,532.44	-	-	8,958,980.42	10,349,530.82	116,354,803.95	71,764,778.11	263,465,936.31	191,966,023.41
Net profit/(losses)	37,030,000.00	5,555,788.82	(5,006,699.40)	62,309.91	(8,633,726.11)	3,932,550.62	16,401,738.20	15,793,399.72	(1,506,540.36)	(40,312.12)	5,202,516.85	2,094,930.46	43,365,476.18	27,388,627.41
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	37,030,000.00	5,555,788.82	(5,006,699.40)	62,309.91	(8,633,726.11)	3,932,550.62	16,401,738.20	15,793,399.72	(1,506,540.36)	(40,312.12)	5,202,516.85	2,094,930.46	43,365,476.18	27,388,627.41
Dividends received from associates for the year	-	-	-	-	2,736,000.00	-	-	-	-	-	-	-	-	-
	-	-	-	-	2,736,000.00	-	-	-	-	-	-	-	-	-

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2014, the Group's investments in associates were as follows: (Continued)

(ii) Details of immaterial associates accounted for using the equity method are summarised as follows:

	The Group		The Company	
	2014 RMB	2013 RMB	2014 RMB	2013 RMB
Aggregate carrying amount of investments	22,140,444.86	32,860,099.11	3,600,000.00	11,575,012.69
Aggregate amount of share of				
– Net profit	2,047,557.53	2,198,617.70	—	756,731.33
– Other comprehensive income	—	—	—	—
– Total comprehensive income	2,047,557.53	2,198,617.70	—	756,731.33

10 Available-for-sale financial assets

	Note	The Group		The Company	
		2014 RMB	2013 RMB Restated	2014 RMB	2013 RMB Restated
Available-for-sale equity instruments					
– At cost	(1)	563,228.22	563,228.22	777,412.45	777,412.45
– At fair value	(2)	7,675,494.60	—	—	—
Total		8,238,722.82	563,228.22	777,412.45	777,412.45

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Available-for-sale financial assets (Continued)

(1) Available-for-sale financial assets at cost

As at 31 December 2014, an analysis of available-for-sale financial assets measured at cost by the Group is as follows:

	2014	2013
	RMB	RMB
		Restated
Guangdong Southern Container Transportation Joint Company	1,268,476.29	1,268,476.29
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. (Note 1)	308,228.22	308,228.22
Puning City Yueyun Development Co., Ltd. (Note 1)	255,000.00	255,000.00
Huadu Jindaoda Expressway Economic Development Company Limited	80,000.00	80,000.00
Sub-total	1,911,704.51	1,911,704.51
Less: Provision for impairment	(1,348,476.29)	(1,348,476.29)
Total	563,228.22	563,228.22

Note 1: GVTG holds 51% equity interests in Puning City Yueyun Development Co., Ltd. and Guangdong Yueyun Langri Co., Ltd. holds 30% equity interests in Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. As the operations of these investees are contracted by other parties or individuals, GVTG and Guangdong Yueyun Langri Co., Ltd. do not have control over these companies. Hence, these companies do not fall into the scope of consolidation of the Group.

Note 2: The provision for impairment made by the Group comprised provision for the investments in Guangdong Southern Container Transportation Joint Company of RMB1,268,476.29, and Huadu Jindaoda Expressway Economic Development Company Limited of RMB80,000.00. Guangdong Southern Container Transportation Joint Company has ceased operation, while it is yet to complete the liquidation procedures, hence the Group made full provision for investment in it in 2004. Since Huadu Jindaoda Expressway Economic Development Company Limited suffered losses for years, full provision for investment in it had been made in previous year.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 Available-for-sale financial assets (Continued)

(1) Available-for-sale financial assets at cost

As at 31 December 2014, an analysis of available-for-sale financial assets measured at cost by the Company is as follows:

	2014	2013
	RMB	RMB
		Restated
Guangdong Jindaoda Expressway Economic Development Company Limited	<u>777,412.45</u>	<u>777,412.45</u>

At the end of the year, The Company and Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, holds 5% and 95% equity interests of Guangdong Jindaoda Expressway Economic Development Company Limited ("Jindaoda") respectively, and the Group holds 100% equity interests in total. Therefore, Jindaoda is a subsidiary of the Group and also other equity investment of the Company. The Company measures the investment in it in accordance with relevant accounting policies for accounting for financial instruments.

(2) Available-for-sale financial assets at fair value

As at 31 December 2014, an analysis of available-for-sale financial assets measured at fair value by the Group is as follows:

	2014	2013
	RMB	RMB
		Restated
Guangdong Shaoneng Group Co., Ltd.	<u>7,675,494.60</u>	<u>—</u>

Guangdong Shaoneng Group Co., Ltd. ("Shaoneng Group") is a listed company. The Group holds 1,303,140 shares of Shaoneng Group at the end of the year. The Group measures the investment at fair value.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Investment properties

The Group

	Buildings	Land use rights	Total
	RMB	RMB	RMB
Cost			
Balance at 1 January 2013	38,210,472.74	14,877,018.42	53,087,491.16
Additions during the year	7,086,016.78	20,343,272.96	27,429,289.74
Decrease during the year	(76,454.85)	(377,381.11)	(453,835.96)
Balance at 31 December 2013	45,220,034.67	34,842,910.27	80,062,944.94
Additions during the year	1,346,229.83	41,971.70	1,388,201.53
Additions arising from business combinations not under common control during the year	99,507,253.57	—	99,507,253.57
Decrease during the year	(11,231,672.67)	—	(11,231,672.67)
Balance at 31 December 2014	<u>134,841,845.40</u>	<u>34,884,881.97</u>	<u>169,726,727.37</u>
Accumulated depreciation or amortisation			
Balance at 1 January 2013	(8,515,581.73)	(2,031,791.67)	(10,547,373.40)
Additions during the year	(3,168,074.20)	(950,998.96)	(4,119,073.16)
Decrease during the year	59,599.73	55,615.92	115,215.65
Balance at 31 December 2013	(11,624,056.20)	(2,927,174.71)	(14,551,230.91)
Additions during the year	(4,688,654.94)	(831,697.53)	(5,520,352.47)
Decrease during the year	3,038,827.96	—	3,038,827.96
Balance at 31 December 2014	<u>(13,273,883.18)</u>	<u>(3,758,872.24)</u>	<u>(17,032,755.42)</u>
Carrying amounts			
As at 31 December 2014	<u>121,567,962.22</u>	<u>31,126,009.73</u>	<u>152,693,971.95</u>
As at 31 December 2013	<u>33,595,978.47</u>	<u>31,915,735.56</u>	<u>65,511,714.03</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 Investment properties (Continued)

- Note 1: The increase in cost included the transfer from owner-occupied properties to investment properties of RMB 1,337,838.44 and translation differences of financial statements denominated in foreign currency of RMB 50,363.09. The decreases in cost included disposal of RMB 10,907,229.67, and the transfer from investment properties to owner-occupied properties of RMB 324,443.00.
- Note 2: The increase in accumulated depreciation and amortisation for the year included charge for the year of RMB 5,416,727.72, the transfer from owner-occupied properties to investment properties of RMB 90,285.16 and translation differences of financial statements denominated in foreign currency of RMB 13,339.59. The decrease in accumulated depreciation and amortisation was due to the disposal of RMB 2,883,417.69 and transfer from investment properties to owner-occupied properties of RMB 155,410.27.
- Note 3: The remaining period of amortization of land use rights is 22 to 68 years.
- Note 4: As at 31 December 2014, investment properties with carrying amount of RMB 1,910,355.60 (31 December 2013: Nil) were pledge for short-term bank loans.

12 Fixed assets

The Group

	Buildings	Building improvements	Machinery and equipment	Office equipment and others	Transportation vehicles	Pier	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Cost							
Balance as at 1 January 2013	502,918,566.37	104,080,301.50	110,739,753.25	139,312,495.15	1,380,477,313.23	60,228,941.19	2,297,757,370.69
Additions	53,524,933.96	—	2,963,117.61	16,581,754.86	167,327,040.01	—	240,396,846.44
Transfer from construction in progress	41,212,463.27	9,912,600.06	1,595,466.14	12,724,245.32	129,760,425.98	—	195,205,200.77
Disposals during the year	(7,917,932.07)	—	(11,828,230.50)	(7,769,671.43)	(150,370,724.76)	—	(177,886,558.76)
Balance as at 31 December 2013	589,738,031.53	113,992,901.56	103,470,106.50	160,848,823.90	1,527,194,054.46	60,228,941.19	2,555,472,859.14
Additions	22,525,422.16	—	1,590,595.37	19,400,904.60	134,186,020.82	—	177,702,942.95
Transfer from construction in progress	41,468,929.31	9,620,897.64	1,689,838.17	7,276,647.32	228,694,885.94	23,916,998.74	312,668,197.12
Additions arising from business combinations not under common control	155,374,164.43	—	2,065,690.39	3,800,408.12	129,327,424.49	—	290,567,687.43
Disposals during the year	(102,082,253.66)	(10,722,496.62)	(994,162.16)	(9,675,432.48)	(197,070,106.51)	—	(320,544,451.43)
Balance as at 31 December 2014	707,024,293.77	112,891,302.58	107,822,068.27	181,651,351.46	1,822,332,279.20	84,145,939.93	3,015,867,235.21

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Fixed assets (Continued)

The Group (Continued)

	Buildings	Building improvements	Machinery and equipment	Office equipment and others	Transportation vehicles	Pier	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Accumulated depreciation							
Balance as at 1 January 2013	(117,463,369.05)	(69,155,294.92)	(36,428,419.19)	(86,716,860.17)	(783,722,357.51)	(2,164,961.79)	(1,095,651,262.63)
Charge for the year	(21,654,905.22)	(11,788,086.12)	(8,417,518.01)	(19,545,626.51)	(179,144,073.81)	(1,579,930.29)	(242,130,139.96)
Written off on disposal	2,607,835.93	—	5,390,991.31	6,527,732.73	136,048,262.50	—	150,574,822.47
Balance as at 31 December 2013	(136,510,438.34)	(80,943,381.04)	(39,454,945.89)	(99,734,753.95)	(826,818,168.82)	(3,744,892.08)	(1,187,206,580.12)
Charge for the year	(26,029,751.74)	(10,058,838.85)	(9,288,137.36)	(22,235,574.00)	(212,879,212.80)	(1,643,044.60)	(282,134,559.35)
Written off on disposal	14,864,707.30	—	184,719.79	9,236,583.07	169,004,185.64	—	193,290,195.80
Balance as at 31 December 2014	(147,675,482.78)	(91,002,219.89)	(48,558,363.46)	(112,733,744.88)	(870,693,195.98)	(5,387,936.68)	(1,276,050,943.67)
Provision for impairment							
Balance as at 1 January 2013, 31 December 2013 and 31 December 2014	—	—	(875,852.00)	—	—	—	(875,852.00)
Carrying amounts							
As at 31 December 2014	559,348,810.99	21,889,082.69	58,387,852.81	68,917,606.58	951,639,083.22	78,758,003.25	1,738,940,439.54
As at 31 December 2013	453,227,593.19	33,049,520.52	63,139,308.61	61,114,069.95	700,375,885.64	56,484,049.11	1,367,390,427.02

As at 31 December 2014, the original costs of fixed assets that are fully depreciated but are still in use were RMB 506,029,996.37 (31 December 2013: RMB 427,921,660.76).

As at 31 December 2014, fixed assets with carrying amount of RMB 128,771,634.97 (31 December 2013: RMB 136,285,705.49) were pledged for bank loans, among which, RMB 114,196,502.87 were pledged for long-term loans and RMB 14,575,132.10 were pledged for short-term loans. As at 31 December 2014, there are no other restricted fixed assets than those pledged for bank loans.

As at 31 December 2014, the carrying amount of buildings without certificate or title of which had not been officially transferred in the Group was RMB 117,893,241.13 (31 December 2013: RMB 218,748,550.73).

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Fixed assets (Continued)

The Group (Continued)

The fixed assets acquired under finance leases as at 31 December 2014 are as follows:

	Transportation vehicles RMB
At the end of the year	
Cost	9,848,110.00
Less: Accumulated depreciation	<u>(3,875,845.44)</u>
Net book value	<u><u>5,972,264.56</u></u>
At the beginning of the year	
Cost	10,411,836.00
Less: Accumulated depreciation	<u>(2,261,176.68)</u>
Net book value	<u><u>8,150,659.32</u></u>

As at 31 December 2014, fixed assets with carrying amount of RMB 8,312,671.84 (2013: Nil) were leased out under operating leases.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Fixed assets (Continued)

The Company

	Transportation vehicles RMB	Electronic equipment, office equipment and others RMB	Total RMB
Cost			
Balances as at 1 January 2013	16,025,429.66	8,492,368.74	24,517,798.40
Additions during the year	—	76,697.87	76,697.87
Disposals during the year	—	(404,396.64)	(404,396.64)
Balances as at 31 December 2013	16,025,429.66	8,164,669.97	24,190,099.63
Additions during the year	—	1,335,086.68	1,335,086.68
Disposals during the year	(308,000.00)	—	(308,000.00)
Balances as at 31 December 2014	15,717,429.66	9,499,756.65	25,217,186.31
Accumulated depreciation			
Balances as at 1 January 2013	(14,435,930.09)	(5,140,099.90)	(19,576,029.99)
Charge for the year	(392,745.78)	(739,025.35)	(1,131,771.13)
Written off on disposal	—	385,375.61	385,375.61
Balances as at 31 December 2013	(14,828,675.87)	(5,493,749.64)	(20,322,425.51)
Charge for the year	(328,845.12)	(762,382.04)	(1,091,227.16)
Written off on disposal	298,760.00	—	298,760.00
Balances as at 31 December 2014	(14,858,760.99)	(6,256,131.68)	(21,114,892.67)
Carrying amount			
As at 31 December 2014	858,668.67	3,243,624.97	4,102,293.64
As at 31 December 2013	1,196,753.79	2,670,920.33	3,867,674.12

As at 31 December 2014, the original costs of fixed assets that are fully depreciated but are still in use were RMB 18,254,785.53 (31 December 2013: RMB 14,814,228.90).

As at 31 December 2014, the Company had no fixed asset acquired under finance lease (31 December 2013: Nil) and had no fixed asset leased out under operating lease (31 December 2013: Nil) °

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Construction in progress

	The Group	The Company
	RMB	RMB
Cost		
Balance as at 1 January 2013	126,806,782.97	2,480,000.00
Additions during the year	219,026,577.23	7,988,179.27
Transfer to fixed assets	(195,205,200.77)	—
Other decrease	(2,737,645.42)	(102,848.81)
	<hr/>	<hr/>
Balance as at 31 December 2013	147,890,514.01	10,365,330.46
Additions during the year	352,744,828.83	269,293.03
Transfer to fixed assets	(312,668,197.12)	—
Other decrease	(14,898,873.23)	(10,393,099.54)
	<hr/>	<hr/>
Balance as at 31 December 2014	173,068,272.49	241,523.95
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Provision for impairment		
Balance as at 1 January 2013, 31 December 2013 and 31 December 2014	451,957.10	—
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Carrying amount		
As at 31 December 2014	172,616,315.39	241,523.95
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>
As at 31 December 2013	147,438,556.91	10,365,330.46
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

13 Construction in progress (Continued)

Top ten items of construction in progress of the Group as at 31 December 2014 are outlined below:

	Balances at the beginning of the year RMB	Additions during the year RMB	Transfer to fixed assets RMB	Balances at the end of of the year RMB
Purchase of vehicles	54,958,800.00	239,112,451.94	(228,694,885.94)	65,376,366.00
Construction of Yangxi Station	20,835,512.89	12,682,674.80	(43,727.46)	33,474,460.23
Reconstruction project of “Three Old”	10,662,761.43	3,471,276.50	—	14,134,037.93
Zengcheng Passenger Traffic Station	11,276,925.88	1,584,337.70	—	12,861,263.58
Construction of Chengnan Station	1,906,499.19	9,539,788.95	—	11,446,288.14
Electric vehicles project	—	6,778,970.48	—	6,778,970.48
Construction of service building	2,676,824.18	3,000,000.00	—	5,676,824.18
Renovation of Parking-lot	452,825.70	4,017,755.16	—	4,470,580.86
Decoration of service building	3,066,717.98	8,982,310.41	(9,620,897.64)	2,428,130.75
Pipeline renovation project	260,061.18	3,322,234.80	(1,542,852.70)	2,039,443.28
Total	<u>106,096,928.43</u>	<u>292,491,800.74</u>	<u>(239,902,363.74)</u>	<u>158,686,365.43</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Intangible assets

The Group

	Land use rights	Computer software	Coastline use right	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Cost								
Balances as at 1 January 2013	321,236,016.18	15,853,698.29	7,110,000.00	5,683,026.91	327,479,559.48	112,033,176.16	45,900.00	789,441,377.02
Additions	7,574,255.80	1,390,288.48	—	—	—	728,214.14	—	9,692,758.42
Additions arising from business combinations not under common control	86,076,537.98	262,205.50	—	—	—	1,795,464.00	—	88,134,207.48
Foreign currency financial statement translation differences	(1,085,587.33)	—	—	(172,425.34)	—	—	—	(1,258,012.67)
Disposals during the year	(20,343,272.96)	(102.08)	—	—	—	—	—	(20,343,375.04)
Balances as at								
31 December 2013	393,457,949.67	17,506,090.19	7,110,000.00	5,510,601.57	327,479,559.48	114,556,854.30	45,900.00	865,666,955.21
Additions	51,160,042.89	4,324,456.74	—	—	—	10,038,608.90	—	65,523,108.53
Reclassification	—	—	—	—	58,538,736.56	9,260,522.05	3,500,000.00	71,299,258.61
Additions arising from business combinations not under common control	127,575,217.39	—	—	—	—	—	—	127,575,217.39
Foreign currency financial statement translation differences	119,149.82	—	—	18,924.73	—	—	—	138,074.55
Disposals during the year	(2,628,949.90)	—	—	—	—	(576,000.00)	—	(3,204,949.90)
Balances as at								
31 December 2014	569,683,409.87	21,830,546.93	7,110,000.00	5,529,526.30	386,018,296.04	133,279,985.25	3,545,900.00	1,126,997,664.39

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Intangible assets (Continued)

The Group (Continued)

	Land use rights	Computer software	Coastline use right	Passenger service licenses	Station and toll bridge franchise operating rights	Line license use rights and route operation rights	Trademark rights and others	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Accumulated amortisation								
Balances as at 1 January 2013	(46,579,778.41)	(10,035,923.81)	(1,355,072.60)	—	(131,181,147.94)	(32,330,401.09)	(30,217.50)	(221,512,541.35)
Charge for the year	(9,227,175.95)	(1,257,183.00)	(155,266.20)	—	(13,529,956.58)	(6,440,416.32)	(4,590.00)	(30,614,588.05)
Foreign currency financial statement								
translation differences	268,286.18	—	—	—	—	—	—	268,286.18
Written off on disposal	684,872.65	—	—	—	—	—	—	684,872.65
Balances as at 31 December 2013	(54,853,795.53)	(11,293,106.81)	(1,510,338.80)	—	(144,711,104.52)	(38,770,817.41)	(34,807.50)	(251,173,970.57)
Charge for the year	(10,584,383.82)	(2,235,537.93)	(155,266.20)	—	(29,954,104.98)	(10,010,386.34)	(237,639.84)	(53,177,319.11)
Reclassification	—	—	—	—	(1,619,410.01)	(799,933.61)	(92,105.26)	(2,511,448.88)
Foreign currency financial statement								
translation differences	(99,049.27)	—	—	—	—	—	—	(99,049.27)
Written off on disposal	273,453.75	—	—	—	—	416,000.00	—	689,453.75
Balances as at 31 December 2014	(65,263,774.87)	(13,528,644.74)	(1,665,605.00)	—	(176,284,619.51)	(49,165,137.36)	(364,552.60)	(306,272,334.08)
Carrying amount As at								
31 December 2014	504,419,635.00	8,301,902.19	5,444,395.00	5,529,526.30	209,733,676.53	84,114,847.89	3,181,347.40	820,725,330.31
As at 31 December 2013	338,604,154.14	6,212,983.38	5,599,661.20	5,510,601.57	182,768,454.96	75,786,036.89	11,092.50	614,492,984.64

As at 31 December 2014, intangible assets with carrying amount of RMB 4,231,094.09 (31 December 2013: RMB 38,954,559.71) were pledged for short-term bank loans. As at 31 December 2014, there was no other restricted intangible asset than those pledged for bank loans.

As at 31 December 2014, the carrying amount of land use rights without certificate of title for the Group was RMB 7,682,418.62 (31 December 2013: RMB 2,418,829.95).

As at 31 December 2014, land use rights with original costs of RMB 32,307,747.95 (31 December 2013: RMB 6,914,177.27) were obtained through allocation. As the certificates of title did not stipulate useful life, these land use rights had not been amortised.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Intangible assets (Continued)

The Company

	Computer Software RMB	Toll bridge franchise operating rights RMB	Total RMB
Cost			
Balances as at 1 January 2013	19,617,314.55	334,103,442.14	353,720,756.69
Additions	<u>238,689.08</u>	<u>—</u>	<u>238,689.08</u>
Balances as at 31 December 2013	19,856,003.63	334,103,442.14	353,959,445.77
Additions	<u>3,577,534.18</u>	<u>—</u>	<u>3,577,534.18</u>
Balances as at 31 December 2014	<u>23,433,537.81</u>	<u>334,103,442.14</u>	<u>357,536,979.95</u>
Accumulated amortisation			
Balances as at 1 January 2013	(13,787,099.82)	(132,611,033.45)	(146,398,133.27)
Charges for the year	<u>(1,982,561.82)</u>	<u>(13,888,163.28)</u>	<u>(15,870,725.10)</u>
Balances as at 31 December 2013	(15,769,661.64)	(146,499,196.73)	(162,268,858.37)
Charges for the year	<u>(2,644,719.29)</u>	<u>(28,518,715.91)</u>	<u>(31,163,435.20)</u>
Balances as at 31 December 2014	<u>(18,414,380.93)</u>	<u>(175,017,912.64)</u>	<u>(193,432,293.57)</u>
Carrying amount			
As at 31 December 2014	<u>5,019,156.88</u>	<u>159,085,529.50</u>	<u>164,104,686.38</u>
As at 31 December 2013	<u>4,086,341.99</u>	<u>187,604,245.41</u>	<u>191,690,587.40</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Goodwill

Name of investee from which goodwill arising	Balance at	2014	Balance at
	the beginning of the year RMB	Additions during the year RMB	the end of the year RMB
Heyuan City Yueyun Motor Transportation Co., Ltd.	28,559,728.57	—	28,559,728.57
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	—	23,391,155.86	23,391,155.86
Guangdong Yueyun Langri Co., Ltd.	23,198,978.67	—	23,198,978.67
Yangjiang City Yangzha New Image Public Transportation Company Limited	5,416,461.97	—	5,416,461.97
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	—	2,100,000.00
Other	1,930,966.69	—	1,930,966.69
Total	<u>61,206,135.90</u>	<u>23,391,155.86</u>	<u>84,597,291.76</u>

Name of investee from which goodwill arising	Balance at	2013	Balance at
	the beginning of the year RMB	Additions during the year RMB	the end of the year RMB
Heyuan City Yueyun Motor Transportation Co., Ltd.	—	28,559,728.57	28,559,728.57
Guangdong Yueyun Langri Co., Ltd.	23,198,978.67	—	23,198,978.67
Yangjiang City Yangzha New Image Public Transportation Co., Ltd.	—	5,416,461.97	5,416,461.97
Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	2,100,000.00	—	2,100,000.00
Other	1,930,966.69	—	1,930,966.69
Total	<u>27,229,945.36</u>	<u>33,976,190.54</u>	<u>61,206,135.90</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Goodwill (Continued)

For the purpose of impairment testing, the Group, taking the above subsidiaries as separate 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.

16 Long-term deferred expenses

Item	The Group					
	Balance at	Additions		Provision	Reclassification	Balance
	the beginning	during	Amortisation	for impairment	during	at the end
	of the year	the year	for the year	for the year	the year	of the year
	RMB	RMB	RMB	RMB	RMB	RMB
Long term asset rental expenses	5,900,999.76	—	(1,519,136.74)	—	—	4,381,863.02
Renovation of station auxiliary facilities	10,769,896.45	1,634,972.26	(2,698,351.85)	—	(3,197,853.14)	6,508,663.72
Design fee of the Yueyun Building	436,576.00	4,349,718.96	(881,876.82)	—	—	3,904,418.14
Decoration expenses for Jiaotong Hotel	2,791,327.94	—	(294,069.61)	—	—	2,497,258.33
Litong building office decoration	8,738,079.22	—	—	—	—	8,738,079.22
In-vehicle multimedia systems	—	1,198,474.98	(99,872.90)	—	—	1,098,602.08
Route license use rights and others	14,035,965.04	5,756,688.42	(1,896,113.91)	—	(11,868,483.18)	6,028,056.37
Sub-total	42,672,844.41	12,939,854.62	(7,389,421.83)	—	(15,066,336.32)	33,156,940.88
Less: Provision for impairment Litong building office decoration	(5,242,666.51)	—	—	(1,919,876.71)	—	(7,162,543.22)
Total	37,430,177.90	12,939,854.62	(7,389,421.83)	(1,919,876.71)	(15,066,336.32)	25,994,397.66

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 Long-term deferred expenses (Continued)

Item	Balance at	Additions	The Company	Provision for	Balance at
	the beginning		Amortisation		
	of the year	during the year	for the year	for the year	of the year
	RMB	RMB	RMB	RMB	RMB
Prepaid lease expense in respect of land use right of Taiping interchange	4,241,712.06	—	(383,647.16)	—	3,858,064.90
Litong building office decoration	8,738,079.22	—	—	—	8,738,079.22
Design fee of the Yueyun Building	436,576.00	4,349,718.96	(881,876.82)	—	3,904,418.14
Others	32,037.68	1,899,937.05	(243,762.25)	—	1,688,212.48
Sub-total	13,448,404.96	6,249,656.01	(1,509,286.23)	—	18,188,774.74
Less: Provision for impairment Litong building office decoration	(5,242,666.51)	—	—	(1,919,876.71)	(7,162,543.22)
Total	8,205,738.45	6,249,656.01	(1,509,286.23)	(1,919,876.71)	11,026,231.52

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Deferred tax assets and deferred tax liabilities

(1) An analysis of the movements of deferred tax assets and deferred tax liabilities is as follows:

The Group

	Amount of temporary differences at the beginning of the year		Current year increase/(decrease) charge to profit or loss	Deferred tax assets (liabilities)			Balances at the end of the year	Amount of temporary differences at the end of the year
	RMB	RMB		Current year increase/(decrease) charge to equity	Additions arising from business combinations not under common control	Other movement		
Deferred tax assets:								
Provision for bad and doubtful debts	522,088,276.21	130,522,069.07	2,829,269.41	—	2,657,525.36	106,118.89	136,114,982.73	544,459,930.92
Including: Accounts receivable	22,216,534.20	5,554,133.56	788,073.72	—	682,297.68	—	7,004,504.96	28,018,019.84
Prepayments	468,911,750.38	117,227,937.60	824,262.53	—	—	(7,770.00)	118,044,430.13	472,177,720.52
Other receivables	30,561,532.74	7,640,383.19	1,236,933.16	—	1,975,227.68	113,888.89	10,966,432.92	43,865,731.68
Long-term receivables	398,458.89	99,614.72	—	—	—	—	99,614.72	398,458.88
Accounts payable	88,435,926.25	22,108,961.56	4,238,471.32	—	—	(7,545.27)	26,339,907.61	105,369,630.44
Employee benefits payable	31,467,860.36	7,866,965.09	(3,165,220.59)	—	12,454,484.58	(10,514.69)	17,145,714.39	68,582,857.56
Amortisation of intangible assets	1,120,248.24	280,062.06	3,688,756.16	—	—	—	3,968,818.22	15,875,272.88
Unrealised profits arising from transactions within the Group	14,365,670.60	3,528,585.20	(700,896.15)	—	—	—	2,827,689.05	11,310,756.20
Long-term payables	7,823,805.72	1,955,951.43	(356,480.60)	—	923,624.63	(127,431.85)	2,395,663.61	9,582,654.44
Deductible tax losses	—	—	2,299,093.43	—	—	—	2,299,093.43	9,196,373.72
Provision for impairment against non-current assets	5,242,666.51	1,310,666.63	811,921.45	—	—	—	2,122,588.08	8,490,352.32
Deferred revenue	9,714,302.22	2,428,575.55	(1,033,828.87)	—	—	—	1,394,746.68	5,578,986.72
Others	1,069,975.13	267,493.78	886,108.21	—	2,839,264.42	—	3,992,866.41	15,971,465.64
Sub-total	681,328,731.24	170,269,350.37	9,497,193.77	—	18,874,898.99	(39,372.92)	196,602,070.21	794,408,280.84
Amount of offsetting	—	—	—	—	—	—	(7,336,635.57)	(29,346,542.28)
Balance after offsetting	681,328,731.24	170,269,350.37	—	—	—	—	191,265,434.64	765,061,738.56

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Deferred tax assets and deferred tax liabilities (Continued)

(1) An analysis of the movements of deferred tax assets and deferred tax liabilities is as follows: (Continued)

The Group (Continued)

	Amount of temporary differences at the beginning of the year		Current year increase/(decrease) charge to profit or loss	Deferred tax assets (liabilities)			Balances at the end of the year	Amount of temporary differences at the end of the year	
	RMB	RMB		Current year increase/(decrease) charge to equity	Additions arising from business combinations not under common control				Other movement
					RMB	RMB			
Deferred tax liabilities:									
Assets appraisal appreciation	—	—	78,476.78	—	(28,791,169.51)	—	(28,712,692.73)	(114,850,770.92)	
Debit difference of long-term equity investments	(20,212,781.04)	(5,053,195.26)	114,845.35	—	—	—	(4,938,349.91)	(19,753,399.64)	
Investment income	(8,508,302.00)	(2,127,075.50)	(220,634.68)	—	—	—	(2,347,710.18)	(9,390,840.72)	
Changes in fair value	—	—	—	(250,854.45)	(1,262,906.70)	—	(1,513,761.15)	(6,055,044.60)	
Depreciation of fixed assets	(4,327,349.63)	(714,012.69)	(242,053.19)	—	—	2,842.22	(953,223.66)	(3,812,894.64)	
Sub-total	(33,048,432.67)	(7,894,283.45)	(269,365.74)	(250,854.45)	(30,054,076.21)	2,842.22	(38,465,737.63)	(153,862,950.52)	
Amount of offsetting	—	—	—	—	—	—	7,336,635.57	29,346,542.28	
Balance after offsetting	(33,048,432.67)	(7,894,283.45)	—	—	—	—	(31,129,102.06)	(124,516,408.24)	

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Deferred tax assets and deferred tax liabilities (Continued)

(1) An analysis of the movements of deferred tax assets and deferred tax liabilities is as follows: (Continued)

The Company

	Amount of temporary differences at the beginning of the year	Balances at the beginning of the year	Current year increase/ (decrease) charge to profit or loss	Deferred tax assets (liabilities)			Balances at the end of the year	Amount of temporary differences at the end of the year
				Current year increase/ (decrease) charge to equity	Additions arising from business combinations not under common control	Other movement		
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
Deferred tax assets:								
Provision for bad and doubtful debts	518,378,464.52	129,594,616.14	1,652,345.07	—	—	—	131,246,961.21	524,987,844.84
Including: Accounts receivable	21,291,705.14	5,322,926.29	964,486.65	—	—	—	6,287,412.94	25,149,651.76
Prepayments	468,911,750.38	117,227,937.60	687,858.42	—	—	—	117,915,796.02	471,663,184.08
Other receivables	28,175,009.00	7,043,752.25	—	—	—	—	7,043,752.25	28,175,009.00
Employee benefits payable	17,998,637.25	4,499,659.31	194,875.79	—	—	—	4,694,535.10	18,778,140.40
Amortisation of intangible assets	—	—	3,657,638.16	—	—	—	3,657,638.16	14,630,552.64
Provision for impairment against non-current assets	5,242,666.51	1,310,666.63	479,969.19	—	—	—	1,790,635.82	7,162,543.28
Total	541,619,768.28	135,404,942.08	5,984,828.21	—	—	—	141,389,770.29	565,559,081.16

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Deferred tax assets and deferred tax liabilities (Continued)

(2) Deductible tax losses and temporary differences not recognised as deferred tax assets

	The Group	
	2014	2013
	RMB	RMB
Deductible tax losses	248,848,632.91	188,056,387.05
Deductible temporary differences	308,236,259.27	86,565,190.25
Total	557,084,892.18	274,621,577.30

The Group considers that it is not probable that sufficient taxable profits will be available in future periods to offset the above deductible temporary differences and deductible losses. Therefore, no deferred tax assets are recognised on the above deductible tax losses and temporary differences.

Tax losses of RMB21,223,659.26 for which deferred tax assets are not recognised in previous years were expired in this year. The tax losses which are not recognised as deferred tax assets as at 31 December 2014 will be expired during the period from 31 December 2015 to 31 December 2019. The tax losses which are not recognised as deferred tax assets as at 31 December 2013 would be expired during the period from 31 December 2014 to 31 December 2018.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 Other non-current assets

	The Group	
	2014	2013
	RMB	RMB
Prepayments for land use rights	69,722,680.88	56,824,000.00
Prepayments for vehicles	26,561,023.29	12,639,185.20
Prepayments for operation expenses of express service zones	53,245,952.80	—
Revaluation increment of asset value of Guangdong Yueyun Langri Co., Ltd. (Note)	19,753,399.67	20,212,781.06
Prepaid tax	16,481,537.01	11,250,484.06
Prepayments for purchasing house	—	4,277,938.00
Others	22,983,356.65	5,967,501.60
Total	208,747,950.30	111,171,889.92

Note: This other non-current asset represents the revaluation increment of net identifiable asset value of Guangdong Yueyun Langri Co., Ltd. as at 23 November 2007, the date on which GVTG, the company's subsidiary, acquired their equity interests. GVTG adopted CAS since 1 January 2009, and pursuant to the provision of the Experts' view on implementation issues of CAS in relation to the treatment on the balance of the debit difference of long-term equity investments in subsidiaries arising from combination of companies held by the acquirer which are not under a business combination involving enterprises under common control, if the acquirer can determine the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date, the balance of the differences between the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date and their carrying amounts, net of amortisation, as at the initial implementation date, shall be allocated to each of identifiable assets and liabilities of the acquire in a reasonable method, and shall be depreciated and amortised over the remaining useful life of identifiable assets of the acquire. Such depreciation and amortisation is included under the investment income item in the consolidated income statements; in case such balance could not be allocated to each of identifiable assets and liabilities of the acquire, it shall be amortised evenly over the remaining amortisation period of differences of original equity investments and shall be included under the investment income item in the consolidated income 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.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Provisions for impairment

Details of provisions for impairment of the Group as at 31 December 2014 are as follows:

	Note V	Balance at the beginning of the year RMB	Charge during the year RMB	Additions arising from business combinations not under common control RMB	Decrease during the year		Balance at the end of the year RMB
					Reversal RMB	Write-off RMB	
Accounts receivable	3	24,867,502.88	7,141,854.06	398,328.53	(1,625,859.39)	(107,642.10)	30,674,183.98
Prepayments	4	474,738,829.58	2,874,876.55	391,093.60	—	—	478,004,799.73
Other receivables	5	41,954,159.50	8,803,528.59	1,939,768.59	—	(2,350,543.11)	50,346,913.57
Long-term receivables	8	398,458.89	—	—	—	—	398,458.89
Available-for-sale financial assets	10	1,348,476.29	—	—	—	—	1,348,476.29
Fixed assets	12	875,852.00	—	—	—	—	875,852.00
Construction in progress	13	451,957.10	—	—	—	—	451,957.10
Long-term deferred expenses	16	5,242,666.51	1,919,876.71	—	—	—	7,162,543.22
Total		<u>549,877,902.75</u>	<u>20,740,135.91</u>	<u>2,729,190.72</u>	<u>(1,625,859.39)</u>	<u>(2,458,185.21)</u>	<u>569,263,184.78</u>

Details of provisions for impairment of the Group as at 31 December 2013 are as follows:

	Note V	Balance at the beginning of the year RMB	Charge during the year RMB	Decrease during the year		Balance at the end of the year RMB
				Reversal RMB	Write-off RMB	
Accounts receivable	3	24,452,273.42	415,229.46	—	—	24,867,502.88
Prepayments	4	463,733,094.88	11,021,745.29	—	(16,010.59)	474,738,829.58
Other receivables	5	41,657,359.86	296,799.64	—	—	41,954,159.50
Long-term receivables	8	1,298,458.89	—	(900,000.00)	—	398,458.89
Available-for-sale financial assets	10	1,348,476.29	—	—	—	1,348,476.29
Fixed assets	12	875,852.00	—	—	—	875,852.00
Construction in progress	13	451,957.10	—	—	—	451,957.10
Long-term deferred expenses	16	—	5,242,666.51	—	—	5,242,666.51
Total		<u>533,817,472.44</u>	<u>16,976,440.90</u>	<u>(900,000.00)</u>	<u>(16,010.59)</u>	<u>549,877,902.75</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Provisions for impairment (Continued)

Details of provisions for impairment of the Company as at 31 December 2014 are as follows:

	Note V	Balance at the beginning of the year RMB	Charge during the year RMB	Decrease during the year		Balance at the end of the year RMB
				Reversal RMB	Write-off RMB	
Accounts receivable	3	22,981,577.86	5,289,446.60	(1,431,500.00)	—	26,839,524.46
Prepayments	4	474,738,829.58	2,751,433.67	—	—	477,490,263.25
Other receivables	5	32,912,008.87	—	—	—	32,912,008.87
Long-term deferred expenses	16	5,242,666.51	1,919,876.71	—	—	7,162,543.22
Total		535,875,082.82	9,960,756.98	(1,431,500.00)	—	544,404,339.80

Details of provisions for impairment of the Company as at 31 December 2013 are as follows:

	Note V	Balance at the beginning of the year RMB	Charge during the year RMB	Decrease during the year		Balance at the end of the year RMB
				Reversal RMB	Write-off RMB	
Accounts receivable	3	22,981,577.86	—	—	—	22,981,577.86
Prepayments	4	463,733,094.88	11,005,734.70	—	—	474,738,829.58
Other receivables	5	32,912,008.87	—	—	—	32,912,008.87
Long-term deferred expenses	16	—	5,242,666.51	—	—	5,242,666.51
Total		519,626,681.61	16,248,401.21	—	—	535,875,082.82

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 Assets with restricted ownership or right of use

		The Group			
		Balance as	Addition	Decrease	Balance as
		At 1 January	during	during	at 31 December
		2014	the year	the year	2014
	Note V	RMB	RMB	RMB	RMB
Assets pledged as collateral					
- Investment properties	11	—	1,910,355.60	—	1,910,355.60
- Fixed assets	12	136,285,705.49	45,953,518.66	(53,467,589.18)	128,771,634.97
- Intangible assets	14	38,954,559.71	4,231,094.09	(38,954,559.71)	4,231,094.09
		<u>175,240,265.20</u>	<u>52,094,968.35</u>	<u>(92,422,148.89)</u>	<u>134,913,084.66</u>
Assets with restrictions arising from other reasons					
- Cash at bank and on hand	1	7,904,724.69	4,133,104.51	(1,934,301.80)	10,103,527.40
		<u>7,904,724.69</u>	<u>4,133,104.51</u>	<u>(1,934,301.80)</u>	<u>10,103,527.40</u>
Total		<u>183,144,989.89</u>	<u>56,228,072.86</u>	<u>(94,356,450.69)</u>	<u>145,016,612.06</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 Assets with restricted ownership or right of use (Continued)

Apart from the above restricted assets, GVTG, a subsidiary of the Group, pledged 51% equity interests in each of Shaoguan Yueyun Vehicles Transportation Group Co., Ltd. and Qingyuan Yueyun Vehicles Transportation Co., Ltd. as security to obtain the secured loans. For details, please refer to Note V. 31(2).

	Note V	The Group			Balance as at 31 December 2013 RMB
		Balance as At 1 January 2013 RMB	Addition during the year RMB	Decrease during the year RMB	
Assets pledged as collateral					
– Fixed assets	12	106,466,271.12	46,001,319.86	(16,181,885.49)	136,285,705.49
– Intangible assets	14	40,046,008.91	—	(1,091,449.20)	38,954,559.71
		<u>146,512,280.03</u>	<u>46,001,319.86</u>	<u>(17,273,334.69)</u>	<u>175,240,265.20</u>
Assets with restrictions arising from other reasons					
– Cash at bank and on hand	1	8,960,403.81	111,955.67	(1,167,634.79)	7,904,724.69
		<u>8,960,403.81</u>	<u>111,955.67</u>	<u>(1,167,634.79)</u>	<u>7,904,724.69</u>
Total		<u>155,472,683.84</u>	<u>46,113,275.53</u>	<u>(18,440,969.48)</u>	<u>183,144,989.89</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 Short-term loans

		The Group	
		2014	2013
		RMB	RMB
	Note		
Unsecured loans		257,700,000.00	617,054,858.03
Loans secured by mortgages	(1)	15,848,513.34	9,500,000.00
Loans secured by letter of credit	(2)	12,201,399.44	—
Total	(3)	285,749,912.78	626,554,858.03

Note 1: For the details of assets pledged for secured loans, please refer to Note V. 11, 12 and 14.

Note 2: As at 31 December 2014, the loans from Agricultural Bank of China Hongkong Branch were secured by the letter of credit issued by the Company to its subsidiary, Yueyun Transportation (HK) Company Limited. The principal of the loans is RMB12,201,399.44 and the loan period is 60 days (31 December 2013: Nil).

Note 3: As at 31 December 2014, the Group's short-term loans were bank borrowings within 1 year, which bear fixed interest rates ranging from 1.71% - 6.00% per annum (31 December 2013: 6.00%). The Group had no overdue short-term loan as at 31 December 2014.

		The Company	
		2014	2013
		RMB	RMB
Unsecured loans		200,000,000.00	480,000,000.00

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 Bills payable

Details of bills payable are as follows:

	The Group	
	2014	2013
	RMB	RMB
Bank acceptance bills	<u>319,317,371.36</u>	<u>453,403,442.66</u>

	The Company	
	2014	2013
	RMB	RMB
Bank acceptance bills	<u>221,317,371.36</u>	<u>327,477,270.09</u>

The above bills are all due within one year.

23 Accounts payable

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

	The Group	
Ageing	2014	2013
	RMB	RMB
Within 3 months (inclusive)	713,148,402.84	688,438,196.77
Over 3 months and within 6 months (inclusive)	42,895,778.94	56,829,583.78
Over 6 months and within 1 year (inclusive)	55,363,083.79	57,137,390.63
Over 1 year and within 2 years (inclusive)	61,910,993.16	64,204,270.98
Over 2 years and within 3 years (inclusive)	56,800,532.77	21,582,917.53
Over 3 years	<u>31,644,076.20</u>	<u>29,441,145.27</u>
Total	<u>961,762,867.70</u>	<u>917,633,504.96</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 Accounts payable (Continued)

(1) (Continued)

Ageing	The Company	
	2014 RMB	2013 RMB
Within 3 months (inclusive)	112,129,797.98	368,594,332.27
Over 3 months and within 6 months (inclusive)	649,686.36	36,798,819.99
Over 6 months and within 1 year (inclusive)	593,716.02	15,769,031.95
Over 1 year and within 2 years (inclusive)	8,363,253.32	2,730,396.59
Over 2 years and within 3 years (inclusive)	1,554,631.93	4,962,088.18
Over 3 years	7,749,912.98	10,015,871.70
Total	131,040,998.59	438,870,540.68

(2) As at 31 December 2014, the Group's accounts payable aged over one year were mainly the deposits for purchasing construction materials and raw materials. The Group's accounts payable with ageing over one year and individual amount over RMB 10 million are as follows:

	The Group	
	Balance at the end of the year RMB	Reasons for not being settled
Xiamen Golden Dragon Bus Co., Ltd.	28,711,200.00	Car payment which are not urged for settlement
Xiamen King Long United Automotive Industry Co., Ltd.	28,959,000.00	Car payment which are not urged for settlement
Guangdong Zhangjiang-Xuwen Express Way Co., Ltd.	12,333,333.33	Estimated service zone contracting fees which are not urged for payment
Total	70,003,533.33	

As at 31 December 2014, the Company had no accounts payable with ageing over one year and individual amount over RMB 10 million.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

24 Advances from customers

(1) The ageing analysis of advances from customers is as follows:

Ageing	The Group	
	2014	2013
	RMB	RMB
		Restated
Within 1 year (inclusive)	329,525,924.27	583,444,883.74
Over 1 year and within 2 years (inclusive)	470,877.09	31,064,513.04
Over 2 years and within 3 years (inclusive)	138,480.00	779,200.23
Over 3 years	4,609,076.42	8,460,230.74
Total	334,744,357.78	623,748,827.75

Ageing	The Company	
	2014	2013
	RMB	RMB
		Restated
Within 1 year (inclusive)	30,247,649.36	95,069,068.09
Over 1 year and within 2 years (inclusive)	—	24,652,274.20
Over 2 years and within 3 years (inclusive)	969.20	397,917.98
Over 3 years	3,858,537.58	8,446,982.80
Total	34,107,156.14	128,566,243.07

(2) As at 31 December 2014, the Group had no advances from customers with ageing over one year and individual amount over RMB 10 million.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 Employee benefits payable

	Note	2014	
		The Group RMB	The Company RMB
Short-term employee benefits	(1)	121,997,133.76	14,954,745.85
Post-employment benefits			
– defined contribution plans	(2)	12,415,019.68	1,493,963.57
Termination benefits		8,479,772.46	2,329,431.04
Long-term employee benefits due within one year (Note V. 33)		3,892,684.33	—
Total		146,784,610.23	18,778,140.46

(1) Short-term employee benefits

	The Group				
	Balance at 1 January 2014 RMB	Increase arising from business combinations not under common control RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2014 RMB
Salaries, bonuses, allowances	87,417,459.40	47,796,757.95	787,388,793.25	(809,704,087.60)	112,898,923.00
Staff welfare	43,537.50	11,603.87	38,140,160.38	(38,112,644.89)	82,656.86
Social insurance	(75,302.11)	(5,483.98)	51,494,515.49	(51,411,473.48)	2,255.92
Including: Medical insurance	(30,644.72)	(4,018.00)	42,706,964.98	(42,505,955.76)	166,346.50
Work-related					
injury insurance	16,417.30	(488.72)	3,820,200.08	(3,935,093.78)	(98,965.12)
Maternity insurance	(61,074.69)	(977.26)	4,545,204.16	(4,548,277.67)	(65,125.46)
Others	—	—	422,146.27	(422,146.27)	—
Housing fund	270,033.82	97,800.00	55,651,622.86	(55,917,550.18)	101,906.50
Labor union fee, staff and workers' education fee	5,758,225.91	2,916,343.23	15,859,291.51	(15,846,947.44)	8,686,913.21
Non-monetary benefits	3,562.68	—	9,988.32	(13,551.00)	—
Other short-term employee benefits	61,807.89	26,455.72	3,487,060.21	(3,350,845.55)	224,478.27
Labor service charge	—	—	71,416,344.66	(71,416,344.66)	—
Total	93,479,325.09	50,843,476.79	1,023,447,776.68	(1,045,773,444.80)	121,997,133.76

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 Employee benefits payable (Continued)

(1) Short-term employee benefits (Continued)

	The Company			
	Balance at 1 January 2014 RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2014 RMB
Salaries, bonuses, allowances	13,210,095.76	30,537,729.59	(29,514,205.62)	14,233,619.73
Staff welfare	—	784,171.25	(784,171.25)	—
Social insurance	16,677.13	1,609,879.73	(1,609,879.73)	16,677.13
Including: Medical insurance	15,840.51	1,476,785.99	(1,476,785.99)	15,840.51
Work-related injury insurance	487.58	66,546.87	(66,546.87)	487.58
Maternity insurance	349.04	66,546.87	(66,546.87)	349.04
Housing fund	249,335.00	4,676,849.00	(4,676,849.00)	249,335.00
Labor union fee, staff and workers' education fee	508,069.66	486,614.59	(640,183.35)	354,500.90
Other short-term employee benefits	40,613.09	414,150.00	(354,150.00)	100,613.09
Labor service charge	—	112,818.35	(112,818.35)	—
Total	<u>14,024,790.64</u>	<u>38,622,212.51</u>	<u>(37,692,257.30)</u>	<u>14,954,745.85</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 Employee benefits payable (Continued)

(2) *Post-employment benefits - defined contribution plans*

2014

	The Group				
	Balance at 1 January 2014	Increase arising from business combination not under common control	Accrued during the year	Paid during the year	Balance at 31 December 2014
	RMB	RMB	RMB	RMB	RMB
Basic pension insurance	202,661.43	(14,658.90)	84,479,377.76	(80,005,500.18)	4,661,880.11
Unemployment insurance	120,644.02	(1,465.98)	5,516,051.45	(5,494,514.19)	140,715.30
Annuity	7,174,945.50	—	9,153,522.84	(12,149,833.88)	4,178,634.46
Mandatory provident fund	3,689,181.53	—	—	(255,391.72)	3,433,789.81
Total	<u>11,187,432.48</u>	<u>(16,124.88)</u>	<u>99,148,952.05</u>	<u>(97,905,239.97)</u>	<u>12,415,019.68</u>

	The Company			
	Balance at 1 January 2014	Accrued during the year	Paid during the year	Balance at 31 December 2014
	RMB	RMB	RMB	RMB
Basic pension insurance	36,683.71	2,994,540.81	(2,994,540.81)	36,683.71
Unemployment insurance	8,837.67	166,126.55	(166,126.55)	8,837.67
Annuity	1,448,442.19	1,430,212.92	(1,430,212.92)	1,448,442.19
Total	<u>1,493,963.57</u>	<u>4,590,880.28</u>	<u>(4,590,880.28)</u>	<u>1,493,963.57</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 Employee benefits payable (Continued)

(2) Post-employment benefits - defined contribution plans (Continued)

2013

	Balance at the beginning of the year	Increase arising from business combinations not under common control	The Group		Balance at the end of the year
			Accrued during the year	Paid during the year	
	RMB Restated	RMB	RMB	RMB	RMB Restated
Salaries, bonuses, allowances	67,164,882.72	2,105,905.37	681,684,931.19	(663,538,259.88)	87,417,459.40
Staff welfare	45,859.76	—	33,532,695.75	(33,535,018.01)	43,537.50
Social insurance	5,746,641.77	4,596.68	113,986,263.36	(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 pension insurance	28,333.71	4,596.68	63,756,221.96	(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 insurance	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
Work-related 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 fund	350,807.40	—	49,637,981.00	(49,718,754.58)	270,033.82
Labor union fee, staff and workers' education fee	5,620,418.53	839,491.03	11,994,834.31	(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	17,402,073.60	—	4,119,154.04	(4,529,299.67)	16,991,927.97
Others	71,315.26	—	2,238,622.89	(2,248,130.26)	61,807.89
Labor service charge	—	—	89,824,026.38	(89,824,026.38)	—
Total	96,405,561.72	2,949,993.08	987,049,094.72	(968,435,145.51)	117,969,504.01

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 Employee benefits payable (Continued)

(2) *Post-employment benefits - defined contribution plans* (Continued)
2013 (Continued)

	The Company			Balance at the end of the year RMB
	Balance at the beginning of the year RMB	Accrued during the year RMB	Paid Decreased during the year RMB	
Salaries, bonuses, allowances	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 insurance	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 pension insurance	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 insurance	(30.00)	891,974.27	(891,974.27)	(30.00)
Unemployment insurance	8,837.67	259,330.59	(259,330.59)	8,837.67
Work-related 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 fund	249,335.00	4,806,964.00	(4,806,964.00)	249,335.00
Labour union fee, staff and workers' education fee	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
Others	40,613.09	406,159.00	(406,159.00)	40,613.09
Labor service charge	—	23,250.00	(23,250.00)	—
Total	12,298,804.97	49,876,844.68	(44,177,012.40)	17,998,637.25

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

26 Taxes payable

	Balance at 1 January 2014 RMB	Accrued during the year RMB	The Group Increase arising from business combinations		Balance at 31 December 2014 RMB
			not under common control RMB	Paid during the year RMB	
VAT	74,283,543.35	128,895,199.82	2,606,042.55	(148,842,713.64)	56,942,072.08
Business tax	4,554,582.27	30,675,463.74	722,192.13	(29,778,095.10)	6,174,143.04
Corporate income tax	38,150,007.23	136,546,058.00	30,035,526.64	(132,575,733.82)	72,155,858.05
Urban maintenance and construction tax	1,300,888.82	14,730,382.76	227,964.85	(11,642,657.75)	4,616,578.68
Property tax	1,580,203.97	2,667,806.02	517,912.70	(1,902,865.11)	2,863,057.58
Land use tax	1,373,569.79	4,423,578.35	180,841.19	(2,857,279.81)	3,120,709.52
Individual income tax	3,673,463.16	26,885,292.18	199,065.77	(25,514,681.94)	5,243,139.17
Education surcharges and local education surcharges	863,141.63	10,863,514.57	104,740.57	(8,527,469.73)	3,303,927.04
Others	4,300,894.53	29,490,264.89	196,118.02	(19,973,606.13)	14,013,671.31
Total	130,080,294.75	385,177,560.33	34,790,404.42	(381,615,103.03)	168,433,156.47

	Balance at 1 January 2014 RMB	Accrued during the year RMB	The Company Increase arising from business combinations		Balance at 31 December 2014 RMB
			not under common control RMB	Paid during the year RMB	
VAT (Note)	33,871,234.60	(10,435,603.40)	—	(21,634,014.11)	1,801,617.09
Business tax	555,434.14	5,833,098.60	—	(5,758,943.70)	629,589.04
Corporate income tax	3,528,257.23	13,156,503.49	—	(16,684,760.72)	—
Urban maintenance and construction tax	201,951.70	1,914,838.39	—	(1,814,019.57)	302,770.52
Individual income tax	449,879.66	3,663,285.51	—	(3,517,862.40)	595,302.77
Education surcharges and local education surcharges	146,026.54	1,441,855.73	—	(1,369,902.63)	217,979.64
Others	1,731,184.33	7,377,427.32	—	(1,774,987.41)	7,333,624.24
Total	40,483,968.20	22,951,405.64	—	(52,554,490.54)	10,880,883.30

Note: The amount of input VAT incurred during the year is in excess of the amount of output VAT incurred, therefore, the amount of increase in VAT during the year is a debit amount.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 Interest payable

	The Group	
	2014	2013
	RMB	RMB
Interest payable for bank loans	3,900,687.61	1,327,304.93
Interest payable for bonds	1,256,666.63	1,208,333.31
Total	5,157,354.24	2,535,638.24

	The Company	
	2014	2013
	RMB	RMB
Interest payable for bank loans	604,666.58	896,111.08

28 Dividends payable

	The Group	
	2014	2013
	RMB	RMB
Zhaoqing Communications Group Company Limited	8,408,734.73	16,385,134.73
Guangzhou Long-Distance Transportation Company	3,960,000.00	—
Guangdong Xinyue Communications Investment Company Limited	2,780,436.84	2,780,436.84
Individual shareholders of subsidiaries	2,367,519.17	4,340,165.27
Labor Union Committee of Zhaoqing City Yueyun Motor Transportation Co., Ltd.	1,340,522.93	2,612,122.93
Committee of Shaoguan Vehicles Transportation Group	1,698,685.64	—
Shenzhen Communication Company Limited	1,531,316.04	990,704.38
Foshan City Railway Port Management Coordination Center	96,040.00	—
Total	22,183,255.35	27,108,564.15

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 Other payables

(1) The ageing analysis of other payables is as follows:

	The Group	
	2014	2013
	RMB	RMB
Within 1 year (inclusive)	337,469,311.95	179,518,755.14
Over 1 year and within 2 years (inclusive)	88,408,901.40	72,638,865.85
Over 2 years and within 3 years (inclusive)	48,230,391.61	17,650,564.75
Over 3 years	72,222,225.93	42,355,054.74
Total	546,330,830.89	312,163,240.48

	The Company	
	2014	2013
	RMB	RMB
Within 1 year (inclusive)	774,357,292.55	582,218,694.45
Over 1 year and within 2 years (inclusive)	2,285,289.44	10,946,636.77
Over 2 years and within 3 years (inclusive)	6,069,784.01	—
Over 3 years	4,123,283.48	4,944,862.03
Total	786,835,649.48	598,110,193.25

(2) As at 31 December 2014, the Group and the company had no other payables with ageing over one year and individual amount over RMB 10 million.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 Non-current liabilities due within one year

Non-current liabilities due within one year by category are analysed as follows:

	Note V	The Group	
		2014 RMB	2013 RMB Restated
Long-term loans due within one year	31	54,148,390.58	38,308,430.78
Long-term payables due within one year	32	53,978,917.13	5,635,627.25
Bonds payables due within one year (Note 1)		299,073,061.26	—
Deferred income due within one year	34	4,402,111.05	3,203,314.45
Total		411,602,480.02	47,147,372.48

Note 1: Bonds payables due within one year

Item	Period	Issue date RMB	Face value RMB	Discount amount RMB	Amortisation	Amortisation for the year RMB	Carrying
					as at 1 January 2014 RMB		amount as at 31 December 2014
Non-public directional debt financing	3 years	2012/11/30	300,000,000.00	(3,041,667.00)	1,065,745.94	1,048,982.32	299,073,061.26

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 calculated and paid annually at the coupon rate of 5.8% p.a. On the maturity, the principal will be returned. GCGC provides unconditional and irrevocable joint guarantee in full on the principal and interest of the bond.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 Long-term loans

		The Group	
	Note	2014	2013
		RMB	RMB
Unsecured loans		133,298,553.34	11,738,649.33
Loans secured by mortgages	(1)	90,554,344.92	114,486,476.11
Pledged loans	(2)	129,825,000.00	—
Total	(3)	353,677,898.26	126,225,125.44
Less: long-term loans due within one year			
Including: Unsecured loans		4,004,780.89	2,752,119.96
Loans secured by Mortgages		50,143,609.69	35,556,310.82
Sub-total (Note V. 30)		54,148,390.58	38,308,430.78
Long-term loans due after 1 year		299,529,507.68	87,916,694.66
Including: Due after 1 year but within 2 years		37,493,441.35	36,279,982.61
Due after 2 years but within 5 years		262,036,066.33	51,636,712.05

Note 1: For the details of assets pledged for secured loans, please refer to Note V. 12 and 14.

Note 2: GVTG, a subsidiary of the Group, obtained the secured bank loans by pledge of 51% equity interests in each of Guangdong Shaoguan Vehicles Transportation Group Co., Ltd. and Qingyuan Yueyun Vehicles Transportation Co., Ltd..

Note 3: As at 31 December 2014, all the Group's long-term loans were bank borrowings with interest rates ranging from 5.54% - 7.50% per annum (31 December 2013: 5.76% - 7.04% per annum). The Group did not have any expired but outstanding long-term loans as at 31 December 2014 (31 December 2013: Nil).

		The Company	
		2014	2013
		RMB	RMB
Unsecured loans		120,000,000.00	—
Including: Due after two years but within five years		120,000,000.00	—

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

32 Long-term payables

The Group

	Note	2014 RMB	2013 RMB Restated
Deposits		14,788,476.51	13,628,980.08
Obligations under finance lease	(1)	1,386,279.00	1,775,479.00
Payables for purchasing cars		51,648,602.52	42,451,162.20
Station construction fees		6,980,376.00	—
Others		20,398,800.58	6,387,681.14
Total		95,202,534.61	64,243,302.42
Less: Long-term payables due within one year		53,978,917.13	5,635,627.25
Including: Deposits		1,462,936.48	932,091.79
Obligations under finance lease		992,351.00	1,564,926.00
Payables for purchasing cars		46,723,554.75	3,138,609.46
Others		4,800,074.90	—
Sub-total (Note V. 30)		53,978,917.13	5,635,627.25
Long-term payables due after one year		41,223,617.48	58,607,675.17

(1) The obligations under finance lease are represent payables for cars under finance lease. As at 31 December 2014, the total future minimum lease payment of finance lease is as follows:

	2014 RMB	2013 RMB
Within 1 year (inclusive)	992,351.00	1,634,798.00
Over 1 year and within 2 years (inclusive)	406,875.00	223,500.00
Sub-total	1,399,226.00	1,858,298.00
Less: Unrecognised finance charges	12,947.00	82,819.00
Carrying amounts	1,386,279.00	1,775,479.00

No asset was pledged for finance lease during the year.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 Long-term employee benefits payable

	The Group		The Company	
	2014 RMB	2013 RMB Restated	2014 RMB	2013 RMB
Termination benefits	185,592,506.95	29,858,319.77	—	—
Less: Settled within one year (Note V. 25)	3,892,684.33	3,374,193.78	—	—
Total	181,699,822.62	26,484,125.99	—	—

(1) The above termination benefits are classified as defined benefit plans. The Group provides the staff in some of its subsidiaries with the following two kinds of defined benefit plans:

- (a) Retirement subsidy plan: retired staff are entitled to a supplementary annual pension after meeting specific requirements. The pension amounts are determined at a level of a certain proportion of the respective staff's final wages before retirement. As of 31 December 2014, there was no adjustment to the retirement subsidy plan above made by the Group.
- (b) Post-retirement medical benefits plan: reimbursement of certain medical expenses incurred by retired staff.

The above defined benefit plans expose the Group to actuarial risk such as longevity risk and inflation risk. Disclosures are summarised as follows since defined benefit plans discussed above have same risks and characteristics:

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 Long-term employee benefits payable (Continued)

- (2) Amounts recognised in the financial statements and related movements in liability of defined benefit plans are as follows:

The Group

	2014
	RMB
Balance at the beginning of the year	29,858,319.77
Included in profit or loss:	
– Current service cost	6,297,305.60
– Addition arising from business combinations not under common control	155,102,532.89
– Net interest	2,006,259.42
Other movements	
– Benefits paid	(7,671,910.73)
Balance at the end of the year	185,592,506.95
Including: Retirement subsidy plan	184,486,765.51
Post-retirement medical benefits plan	1,105,741.44

- (3) Actuarial assumptions and sensitivity analysis

The following are the principal actuarial assumptions adopted by the Group to evaluate the present value of the defined benefit plan obligations (expressed as a weighted average):

	2014
Discount rate	4.69% - 5.41%
Average longevity expectancy	75 - 82.5 years

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 Long-term employee benefits payable (Continued)

(3) Actuarial assumptions and sensitivity analysis (Continued)

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, holding other assumptions constant, would have affected the defined benefit obligations of the Group by the amounts shown below:

2014:

	The Group	
	Increase	Decrease
	RMB	RMB
Discount rate (changes 0.1%)	648,080.45	636,359.94
Average longevity expectancy (changes 1 year)	2,634,536.46	2,655,870.53

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide the approximation of the sensitivity of the assumptions shown.

34 Deferred income

	Note	The Group	
		2014	2013
		RMB	RMB
			Restated
Government grant related to assets	(1)	52,764,166.47	25,379,532.68
Less: Government grants due within one year		4,402,111.05	3,203,314.45
Gas station contract payments		237,166,928.58	206,597,090.07
		285,528,984.00	228,773,308.30

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

34 Deferred income (Continued)

(1) Government grant related to assets:

Item	Balance at the beginning of the year RMB	Additions during the year RMB	Recognition as non-operating income RMB	Balance at the end of the year RMB
Station construction funds	15,345,708.79	14,986,481.15	(3,440,140.92)	26,892,049.02
Tax subsidies for vehicle purchase	—	15,000,000.00	(212,765.96)	14,787,234.04
Vehicle replacement subsidies	3,964,343.21	1,200,000.00	(1,213,177.35)	3,951,165.86
Software development subsidies	2,500,000.00	—	—	2,500,000.00
Others	3,569,480.68	1,295,614.81	(231,377.94)	4,633,717.55
Total	<u>25,379,532.68</u>	<u>32,482,095.96</u>	<u>(5,097,462.17)</u>	<u>52,764,166.47</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

35 Share capital

The Group and The Company

	Balance at the beginning of the year RMB	Issue of new shares RMB	Changes during the year			Sub-total RMB	Balance at the end of the year RMB
			Bonus share RMB	Conversion from reserves to shares RMB	Others RMB		
2014 and 2013:							
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

36 Other equity instruments

	The Group and The Company	
	2014 RMB	2013 RMB Restated
PSCS	281,810,000.00	281,810,000.00

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

36 Other equity instruments (Continued)

On 31 December 2012, the Company issued PSCS to GCGC, with a principal amount of RMB 281,810,000, which equals to the issue price. According to the PSCS agreement, principle terms of the PSCS are as follows:

(1) Conversion

The PSCS is perpetual without expiration date. GCGC may convert all or part of the PSCS into domestic ordinary shares at any time from the issue date, provided that such conversion complies with the terms of agreement and relevant laws and regulations. On or at any time 12 months after the date of issue of the PSCS, the Company may also, at its option, elect to convert the PSCS in whole or in part into domestic shares. The initial conversion price is RMB 2.74 per share. The number of domestic ordinary shares may be converted into is calculated by dividing the amount of principal by the conversion price. The conversion price is subject to adjustment in the event that the shares of the Company have been diluted.

(2) Distribution of earnings

GCGC is entitled to an annual earning calculated at 1% per annum on any outstanding principal amount of PSCS and on a time proportion of the actual days of holding PSCS in a year. Such earnings should be distributed before 30 September in the succeeding year. However, the Company may, at its sole discretion, elect to defer a distribution and the election by the Company to defer a distribution will not trigger any additional payment obligations on the Company. The number of optional deferrals of distributions by the Company is not restricted. The deferral of distribution is required to be informed GCGC in written no later than 10 days before the agreed date for distribution. In the event that all or part of the PSCS are converted into domestic shares, the Company may elect not to make any distribution of earnings that are attributable to those PSCS being converted.

(3) Status and claims

GCGC, as the holder of PSCS, is not entitled to shareholder's rights in the Company. In the event of winding-up of the Company, the rights and claims of GCGC, as the holder of PSCS, shall (i) rank ahead of those persons whose claims are in respect of any class of share capital of the Company; (ii) be subordinated in right of payment to claims of all other present and future preferential creditors of the Company, and (iii) rank pari passu with all the Company's other creditors.

As of 31 December 2014, no PSCS had been converted into domestic ordinary shares. In September 2014, The Company announced the distribution of annual earnings of PSCS for 2013 in an amount of RMB 2,818,100.00 to GCGC.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 Capital Reserve

	The Group			Balance at the end of the year RMB
	Balance at the beginning of the year RMB Restated	Additions during the year RMB	Reductions during the year RMB	
2014:				
Share premiums	152,880,960.66	—	(1,230,375.65)	151,650,585.01
Including: Capital contributed by shareholders	330,927,986.84	—	—	330,927,986.84
Effect of acquisition of minority interests	(479,141.12)	—	(1,230,375.65)	(1,709,516.77)
Differences arising from business combination involving enterprises under common control	(177,567,885.06)	—	—	(177,567,885.06)
Other capital reserve	19,195,391.54	—	(394,900.04)	18,800,491.50
Including: Transfer from capital reserves under the previous standards	2,170,000.00	—	—	2,170,000.00
Others	17,025,391.54	—	(394,900.04)	16,630,491.50
Total	<u>172,076,352.20</u>	<u>—</u>	<u>(1,625,275.69)</u>	<u>170,451,076.51</u>
2013:				
Share premiums	152,924,325.20	—	(43,364.54)	152,880,960.66
Including: Capital contributed by shareholders	330,927,986.84	—	—	330,927,986.84
Effect of acquisition of minority interests	(435,776.58)	—	(43,364.54)	(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	—	17,025,391.54
Total	<u>171,724,816.70</u>	<u>394,900.04</u>	<u>(43,364.54)</u>	<u>172,076,352.20</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 Capital Reserve (Continued)

	The Company			Balance at the end of the year RMB
	Balance at the beginning of the year RMB Restated	Additions during the year RMB	Reductions during the year RMB	
2014:				
Share premiums	250,259,171.30	—	—	250,259,171.30
Including: Capital contributed by shareholders	286,240,404.65	—	—	286,240,404.65
Differences arising from business combination involving enterprises under common control	(35,981,233.35)	—	—	(35,981,233.35)
Other capital reserve	13,024,975.85	—	(394,900.04)	12,630,075.81
Total	<u>263,284,147.15</u>	<u>—</u>	<u>(394,900.04)</u>	<u>262,889,247.11</u>
2013:				
Share premiums	250,259,171.30	—	—	250,259,171.30
Including: Capital contributed by shareholders	286,240,404.65	—	—	286,240,404.65
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	—	13,024,975.85
Total	<u>262,889,247.11</u>	<u>394,900.04</u>	<u>—</u>	<u>263,284,147.15</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 Other comprehensive income

	The Group			Balance at the end of the year attributable to shareholders of the Company RMB		
	Balance at the beginning of the year RMB Restated	Increase/ decrease during the year RMB	Less: Attributable to non-controlling interests RMB			
	Other comprehensive income	(38,886,623.71)	1,538,409.39		(614,212.79)	(37,962,427.11)
	Including: Translation differences of foreign currency financial statements	(38,886,623.71)	785,846.04		(289,528.36)	(38,390,306.03)
Gains or losses of changes in fair value of available-for-sale financial assets	—	752,563.35	(324,684.43)	427,878.92		

39 Special reserve

	The Group	
	2014 RMB	2013 RMB
Balance at the beginning of the year	14,833,820.53	9,771,609.17
Additions during the year	24,732,415.63	16,828,225.32
Reductions during the year	(16,701,328.52)	(11,766,013.96)
Balance at the end of the year	22,864,907.64	14,833,820.53

According to the Administration instruction on using and provision of enterprises' safety special reserve (Cai Qi [2012] 16) and Administration instruction of safely operation of Guangdong Yueyun Transportation Co., Ltd., transportation enterprises should provide safety reserve monthly based on last year's actual operating income, at the rates of 1% for ordinary freight transportation service and 1.5% for passengers transportation service, respectively. Enterprises serve for transportation and storage of hazardous goods should set provision of safety reserve by regressive method monthly.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

40 Surplus reserve

	The Group			
	Balance at	Additions	Reductions	Balance at
	the beginning	during	during	the end of
	of the year	the year	the year	the year
	RMB	RMB	RMB	RMB
Statutory surplus reserve	130,421,930.77	6,417,356.61	—	136,839,287.38

	The Company			
	Balance at	Additions	Reductions	Balance at
	the beginning	during	during	the end of
	of the year	the year	the year	the year
	RMB	RMB	RMB	RMB
Statutory surplus reserve	127,943,841.91	6,417,356.61	—	134,361,198.52

Statutory surplus reserve can be used to make up for the losses, expand the production and operation or to be transferred to increase capital; when being transferred to capital, the statutory surplus reserve remained shall be no less than 25% of the Company's registered capital immediately before the surplus reserve was transferred to increase capital. Please see Note V. 41 for the provision of statutory surplus reserve for the year.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 Retained earnings

	Note	The Group	
		2014 RMB	2013 RMB
			Restated
Retained earnings at the beginning of the year		517,684,409.50	411,164,608.79
Add: Net profit for the year attributable to the shareholders of the Company		202,795,751.64	135,892,609.02
Less: Appropriation for statutory surplus reserve		6,417,356.61	7,655,431.31
Final dividends in respect of the previous financial year, approved and declared during the year	(1)	41,764,186.70	21,717,377.00
Distribution of earnings of PSCS for 2013		2,818,100.00	—
Retained earnings at the end of the year	(2)	669,480,517.83	517,684,409.50
Including: Final dividends recommended after the balance sheet date	(3)	146,174,653.05	41,764,186.70
Accumulated undistributed earnings attributable to the holder of PSCS	(4)	2,818,100.00	2,818,100.00

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 Retained earnings (Continued)

		The Company	
		2014	2013
		RMB	RMB
			Restated
	Note		
Retained earnings at the beginning of the year		217,813,215.57	170,631,710.75
Add: Net profit for the year attributable to the shareholders of the Company		64,173,566.08	76,554,313.13
Less: Appropriation for statutory surplus reserve		6,417,356.61	7,655,431.31
Final dividends in respect of the previous financial year, approved and declared during year	(1)	41,764,186.70	21,717,377.00
Distribution of earnings of PSCS for 2013		2,818,100.00	—
Retained earnings at the end of year	(5)	230,987,138.34	217,813,215.57
Including: Final dividends recommended after the balance sheet date	(3)	146,174,653.05	41,764,586.70
Accumulated undistributed earnings attributable to the holder of PSCS	(4)	2,818,100.00	2,818,100.00

Note 1: A final dividend of RMB 0.10 per share (tax included) for year 2013 with an aggregate amount of RMB 41,764,186.70 were approved for distribution by shareholders in the annual general meeting held on 26 June 2014. (2013: RMB 0.052 per share (tax included), amounting to RMB 21,717,377.00 in total).

Note 2: As at 31 December 2014, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB 297,333,208.03 (31 December 2013: RMB 258,945,331.71).

Note 3: The Board of Directors recommended the payment of the final dividend of 2014 and resolved to propose bonus issue of the Company on 25 March 2015 as follows: (1) distribution of the final dividend of 2014 of RMB 0.15 before tax per share, totaling RMB 62,646,280.05, (2) bonus issue of two shares for every 10 shares by way of capitalization of retained earnings and three shares for every 10 shares by way of capitalization of share premiums based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014. The issuance and conversion of bonus shares result in an increase in share capital of RMB 208,820,933.00, a decrease in retained earnings of RMB83,528,373.00, and a decrease in capital reserve of RMB 125,292,560.00 totaling RMB83,528,373.00. The above proposal is subject to approval by the shareholders at the annual general meeting.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 Retained earnings (Continued)

Note 4: As mentioned in Note V. 36, according to the PSCS agreement, the Company is required to distribute an annual earning to the holder of PSCS, which is calculated at 1% of the principal of RMB 281,810,000.00 and on a time proportion of the actual days of holding PSCS in a year.

Note 5: As at 31 December 2014, the Company's distributable profits, which represents the carrying amount of retained earnings less the accumulated earnings attributable to the holder of PSCS, amounted to RMB 228,169,038.34 (31 December 2013: RMB 214,995,115.57).

42 Equity attributable to the shareholders of the Company

	The Group	
	2014	2013
	RMB	RMB
		Restated
(1) Equity attributable to the common share holders of the Company	1,376,497,129.25	1,210,953,656.29
(2) Equity attributable to holders of other equity instrument Including: principal	281,810,000.00	281,810,000.00
Accumulated undistributed earnings at the beginning of the year	2,818,100.00	—
Add: Earnings and comprehensive income attributable for the year	2,818,100.00	2,818,100.00
Less: Earnings distributed during the year	(2,818,100.00)	—
Accumulated undistributed earnings at the end of the year	2,818,100.00	2,818,100.00
Sub-total	284,628,100.00	284,628,100.00
Total equity attributable to the shareholders of the Company	1,661,125,229.25	1,495,581,756.29

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 Operating income and operating costs

The Group

	2014		2013	
	Operating income	Operating cost	Operating income	Operating cost
	RMB	RMB	RMB	RMB
1. Principal operating income				
Construction materials sales	6,456,585,747.85	6,270,180,818.81	3,115,058,940.83	3,012,058,852.41
Taiping Interchange service	173,173,952.08	38,997,069.58	161,324,511.70	24,035,897.62
Construction contracts income (Note 3)	23,989,585.95	19,031,409.75	28,294,095.89	24,219,503.98
Expressway service zones income	649,563,917.83	515,104,459.14	579,572,375.71	469,483,899.08
Cross-border transportation	238,260,705.84	206,955,373.98	243,842,955.24	216,853,998.36
Domestic transportation service (Note 1)	1,910,595,961.17	1,487,735,713.97	1,662,685,574.44	1,309,574,069.80
Station operations	150,310,675.56	138,970,820.66	128,665,360.32	116,068,841.98
Others	146,991,263.17	133,691,303.29	161,530,302.68	119,483,698.08
Sub-total	9,749,471,809.45	8,810,666,969.18	6,080,974,116.81	5,291,778,761.31
2. Other operating income				
Lease and other services (Note 2)	128,600,480.72	23,667,380.60	84,857,576.05	15,218,206.39
Total	9,878,072,290.17	8,834,334,349.78	6,165,831,692.86	5,306,996,967.70

Note1: 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 311,087,229.95, representing 3.15% of total operating income (2013: RMB 286,185,096.35, representing 4.64% of total operating income).

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 Operating income and operating costs (Continued)

The Group (Continued)

Note 2: Other operating income includes lease income except for property lease, line license management fee income and index fee income.

Note 3: Details of construction contracts income with individual amount over RMB 2 million are as follows:

Item	Total contract revenue RMB	Accumulated costs incurred RMB	Accumulated gross profits RMB	Operating income recognised in the year RMB	Operating costs recognised in the year RMB
Road greening project of Xinyi (Guiyuejie) to Maoming	12,860,926.61	5,250,946.00	1,879,164.69	7,098,688.00	5,219,523.31
Road greening project of Lianzhou to Huaiji LH2	6,832,211.00	6,088,470.78	797,821.68	5,400,905.00	4,603,083.32
Road greening project of Shaogan high way ecology landscape	4,695,845.00	3,816,882.32	878,962.68	4,695,845.00	3,816,882.32
Road greening project of Shanzhan high way JieboShiba the ninth phase	4,172,182.00	1,873,845.87	306,160.75	2,041,071.71	1,734,910.96
Total	<u>28,561,164.61</u>	<u>17,030,144.97</u>	<u>3,862,109.80</u>	<u>19,236,509.71</u>	<u>15,374,399.91</u>

The Company

	2014		2013	
	Operating income RMB	Operating cost RMB	Operating income RMB	Operating cost RMB
Principal operating income				
Construction materials sales	1,826,246,943.68	1,792,260,277.56	2,474,714,540.05	2,384,956,613.48
Taiping Interchange service	173,173,952.08	39,355,276.28	161,324,511.70	24,288,436.73
Other operating income	600,000.00	—	600,000.00	—
Total	<u>2,000,020,895.76</u>	<u>1,831,615,553.84</u>	<u>2,636,639,051.75</u>	<u>2,409,245,050.21</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

44 Business taxes and surcharges

	The Group	
	2014	2013
	RMB	RMB
Business tax	30,201,468.04	28,510,670.55
Urban maintenance and construction tax	14,697,203.06	8,533,745.47
Education surcharges and local education surcharges	10,839,814.79	3,979,765.90
Anti-flood and maintenance fee	1,304,189.72	691,762.40
Cultural undertakings fee	2,326,659.62	1,945,937.53
Others	1,551,902.47	3,585,673.25
Total	60,921,237.70	47,247,555.10

	The Company	
	2014	2013
	RMB	RMB
Business tax	5,833,098.60	5,550,582.72
Urban maintenance and construction tax	1,914,838.39	1,517,230.38
Education surcharges and local education surcharges	1,441,855.73	1,152,874.97
Others	132,262.55	161,324.50
Total	9,322,055.27	8,382,012.57

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 Financial expenses

	Note	The Group	
		2014 RMB	2013 RMB
Interest expense from loans and payables		80,217,703.58	52,249,225.97
Including: Interest expenses from loans	(1)	80,217,703.58	52,249,225.97
Less: Interest income		28,342,607.90	14,875,548.26
Net exchange losses/(gains)		2,476,642.70	(692,274.10)
Amortisation of unrecognised financing charges		2,019,206.42	1,505,757.73
Bank charges		2,989,021.12	2,780,482.24
Others		3,983,498.09	2,258,090.70
Total		63,343,464.01	43,225,734.28

(1) Interest expenses related to bank loans of the Group due within 5 years were RMB61,768,721.22 (2013: RMB32,177,402.99). Interest expenses related to other loans were RMB18,448,982.36 (2013: RMB20,071,822.98).

There was no capitalised interest expense in 2014 (2013: Nil).

	Note	The Company	
		2014 RMB	2013 RMB
Interest expense from loans and payables		27,278,083.27	20,469,391.61
Including: Interest expenses from loans	(1)	25,026,722.18	20,469,391.61
Less: Interest income		17,679,947.71	17,504,294.59
Net exchange losses/(gains)		1,485,696.53	(747,782.77)
Bank charges		648,562.62	1,678,113.71
Others		3,350,664.81	914,019.64
Total		15,083,059.52	4,809,447.60

(1) Interest expenses from loans of the Company are all related to the loans due within five years.

There was no capitalised interest expense of the Company in 2014 (2013: Nil).

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

46 Impairment losses

	The Group		The Company	
	2014 RMB	2013 RMB	2014 RMB	2013 RMB
Accounts receivable	5,515,994.67	415,229.46	3,857,946.60	—
Prepayments	2,874,876.55	11,021,745.29	2,751,433.67	11,005,734.70
Other receivables	8,803,528.59	296,799.64	—	—
Long-term receivables	—	(900,000.00)	—	—
Inventories	—	—	—	—
Long-term deferred expense	1,919,876.71	5,242,666.51	1,919,876.71	5,242,666.51
Others	(2,706.88)	—	—	—
Total	<u>19,111,569.64</u>	<u>16,076,440.90</u>	<u>8,529,256.98</u>	<u>16,248,401.21</u>

47 Investment income

	The Group	
	2014 RMB	2013 RMB
Income from investments in associates accounting for using equity method	10,968,447.79	7,130,534.95
Income from investments in joint ventures accounting for using equity method	4,586,198.95	4,080,256.56
Gain on disposal of long-term equity investments	1,352,973.71	720,000.00
Income from financial products	44,975.35	174,525.84
Others	251,436.16	(159,381.39)
Total	<u>17,204,031.96</u>	<u>11,945,935.96</u>
Including:		
Income from investment in associates accounting for using equity method attributable to shareholders of the parent company	<u>11,401,157.15</u>	<u>7,080,195.89</u>
Income from investment in joint ventures accounting for using equity method attributable to shareholders of the parent company	<u>4,475,898.43</u>	<u>3,899,019.57</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 Investment income (Continued)

	The Company	
	2014	2013
	RMB	RMB
Income from investments in subsidiaries accounting for using cost method	35,403,506.87	31,458,206.66
Income from investments in joint ventures accounting for using equity method	2,101,953.05	1,672,611.26
Income from investments in associates accounting for using equity method	7,406,000.00	1,516,731.34
Gain on disposal of long-term equity investments	1,362,053.51	—
Income from entrusted loans	—	275,512.25
Total	<u>46,273,513.43</u>	<u>34,923,061.51</u>
Including:		
Income from investment in associates accounting for using equity method attributable to shareholders of the parent company	<u>7,406,000.00</u>	<u>1,516,731.34</u>
Income from investment in joint ventures accounting for using equity method attributable to shareholders of the parent company	<u>2,101,953.05</u>	<u>1,672,611.26</u>

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

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 Non-operating income

Details of non-operating income are as follows:

	Note	The Group	
		2014 RMB	2013 RMB
Total gains on disposal of non-current assets		19,410,509.37	2,515,648.06
Including: Disposal of fixed assets		17,245,224.61	2,515,648.06
Government grants	(1)	98,063,204.35	94,924,427.32
Others		14,499,147.59	9,191,189.54
Total		131,972,861.31	106,631,264.92

(1) Details of government grants are as follows:

Items	2014 RMB	2013 RMB	Related to assets/income
Fuels subsidies	46,495,915.99	61,468,293.42	Income
Subsidies for operation	27,050,357.00	21,840,400.00	Income
Subsidies for vehicle disposals	6,852,000.00	2,411,000.00	Income
Subsidies for station renovation	5,840,140.92	2,367,623.32	Assets
Subsidies of elderly concessionary travel card	4,685,273.50	3,186,147.97	Income
Subsidies for vehicles replacement	1,213,177.36	1,129,842.35	Assets
Other subsidies related to income	5,482,195.69	521,120.26	Income
Other subsidies related to assets	444,143.89	2,000,000.00	Assets
Total	98,063,204.35	94,924,427.32	

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 Non-operating income (Continued)

Details of non-operating income are as follows:

	The Company	
	2014	2013
	RMB	RMB
Compensations	20,000.00	—
Gains on disposal of fixed assets	—	20,832.04
Others	50,000.01	17,777.90
	<hr/>	<hr/>
Total	70,000.01	38,609.94
	<hr/> <hr/>	<hr/> <hr/>

49 Non-operating expenses

	The Group	
	2014	2013
	RMB	RMB
Losses on disposal of non-current assets	6,040,394.20	1,664,441.78
Road accident losses	2,650,630.75	338,538.87
Donations to third parties	865,668.37	457,245.90
Penalty expenses	452,063.64	701,739.32
Compensation	—	991,069.00
Others	1,905,949.37	1,877,937.81
	<hr/>	<hr/>
Total	11,914,706.33	6,030,972.68
	<hr/> <hr/>	<hr/> <hr/>

	The Company	
	2014	2013
	RMB	RMB
Losses on disposal of non-current assets	8,040.00	16,785.02
Compensation	—	991,069.00
Others	7,000.00	8,018.23
	<hr/>	<hr/>
Total	15,040.00	1,015,872.25
	<hr/> <hr/>	<hr/> <hr/>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

50 Income tax expenses

The Group

(1) Income tax expenses

	2014 RMB	2013 RMB
Current tax expense for the year based on tax law and regulations	137,194,559.47	99,335,035.33
Including: Mainland China	136,830,845.56	99,335,035.33
Hong Kong	363,713.91	—
Tax filing differences	(868,233.80)	103,422.83
Changes in deferred tax assets/liabilities	(9,227,828.03)	(11,298,315.60)
Total	127,098,497.64	88,140,142.56

(2) Reconciliation between income tax expense and accounting profit is as follows:

	2014 RMB	2013 RMB
Profits before taxation	420,687,619.01	298,287,493.04
Expected income tax expense at tax rate of 25% (2013: 25%)	105,171,904.75	74,571,873.26
Effect of non-deductible expenses	6,285,047.03	13,222,625.41
Effect of non-taxable income	(5,352,446.61)	(4,001,892.61)
Effect of unrecognised deductible temporary differences and tax losses	26,366,959.94	13,942,119.24
Effect of utilisation of tax losses and deductible temporary differences unrecognised in previous periods	(4,332,037.03)	(9,607,580.58)
Effect of different tax rates applied by certain subsidiaries	(172,696.64)	(90,424.99)
Effect of adjusting income tax in previous year	(868,233.80)	103,422.83
Total	127,098,497.64	88,140,142.56

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

50 Income tax expenses (Continued)

The Company

(1) Income tax expenses

	2014 RMB	2013 RMB
Current tax expense for the year based on tax law and regulations	13,156,503.49	22,699,409.19
Tax filing differences	—	1,482,939.65
Changes in deferred tax assets/liabilities	<u>(5,984,828.21)</u>	<u>(5,487,058.38)</u>
Total	<u><u>7,171,675.28</u></u>	<u><u>18,695,290.46</u></u>

(2) Reconciliation between income tax expense and accounting profit is as follows:

	2014 RMB	2013 RMB
Profits before taxation	71,345,241.36	95,249,603.59
Expected income tax expense at tax rate of 25% (2013: 25%)	17,836,310.34	23,812,400.90
Effect of non-deductible expenses	563,229.92	1,658,956.89
Effect of non-taxable income	<u>(11,227,864.98)</u>	<u>(8,259,006.98)</u>
Effect of adjusting income tax in previous year	—	1,482,939.65
Total	<u><u>7,171,675.28</u></u>	<u><u>18,695,290.46</u></u>

The details of the Company and its subsidiaries' applicable income tax rates are set out in Note III.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

51 Earnings per share

(1) *Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit attributable to the ordinary share holders of the Company by the weighted average number of ordinary shares in issue during the year. The calculation is as follows:

	2014	2013
	RMB	RMB
		Restated
Net profit attributable to shareholders of the Company	202,795,751.64	135,892,609.02
Less: Earnings attributable to the holder of PSCS	<u>(2,818,100.00)</u>	<u>(2,818,100.00)</u>
Net profit attributable to ordinary shareholders of the Company	<u>199,977,651.64</u>	<u>133,074,509.02</u>
Weighted average number of ordinary shares in issue during the year	<u>417,641,867.00</u>	<u>417,641,867.00</u>
Basic earnings per share (RMB/share)	<u>0.48</u>	<u>0.32</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

51 Earnings per share (Continued)

(2) *Diluted earnings per share*

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue (diluted) (as if all PSCS has been converted into ordinary shares). The calculation is as follows:

	2014	2013
	RMB	RMB
Net profit attributable to the shareholders of the Company	202,795,751.64	135,892,609.02
Weighted average number of ordinary shares in issue during the year	417,641,867.00	417,641,867.00
Add: Diluted adjustment assuming that all PSCS have been converted into ordinary shares (Note)	102,850,364.00	102,850,364.00
Weighted average number of ordinary shares in issue (diluted)	520,492,231.00	520,492,231.00
Diluted earnings per share (RMB/share)	0.39	0.26

Note: The Company's potential diluted shares are PSCS. The number of ordinary shares could be converted into is calculated by dividing the principal amount of PSCS of RMB 281,810,000.00 by the initial conversion price of RMB 2.74 per share. The initial conversion price is subject to adjustment where the shares of the Company are diluted.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

52 Other comprehensive income

	The Group			
	Balance at	Charge to other	Transfer to	Balance at
	the beginning	comprehensive	profit or loss	the end of
	of the year	income	during the year	the year
	RMB	RMB	RMB	RMB
Items that may reclassified to profit or loss	(62,626,574.23)	1,538,409.39	—	(61,088,164.84)
Including: Exchange differences on translation				
of financial statements				
denominated in foreign currencies	(62,626,574.23)	785,846.04	—	(61,840,728.19)
(1) Attributable to shareholders				
of the Company	(38,886,623.71)	496,317.68	—	(38,390,306.03)
(2) Attributable to				
non-controlling interests	(23,739,950.52)	289,528.36	—	(23,450,422.16)
Gains or losses arising from				
changes in fair value of				
available-for-sale financial assets	—	752,563.35	—	752,563.35
(1) Attributable to shareholders				
of the Company	—	427,878.92	—	427,878.92
(2) Attributable to				
non-controlling interests	—	324,684.43	—	324,684.43

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

53 Supplement to income statement

Expenses are analysed by their nature as follows:

	The Group		The Company	
	2014 RMB	2013 RMB	2014 RMB	2013 RMB
Operating income	9,878,072,290.17	6,165,831,692.86	2,000,020,895.76	2,636,639,051.75
Less: Changes in finished goods	6,311,427,211.15	2,990,405,247.21	1,776,668,417.90	2,384,956,613.48
Raw materials used	228,017,591.64	114,894,937.83	—	—
Employee benefits expenses	1,132,678,205.33	987,049,094.72	43,213,092.79	49,876,844.68
Depreciation	287,933,608.55	238,578,013.88	1,091,227.16	1,131,771.13
Amortisation	60,566,740.94	40,691,835.70	32,672,721.43	15,870,725.10
Impairment losses for assets	19,111,569.64	16,076,440.90	8,529,256.98	16,248,401.21
Rental expenses	158,268,042.53	109,352,672.48	5,171,141.05	6,887,416.60
Annual audit fee	5,640,000.00	4,350,000.00	4,103,986.40	3,254,592.00
Financial expenses	63,343,464.01	43,225,734.28	15,083,059.52	4,809,447.60
Other expenses	1,310,456,392.35	1,423,520,515.06	42,197,711.18	57,376,374.05
Operating profit	300,629,464.03	197,687,200.80	71,290,281.35	96,226,865.90

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

54 Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

	The Group	
	2014	2013
	RMB	RMB
Net profit	293,589,121.37	210,147,350.48
Add: Impairment inventories for assets	19,111,569.64	16,076,440.90
Depreciation of fixed assets	282,134,559.35	237,158,513.72
Depreciation of investment properties and other non-current assets	5,799,049.20	1,419,500.16
Amortisation of intangible assets	53,177,319.11	30,614,588.05
Amortisation of long-term deferred expenses	7,389,421.83	10,077,247.65
Gains on disposal of fixed assets, intangible assets, and other long-term assets	(13,370,115.17)	(851,206.28)
Financial expenses	81,948,008.20	55,801,347.38
Investment income	(17,204,031.96)	(11,945,935.96)
Increase in deferred tax assets	(9,497,193.77)	(12,137,110.27)
Increase in deferred tax liabilities	269,365.74	838,794.67
Decrease/(increase) in inventories	35,827,500.69	(35,278,976.58)
Decrease/(increase) in operating receivables	395,800,148.86	(384,900,659.22)
(Decrease)/increase in operating payables	(440,872,624.49)	175,482,110.55
Intermediary expenses related to business combination	2,127,947.17	3,223,255.08
Increase in special reserve	12,915,758.64	9,027,855.26
Changes in restricted cash	(2,198,802.71)	1,055,679.12
Increase in long-term receivables	(2,945,543.69)	—
Decrease in long-term payables	(2,913,333.04)	(3,265,525.00)
Net cash flow from operating activities	701,088,124.97	302,543,269.71

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

54 Supplement to cash flow statement (Continued)

(a) Reconciliation of net profit to cash flows from operating activities: (Continued)

	The Company	
	2014 RMB	2013 RMB
Net profit	64,173,566.08	76,554,313.13
Add: Impairment provisions for assets	8,529,256.98	16,248,401.21
Depreciation of fixed assets	1,091,227.16	1,131,771.13
Amortisation of intangible assets	31,163,435.20	15,870,725.10
Amortisation of long-term deferred expenses	1,509,286.23	634,046.41
Losses on disposal of fixed assets, intangible assets, and other long-term assets	8,040.00	1,472.98
Financial expenses	15,777,263.14	6,714,194.67
Investment income	(46,273,513.43)	(34,923,061.51)
Increase in deferred tax assets	(5,984,828.21)	(5,487,058.38)
Decrease in inventories	50,151,794.72	10,312,669.07
Decrease in operating receivables	48,027,775.66	32,861,105.66
Decrease in operating payables	(542,168,769.76)	(560,134,647.93)
Intermediary expenses related to business combination	—	3,223,255.08
Net cash flow from operating activities	<u>(373,995,466.23)</u>	<u>(436,992,813.38)</u>

(b) Change in cash and cash equivalents:

	The Group	
	2014 RMB	2013 RMB
Cash at the end of the year (Note)	1,763,602,999.44	1,710,089,275.02
Less: Cash at the beginning of the year (Note)	<u>1,710,089,275.02</u>	<u>1,253,888,037.55</u>
Net increase in cash and cash equivalents	<u>53,513,724.42</u>	<u>456,201,237.47</u>

Note: As at 31 December 2014, the balance of cash included customs deposits, security deposits for bank acceptance bills, letter of guarantee and performance bonds, bidding deposits and housing repairment fund in an aggregate amount of RMB 10,103,527.40 (31 December 2013: RMB 7,904,724.69), which was deducted from the balance of cash and cash equivalents.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

54 Supplement to cash flow statement (Continued)

(b) *Change in cash and cash equivalents: (Continued)*

	The Company	
	2014	2013
	RMB	RMB
Cash at the end of the year	843,395,937.87	1,204,812,278.53
Less: Cash at the beginning of the year	1,204,812,278.53	768,274,457.86
Net (decrease)/increase in cash and cash equivalents	<u>(361,416,340.66)</u>	<u>436,537,820.67</u>

(c) *Details of cash and cash equivalents*

	The Group	
	2014	2013
	RMB	RMB
(a) Cash at bank and on hand		
- Cash on hand	16,731,197.77	13,515,503.64
- Bank deposits available on demand	1,746,871,801.67	1,696,573,771.38
- Cash with restricted usage	10,103,527.40	7,904,724.69
(b) Closing balance of cash and cash equivalents	1,773,706,526.84	1,717,993,999.71
Less: Cash with restricted usage	10,103,527.40	7,904,724.69
(c) Closing balance of cash and cash equivalents available on demand	<u>1,763,602,999.44</u>	<u>1,710,089,275.02</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

54 Supplement to cash flow statement (Continued)

(c) *Details of cash and cash equivalents* (Continued)

	The Company	
	2014	2013
	RMB	RMB
(a) Cash at bank and on hand		
- Cash on hand	1,201.59	11,458.96
- Bank deposits available on demand	843,394,736.28	1,204,800,819.57
(b) Closing balance of cash and cash equivalents	843,395,937.87	1,204,812,278.53
(c) Closing balance of cash and cash equivalents available on demand	843,395,937.87	1,204,812,278.53

(d) *Information on acquisition of subsidiaries during the year:*

The Group

Consideration of acquisition	435,671,072.09
Cash and cash equivalents paid for acquiring subsidiaries	302,901,097.09
Less: Cash and cash equivalents held by subsidiaries	342,673,493.32
Net cash inflow for the acquisition	39,772,396.23
Non-cash assets and liabilities held by the acquired subsidiaries	
Current assets	453,324,357.16
Non-current assets	632,826,954.89
Current liabilities	(358,718,856.02)
Non-current liabilities	(181,848,040.33)

- (e) Cash payment for other financing activities of the Group represents the net cash outflow in the cash pool accounts, which centrally managed the funds from the bank accounts of 8 related parties.

Cash proceeds from other financing activities of the Company represent the net cash inflow in the cash pool accounts, which centrally managed the funds from the bank accounts of certain subsidiaries.

The cash pool accounts centrally managed and daily collected or allocated changes with reference to the account balance of the Group and the Company. Due to the frequent transactions, the Group and the Company only disclose the net cash inflow or outflow of the cash centrally managed during the year.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

55 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: motor transportation and auxiliary services, material logistics services, expressway service zones and Taiping Interchange.

(1) Segment reporting

	2014						Total RMB
	Motor transporting and auxiliary services	Material logistics services	Expressway service zones	Taiping Interchange	Others	Inter-segment eliminations	
	RMB	RMB	RMB	RMB	RMB	RMB	
Operating income							
Operating income from external customers	2,503,719,420.52	6,491,250,400.01	706,300,116.35	173,173,952.08	3,628,401.21	—	9,878,072,290.17
Inter-segment operating income	3,735,083.87	—	912,516.65	—	4,831,622.35	(9,479,222.87)	—
Total segment operating income	2,507,454,504.39	6,491,250,400.01	707,212,633.00	173,173,952.08	8,460,023.56	(9,479,222.87)	9,878,072,290.17
Operating costs	1,941,660,285.58	6,305,801,120.86	552,873,779.87	39,355,276.28	2,931,423.58	(8,287,536.39)	8,834,334,349.78
Interest in the profit or loss of associates and joint ventures	2,911,648.65	—	3,135,045.04	—	9,507,953.05	—	15,554,646.74
Impairment loss	9,035,196.51	9,132,440.86	455,555.56	—	488,376.71	—	19,111,569.64
Depreciation and amortisation	267,617,582.51	16,668,294.41	33,743,247.08	28,518,715.91	1,952,509.58	—	348,500,349.49
Profit before income tax	244,011,778.30	44,675,485.12	61,647,869.15	59,171,638.01	46,965,084.11	(35,784,235.68)	420,687,619.01
Income tax expenses	87,964,310.29	8,157,753.59	14,829,906.16	15,211,603.51	13,393.27	921,530.82	127,098,497.64
Net profit	156,047,468.01	36,517,731.53	46,817,962.99	43,960,034.50	46,951,690.84	(36,705,766.50)	293,589,121.37
Total assets	3,872,636,130.94	2,070,014,497.08	916,423,866.36	2,084,324,118.14	42,497,349.08	(2,232,815,982.12)	6,753,079,979.48
Total liabilities	2,113,021,519.24	2,165,797,081.71	611,277,025.39	477,088,172.18	56,547,901.11	(1,382,554,468.97)	4,041,177,230.66
Other important non-cash items:							
– Investments in associates and joint ventures	137,292,597.95	—	22,799,795.71	—	44,573,522.21	—	204,665,915.87
– The amounts of additions to non-current assets other than long-term equity investments	843,038,216.40	31,801,164.48	19,799,805.38	(27,590,056.27)	1,532,286.87	(33,449,031.77)	835,132,385.09

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

55 Segment reporting (Continued)

(1) Segment reporting (Continued)

	2013						
	Motor transporting and auxiliary services	Material logistics services	Expressway service zones	Taijing Interchange	Others	Inter-segment eliminations	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Operating income							
Operating income for							
external customers	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 operating income	2,066,090.00	—	615,624.97	—	5,198,574.40	(7,880,289.37)	—
Total segment operating income	2,162,999,049.87	3,206,898,990.07	632,605,505.99	161,324,511.70	9,883,924.60	(7,880,289.37)	6,165,831,692.86
Operating costs	1,710,447,804.19	3,068,902,015.53	506,755,892.76	24,288,436.73	2,748,584.18	(6,145,765.69)	5,306,996,967.70
Interests in the profit or loss of associates and joint ventures	—	—	—	—	13,940,073.16	(2,729,281.65)	11,210,791.51
Impairment loss	433,039.72	11,005,734.70	(605,000.03)	—	5,242,666.51	—	16,076,440.90
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
Profit before income tax	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
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
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
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
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
Other important non-cash items:							
– Investments in associates and joint ventures	140,910,305.43	—	20,663,593.63	—	43,040,581.85	—	204,614,480.91
– The amounts of additions to non-current assets other than long-term equity investments	325,337,192.38	9,250,639.31	7,935,571.99	(16,561,730.83)	2,373,673.24	26,644,413.58	354,979,759.67

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

55 Segment reporting (Continued)

(2) Geographic information

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

	Operating income from external customers		Non-current assets	
	2014 RMB	2013 RMB	2014 RMB	2013 RMB
China				
Including: Mainland China	9,653,090,123.24	5,934,289,372.79	3,322,281,459.66	2,490,934,542.52
Hongkong	224,982,166.93	231,542,320.07	122,158,727.62	118,321,824.71
Total	9,878,072,290.17	6,165,831,692.86	3,444,440,187.28	2,609,256,367.23

(3) Major customers

The Group had one customer (2013: one), the operating income from which is over 10% of the Group's total operating income. The operating income from this customer represents approximately 12.47% of the Group's total operating income (2013: 10.24%), which is summarised in the table below:

	2014 RMB	2013 RMB
Guangdong Provincial Chang Da Highway Engineering Company Limited	1,231,875,773.13	631,283,660.61

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

56 Net current assets/(liabilities)

	The Group	
	2014	2013
	RMB	RMB
		Restated
Current assets	3,109,135,634.74	3,396,846,750.36
Less: Current liabilities	3,202,066,196.82	3,258,345,247.51
Net current (liabilities)/assets	(92,930,562.08)	138,501,502.85

	The Company	
	2014	2013
	RMB	RMB
Current assets	1,725,763,446.67	2,191,443,595.08
Less: Current liabilities	1,403,564,865.91	2,032,402,963.62
Net current assets	322,198,580.76	159,040,631.46

57 Total assets less current liabilities

	The Group	
	2014	2013
	RMB	RMB
		Restated
Total assets	6,753,079,979.48	6,176,935,696.18
Less: Current liabilities	3,202,066,196.82	3,258,345,247.51
Total assets less current liabilities	3,551,013,782.66	2,918,590,448.67

	The Company	
	2014	2013
	RMB	RMB
Total assets	2,851,254,316.88	3,340,896,035.25
Less: Current liabilities	1,403,564,865.91	2,032,402,963.62
Total assets less current liabilities	1,447,689,450.97	1,308,493,071.63

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Related parties where a controlling relationship exists:

The Company's ultimate holding company is GCGC.

2 Information on the subsidiaries of the Company:

Except for the subsidiaries newly established during the year as disclosed in Note IV to the financial statements, there is no significant change on the information of other subsidiaries.

3 The related parties which have transactions with the Group while no controlling relationship exists:

	Related party relationships
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	Joint venture
Guangdong Province Bus Terminal Co., Ltd.	Joint venture
Guangdong Feida Traffic Engineering Company Limited	Being associate before 30 April 2014, and being associate of a subsidiary of the ultimate holding company since 1 May 2014
Lufeng Shenshan Expressway Company Limited	Associate
Shenzhen Yueyun Investment Development Company Limited ("Shenzhen Yueyun")	Associate
Express Cross-Border Coach Management Company Limited	Associate
Guangdong Guangjiang Expressway Passenger Traffic Co., Ltd.	Associate
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	Associate
Guangdong Guangye Shentong Natural Gas Co., Ltd.	Associate
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Associate
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	Associate
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	Associate
Shantou City Automobile Passenger Traffic Center Co., Ltd.	Associate

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 The related parties which have transactions with the Group while no controlling relationship exists: *(Continued)*

	Related party relationships
Jiangmen Guangjiang Expressway Passenger Co., Ltd.	Associate
Qingyuan Zhongguan Development Co., Ltd.	Associate
Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Being associate before 31 August 2014, and being subsidiary of the Company since 1 September 2014
Guangdong Provincial Highway Construction Company Limited	Controlled by the ultimate holding company
Guangdong Province Road & Bridge Construction Development Company Limited	Controlled by the ultimate holding company
Zhaoqing City Guang-He Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Oriental Thought Technology Company Limited	Controlled by the ultimate holding company
Guangdong Nan Yue Logistics International Services Company Limited	Controlled by the ultimate holding company
Guangdong Xinyue Communications Investment Company Limited	Controlled by the ultimate holding company
Meizhou Yueyun Vehicles Transportation Company Limited ("Meizhou Yueyun")	Controlled by the ultimate holding company
Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management")	Controlled by the ultimate holding company
Guangdong Yangjiang Vehicles Transportation Group Company Limited ("Yangjiang Transportation")	Controlled by the ultimate holding company
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guangle Expressway Company Limited	Controlled by the ultimate holding company
Guangdong He-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Kai Yang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Litong Properties Investment Company Limited	Controlled by the ultimate holding company
Guangdong Maozhan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Meihe Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Shanfen Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Freeway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Changda Highway Engineering Company Limited	Controlled by the ultimate holding company

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3 The related parties which have transactions with the Group while no controlling relationship exists: (Continued)

	Related party relationships
Guangdong Taishan Coastal Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	Controlled by the ultimate holding company
Guangdong Yang-Mao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yu-Zhan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yue Dong Freeway Industry Development Company Limited	Controlled by the ultimate holding company
Guangdong Yue-Gan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yun-Wu Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Zhaoyang Expressway Company Limited	Controlled by the ultimate holding company
Guangfo Expressway Company Limited	Controlled by the ultimate holding company
Guang-Shen-Zhu Expressway Company Limited	Controlled by the ultimate holding company
Guangzhou Newsoft Technology Company Limited	Controlled by the ultimate holding company
Guangzhou Xin Yue Asphalt Company Limited	Controlled by the ultimate holding company
Heyuan He-Long Expressway Company Limited	Controlled by the ultimate holding company
Jingzhu Expressway Guangzhu Section Company Limited	Controlled by the ultimate holding company
Weisheng Transportation Enterprises Company Limited	Controlled by the ultimate holding company
Xinyue Company Limited	Controlled by the ultimate holding company
Yunfu City Guangyun Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Western Coastal Expressway Operation Company Limited	Controlled by the ultimate holding company
Guangdong Western Shen-Shan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Gao-Da Property Development Company Limited	Controlled by the ultimate holding company
Guangdong Province Gongbei Vehicles Transportation Company Limited	Controlled by the ultimate holding company
Kee Kwan Motor Road Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Coastal Expressway Xinhui Section Company Limited	Controlled by the ultimate holding company
Weisheng Freight Company Limited	Controlled by the ultimate holding company
Guangdong High Science and Technology Investment Company Limited	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Lulutong Company Limited	Controlled by the ultimate holding company
Guangdong Luo-Yang Expressway Company Limited	Controlled by the ultimate holding company

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

3 The related parties which have transactions with the Group while no controlling relationship exists: (Continued)

	Related party relationships
Guangdong Provincial Fokai Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Province Expressway Construction Materials Supply Station	Controlled by the ultimate holding company
Kwong Fat Transport Company Limited	Controlled by the ultimate holding company
Guangdong Ping-Xing Expressway Company Limited	Controlled by the ultimate holding company
Guangdong HuaLu Transport Technology Company Limited	Controlled by the ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Er-Guang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yuejia Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Baomao Expressway Company Limited	Controlled by the ultimate holding company
Kee Kwan Travel Tour Transportation HongKong Company Limited	Controlled by the ultimate holding company
Yangjiang City Jiqiang Automobile Sales & Maintenance Co., Ltd.	Controlled by the ultimate holding company
Guangdong Gaintop Highway Engineering Construction Group Company Limited	Controlled by the ultimate holding company
Guangdong Humen Bridge Company Limited	Controlled by the ultimate holding company
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited	Controlled by the ultimate holding company
Foshan Guang-San Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Shenzhen-Shantou (Eastern Section) Expressway Company Limited	Associate of a subsidiary of the ultimate holding company
Jiangmen City Jiang-He Expressway Company Limited	Associate of a subsidiary of the ultimate holding company
Shenzhen Huiyan Expressway Company Limited	Associate of a subsidiary of the ultimate holding company
Guangdong Communications Telecommunications Company Limited	Associate of a subsidiary of the ultimate holding company
Hui-Shen (Yantian) Expressway Huizhou Company Limited	Joint venture of a subsidiary of the ultimate holding company
Zhaoqing Yuezhao Expressway Company Limited	Joint venture of a subsidiary of the ultimate holding company
Guangdong Guangzhu Expressway West Section Company Limited	Joint venture of a subsidiary of the ultimate holding company

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year

The Group

(a) Sales, rendering of services and purchases, receipt of services

Sales, rendering of services and purchases, receipt of services between the Group and its related parties were as follows:

	2014 RMB	2013 RMB
(1) Material logistics service income		
Guangdong Provincial Changda Highway Engineering Company Limited	1,229,684,221.42	630,982,700.61
Guangdong Gaintop Highway Engineering Construction Group Company Limited	540,576,665.57	175,779,989.49
Guangzhou Xin Yue Asphalt Company Limited	181,610,650.40	19,077,688.72
Guangdong Provincial Highway Construction Company Limited	—	1,822,254.70
Others	814,155.10	95,853.34
Total	<u>1,952,685,692.49</u>	<u>827,758,486.86</u>

The above material logistics service transactions have been conducted in accordance with the service contracts between the relevant companies of 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 the construction projects in which GCGC and its subsidiaries, joint ventures and associates act as owners, and the selling price was determined by cost of materials or the purchase price cap, whichever is lower, plus a certain margin. While agreed with all the related parties and construction contractors, GCGC and its subsidiaries, joint ventures and associates, acting as owners, withheld contractors' payment for material purchase and remitted to the Group directly when they paid for project contracting to contractors.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(a) Sales, rendering of services and purchases, receipt of services (Continued)

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, joint ventures and associates generated from the above withholding transactions for the Group refer to Note VI. 4(n).

	2014 RMB	2013 RMB
(2) Expressway service zones operation income		
Guangdong Bo-Da Expressway Company Limited	—	3,154,782.00
Guangdong Provincial Changda Highway Engineering Company Limited	2,191,551.71	300,960.00
Guang-Shen-Zhu Expressway Company Limited	1,608,927.97	574,866.30
Guangdong Yang-Mao Expressway Company Limited	—	3,061,036.00
Guangdong Provincial Freeway Company Limited	247,362.00	1,635,658.00
Guangdong Yuejia Expressway Company Limited	290,563.31	3,285,241.65
Guangdong Meihe Expressway Company Limited	—	3,061,618.00
Others	1,185,111.93	2,552,790.79
Total	5,523,516.92	17,626,952.74
(3) Cross-border transportation services income		
Express Cross-Border Coach Management Company Limited	24,172,815.93	22,499,278.47

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	2014	2013
	RMB	RMB
(4) Repairing income		
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	466,667.12	227,495.04
Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd.	391,480.96	302,123.16
Weisheng Freight Company Limited	49,228.94	68,024.23
Guangdong Province Gongbei Vehicles Transportation Company Limited	400.00	53,709.84
Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	749,621.04	1,621,014.40
Others	62,854.69	20,525.43
Total	1,720,252.75	2,292,892.10
(5) Rendering of other services income		
Jingzhu Expressway Guangzhu Section Company Limited	769,416.35	—
Guangdong Humen Bridge Company Limited	706,905.48	708,545.52
Others	593,633.99	405,696.47
Total	2,069,955.82	1,114,241.99

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	2014	2013
	RMB	RMB
(6) Passenger transportation income		
Guangdong Province Gongbei Vehicles Transportation Company Limited	891,404.20	—
Shenzhen Yueyun	206,726.70	413,280.30
Total	1,098,130.90	413,280.30
(7) Road rescue service income		
Guangdong Province Road & Bridge Construction Development Company Limited	4,066,846.94	4,113,350.69
Guangdong Western Shen-Shan Expressway Company Limited	2,537,922.80	2,785,768.58
Guangdong Provincial Freeway Company Limited	1,875,421.69	1,913,434.64
Guangdong Yun-Wu Expressway Company Limited	1,707,054.72	1,411,844.70
Guangdong Meihe Expressway Company Limited	1,503,682.40	1,547,680.94
Guangdong Yue-Gan Expressway Company Limited	1,417,486.68	1,458,963.12
Guangdong Kai Yang Expressway Company Limited	1,313,259.74	1,351,686.39
Guangdong Bo-Da Expressway Company Limited	1,196,405.02	618,349.50
Others	7,198,136.76	6,418,508.17
Total	22,816,216.75	21,619,586.73

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	2014	2013
	RMB	RMB
(8) Rental income		
Guangdong Xinyue Communications Investment Company Limited	2,041,917.60	3,295,086.00
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	1,242,717.00	—
Express Cross-Border Coach Management Company Limited	1,196,521.92	—
Others	171,405.60	—
Total	<u>4,652,562.12</u>	<u>3,295,086.00</u>
(9) Sales of fixed assets		
Guangdong Guangzhu Expressway West Section Company Limited	<u>36,159,624.00</u>	—
(10) Purchase of materials		
Guangzhou Xin Yue Asphalt Company Limited	1,219,639,975.09	109,307,703.36
Xinyue Company Limited	113,244,888.83	34,531,526.31
Guangdong Guangye Shentong Natural Gas Company Limited	<u>48,483,944.95</u>	<u>18,883,252.87</u>
Total	<u>1,381,368,808.87</u>	<u>162,722,482.54</u>

The above purchase of materials transactions have been conducted in accordance with the service contracts between the relevant companies within 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.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	2014	2013
	RMB	RMB
(11) Expressway service zones operation expenses		
Guang-Shen-Zhu Expressway Company Limited	18,070,536.14	19,757,991.05
Guangdong Guangzhu Expressway West Section Company Limited	16,705,335.62	6,284,983.33
Guangdong Yue-Gan Expressway Company Limited	8,484,849.52	8,545,457.28
Guangdong Kai Yang Expressway Company Limited	6,782,286.40	7,196,119.98
Guangdong Provincial Freeway Company Limited	4,661,952.08	4,660,739.03
Guangdong Guangle Expressway Company Limited	4,621,666.57	—
Guangdong Yun-Wu Expressway Company Limited	4,427,093.83	3,300,000.00
Guangdong Meihe Expressway Company Limited	4,211,153.26	3,727,089.24
Guangdong Yang-Mao Expressway Company Limited	3,879,971.81	3,775,312.72
Guangdong Jiangzhong Expressway Company Limited	2,847,396.31	2,831,375.03
Guangdong Maozhan Expressway Company Limited	2,841,759.36	2,765,156.40
Guangdong Western Shen-Shan expressway Company Limited	2,774,945.85	6,585,634.49
Guangdong Provincial Highway Construction Company Limited	2,643,013.42	2,842,227.69
Guangdong Yu-Zhan Expressway Company Limited	2,568,832.14	2,596,208.83
Guangdong Shanfen Expressway Company Limited	2,136,119.64	2,163,728.97

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	2014	2013
	RMB	RMB
(11) Expressway service zones operation expenses (Continued)		
Guangfo Expressway Company Limited	2,052,391.39	1,486,850.24
Guangdong Provincial Fokai Expressway Company Limited	2,018,000.00	2,186,166.69
Jingzhu Expressway Guangzhu Section Company Limited	2,012,786.59	1,596,764.42
Guangdong Bo-Da Expressway Company Limited	1,621,197.20	804,750.02
Guangdong Zhaoyang Expressway Company Limited	1,500,000.00	1,629,919.97
Heyuan He-Long Expressway Company Limited	1,497,351.44	1,467,948.38
Guangdong He-Hui Expressway Company Limited	1,421,575.02	1,156,772.52
Zhaoqing Yuezhao Expressway Company Limited	1,221,182.18	1,200,000.00
Yunfu City Guangyun Expressway Company Limited	1,208,591.03	1,118,493.16
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	1,168,487.09	1,135,200.00
Others	734,065.73	10,244,116.27
Total	104,112,539.62	101,059,005.71

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(a) Sales, rendering of services and purchases, receipt of services (Continued)

The above expressway service zones operation transactions have been conducted in accordance with the service contracts between the relevant companies within the Group and the above related parties, based on the Priority Right of Operation Agreement signed between the Company and GCGC on 15 September 2005. Transaction price was negotiated between both parties.

	2014 RMB	2013 RMB
(12) Rental expenses		
Yueyun Investment Management	1,701,816.00	1,494,762.00
Guangdong Gao-Da Property Development Company Limited	644,220.21	1,673,025.08
Others	645,613.92	615,614.00
Total	<u>2,991,650.13</u>	<u>3,783,401.08</u>
(13) Repair and maintenance charges		
Guangdong Humen Bridge Company Limited	600,000.00	600,000.00
Guangdong He-Hui Expressway Company Limited	—	1,240,908.00
Guangdong Yang-Mao Expressway Company Limited	—	4,058,043.76
Total	<u>600,000.00</u>	<u>5,898,951.76</u>
(14) Receipt of services		
Guangdong Humen Bridge Company Limited	4,200,000.00	4,200,000.00
Guangdong HuaLu Transport Technology Company Limited	1,289,141.66	—
Guangdong Feida Traffic Engineering Company Limited	256,320.00	—
Others	1,498,122.30	913,332.16
Total	<u>7,243,583.96</u>	<u>5,113,332.16</u>

The above transactions under categories (9) - (14) have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(b) Lending to related parties

Related parties	Annual interest rate	Opening Balance at 1 January 2014 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2014 RMB	Period
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	6.00%	900,000.00	—	400,000.00	500,000.00	24/5/2007-31/12/2014
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	6.00%	500,000.00	—	—	500,000.00	24/5/2007-30/6/2015
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	5.40%	2,000,000.00	—	—	2,000,000.00	8/10/2013-7/10/2014 Note VI.4 (n) Note 2
Lufeng Shenshan Expressway Company Limited	7.50%	398,458.89	—	—	398,458.89	1/4/2012-31/3/2015

For details of interest income arising from the above lending, please refer to Note VI. 4(d).

(c) Cash pool transaction

Pursuant to the relevant agreements, the Group centrally manages the funds from 8 relevant bank accounts (the “Cash Pool Accounts”) of certain related party companies. The funds received are recorded as “other payables” and bear the same interest rate as demand deposit. Please refer to Note VI. 4 (n) “Other payables-Cash pool” regarding related parties’ cash pool accounts information and Note VI. 4(d) regarding relevant interest expense.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(d) Interest income and interest expense

	2014	2013
	RMB	RMB
Interest income		
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	91,840.00	—
Guangdong Xinyue Communications Investment Company Limited	—	6,346,356.14
Lufeng Shenshan Expressway Company Limited	—	180,000.00
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	82,800.00	108,000.00
Others	—	111,906.26
Total	174,640.00	6,746,262.40
Interest expenses		
GCGC	493,714.29	467,347.21
GVTG cash pool	67,241.40	57,583.36
Total	560,955.69	524,930.57

The above transactions have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(e) Receipt of information system development and maintenance service

	2014 RMB	2013 RMB
Guangdong Oriental Thought Technology Company Limited	1,215,000.00	387,613.21
Guangdong Gaintop Highway Engineering Construction Group Company Limited	1,156,779.03	—
Guangzhou Newsoft Technology Company Limited	252,100.00	114,600.00
Others	1,451,354.00	810,660.96
Total	<u>4,075,233.03</u>	<u>1,312,874.17</u>

The above transactions have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

(f) Freight transportation outsourcing income

	2014 RMB	2013 RMB
Weisheng Freight Company Limited	<u>2,109,051.29</u>	<u>—</u>

On 30 July 2014, The Motor Transport Company of Guangdong and Hong Kong Limited, a subsidiary of the Group, entered into a freight transportation contracting agreement with Weisheng Fright Company Limited. Pursuant to the agreement, The Motor Transport Company of Guangdong and Hong Kong Limited outsources its freight transportation service to Weisheng Transportation Enterprises Company Limited with a mutually agreed contracting fee.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

- (g) Passenger transportation outsourcing expense

	2014	2013
	RMB	RMB
Weisheng Freight Company Limited	<u>984,500.00</u>	<u>—</u>

On 30 July 2014, Weisheng Fright Company Limited entered into a passenger transportation contracting agreement with The Motor Transport Company of Guangdong and Hong Kong Limited. Pursuant to the agreement, Weisheng Transportation Enterprises Company Limited outsources its passenger transportation service to The Motor Transport Company of Guangdong and Hong Kong Limited with a mutually agreed contracting fee.

- (h) Net cash received from operating costs collected and paid on counter party's behalf

	2014	2013
	RMB	RMB
Weisheng Freight Company Limited	<u>7,527,252.82</u>	<u>1,218,310.23</u>

On 20 June 2014, Weisheng Fright Company Limited entered into a business cooperation agreement with The Motor Transport Company of Guangdong and Hong Kong. Pursuant to the agreement, the operating costs arose from the business cooperation of any party are collected and paid on another party's behalf from 1 July 2014. Disbursements incurred for the passenger transportation service was payable by Weisheng Fright Company Limited on behalf of The Motor Transport Company of Guangdong and Hong Kong, disbursements incurred for the freight transportation service was payable by The Motor Transport Company of Guangdong and Hong Kong on behalf of Weisheng Fright Company Limited.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(i) Entrusted management

	Note	2014 RMB	2013 RMB
Management fee income			
Yueyun Investment Management	(1)	7,662,000.00	7,662,000.00
GCGC	(2)	600,000.00	600,000.00
Total		8,262,000.00	8,262,000.00

Note 1: According to the Entrusted Management Contract entered into between GVTG and Yueyun Investment Management in June 2012, Yueyun Investment Management fully entrusted GVTG to manage its equity interest in Shenzhen Yueyun, Yangjiang Transportation and Meizhou Yueyun and to operate these three companies. The entrusted management period ended on 31 December 2014. The annual management fees are RMB7,662,000.00 in total. If the number of days of the management period during the year is less than 365 days, the management fees will be determined based on the actual number of days of management. The management fee for the current period of GVTG was RMB 7,662,000.00.

Note 2: According to the Entrusted Management Contract entered into between GCGC and the Company on 17 September 2012, GCGC entrusted the Company to manage its equity interest in Guangdong Province Gongbei Vehicles Transportation Company Limited, Kee Kwan Motor Road Company Limited and Weisheng Transportation Enterprise Company Limited, and to operate these three companies. The entrusted management period ended on 31 December 2014. The annual management fees are RMB 600,000.00 in total. If the number of days of the management period during the year is less than 365 days, the management fees will be determined based on the actual number of days of management. The management fee for the current period was RMB 600,000.00.

(j) Trademark and route operation licenses

During the current year and last year, GVTG granted Shenzhen Yueyun, Yangjiang Transportation, Meizhou Yueyun and some associates with the trademark use right of "Yueyun" and certain route operation licenses at nil consideration.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(k) Road and bridge tolls

The Group's subsidiaries which are engaged in transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services.

(l) Property management services

	2014	2013
	RMB	RMB
Yueyun Investment Management	<u>8,136,216.05</u>	<u>7,304,000.00</u>

On 19 June 2012, Yueyun Investment Management entered into an agreement with Guangdong Yunxing Property Management Co., Ltd. ("Guangdong Yunxing"), a subsidiary of the Group, whereby Yueyun Investment Management engaged Guangdong Yunxing to provide property management services on Yueyun Building for a period from 1 June 2012 to 31 May 2014. Guangdong Yunxing has the right to receive management fee and other relevant charges from the tenants of the building as property management service fees. On 29 May 2014, Yueyun Investment Management entered into an agreement with Guangdong Yunxing to extend the period for property management to 31 December 2016.

(m) Guarantees

In 2012, GVTG, the subsidiary of the Group, issued the first phase of 3-year nonpublic directional debt financing tools of RMB 300 million with an interest rate of 5.8% per annum. GCGC provides an unconditional and irrevocable joint liability guarantee for the total amount of principal and interest of such bonds.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties

Caption	Related parties	As at 31	As at 31
		December 2014 RMB	December 2013 RMB
Accounts receivable	Guangdong Xinyue Communications Investment Company Limited	59,653,027.44	59,577,685.44
	Guangdong Zhaoyang Expressway Company Limited	4,420,305.14	40,673,290.00
	Guangdong Province Road & Bridge Construction Development Company Limited	54,450,177.91	1,004,645.61
	Zhaoqing City Guang-He Expressway Company Limited	46,119,527.10	46,119,527.10
	Guangdong Yun-Wu Expressway Company Limited	26,643,073.51	34,936,018.79
	Guangdong Provincial Freeway Company Limited	11,298,435.07	22,075,233.22
	Guangdong Provincial Changda Highway Engineering Company Limited	20,635,495.83	36,774,103.32
	Guangzhou Xin Yue Asphalt Company Limited	722,361.55	16,263,929.40
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	14,210,819.56	13,964,607.00
	Guangdong Bo-Da Expressway Company Limited	14,465,478.97	29,214,419.74

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties for the year *(Continued)*

The Group (Continued)

(n) Amounts due from/to related parties *(Continued)*

Caption	Related parties	As at 31	As at 31
		December 2014	December 2013
		RMB	RMB
Accounts receivable	Guangdong Guangle Expressway Company Limited	13,474,688.07	—
<i>(Continued)</i>	Guangdong Humen Bridge Company Limited	5,563,344.74	3,986,523.51
	Guangdong Ping-Xing Expressway Company Limited	2,378,363.78	—
	Express Cross-Border Coach Management Company Limited	1,429,045.04	1,014,422.34
	Guangdong Guangzhu Expressway West Section Company Limited	1,401,196.76	2,942,846.06
	GCGC	1,200,000.00	—
	Guangdong Meihe Expressway Company Limited	375,480.76	4,639,945.83
	Others	5,096,407.43	5,447,676.91
	Total	<u>283,537,228.66</u>	<u>318,634,874.27</u>

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014 RMB	December 2013 RMB
Accounts payable	Guangzhou Xin Yue Asphalt Company Limited	23,723,723.68	20,170,939.55
	Guangdong Western Shen-Shan expressway Company Limited	4,079,552.21	14,114,725.16
	Guangdong Provincial Freeway Company Limited	18,733,471.47	17,271,067.57
	Guangdong Province Road & Bridge Construction Development Company Limited	10,943,769.74	24,573,669.37
	Guang-Shen-Zhu Expressway Company Limited	7,999,915.85	10,120,690.54
	Guangdong Xinyue Communications Investment Company Limited	7,203,455.41	6,952,651.81
	Guangdong Provincial Highway Construction Company Limited	6,351,723.92	5,014,661.73
	Guangdong Zhaoyang Expressway Company Limited	6,254,919.97	4,625,000.00
	Guangdong Provincial Changda Highway Engineering Company Limited	4,936,755.84	4,936,370.40
	Guangdong Shanfen Expressway Company Limited	4,948,790.63	4,106,247.81

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014 RMB	December 2013 RMB
Accounts payable	Guangdong Guangle Expressway Company Limited	4,621,666.57	—
(Continued)	Guangdong Fo-Kai Expressway Company Limited	4,204,166.69	2,186,166.69
	Guangdong Yue Dong Freeway Industry Development Company Limited	3,965,545.28	3,684,509.98
	Guangdong Bo-Da Expressway Company Limited	2,425,947.22	804,750.02
	Jingzhu Expressway Guangzhu Section Company Limited	1,857,782.95	1,607,996.36
	Guangdong He-Hui Expressway Company Limited	1,428,862.46	1,017,287.44
	Guangfo Expressway Company Limited	1,315,087.48	853,131.51
	Zhaoqing Yuezhao Expressway Company Limited	1,200,000.00	162,730.90
	Guangdong Yun-Wu Expressway Company Limited	1,145,911.78	—
	Guangdong Kai Yang Expressway Company Limited	1,031,499.77	868,409.58
	Guangdong Meihe Expressway Company Limited	213,909.60	1,262,956.34
	Guangdong Guangzhu Expressway West Section Company Limited	76,829.11	5,285,838.00
	Others	4,593,193.25	5,413,581.04
	Total	123,256,480.88	135,033,381.80

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014	December 2013
		RMB	RMB
Prepayments	Guangzhou Xin Yue Asphalt Company Limited	41,701,632.41	297,813,857.21
	Guangdong Guangzhu Expressway West Section Company Limited	53,627,321.89	24,010,456.00
	Others	1,309,055.81	1,724,643.69
	Total	<u>96,638,010.11</u>	<u>323,548,956.90</u>
Advances from customers	Guangdong Chao-Hui Expressway Company Limited	77,653,067.30	71,503,667.29
	Guangdong Provincial Highway Construction Company Limited	72,990,624.54	70,580,511.41
	Guangdong Provincial Freeway Company Limited	39,382,547.24	111,014.53
	Guangdong Guangle Expressway Company Limited	462,311.33	373,702,895.46
	Guangdong Ping-Xing Expressway Company Limited	—	24,923,356.94
	Guangdong Luo-Yang Expressway Company Limited	8,534,236.20	—
	Guangdong Bao-Mao Expressway Company Limited	7,372,198.79	—
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	—	2,153,282.88
	Others	1,157,582.69	2,164,134.94
	Total	<u>207,552,568.09</u>	<u>545,138,863.45</u>

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014 RMB	December 2013 RMB
Other receivables	Guangdong Xinyue Communications Investment Company Limited	13,629,720.68	13,629,720.68
	Kee Kwan Motor Road Company Limited	13,137,988.21	15,096,915.52
	Yangjiang Transportation Guangzhou City Tianhe Coach Terminal Co., Ltd.	10,670,106.78	11,738,466.78
	Yueyun Investment Management	73,090.00	9,675,090.00
	Shantou City Automobile Passenger Traffic Center Co., Ltd.	5,134,808.68	6,818,928.48
	Guangdong Provincial Changda Highway Engineering Company Limited	4,673,329.98	5,036,974.99
	Guangdong Guangye Shentong Natural Gas Co., Ltd.	5,005,849.70	4,196,197.70
	Weisheng Transportation Enterprises Company Limited	4,542,524.40	500,000.00
	Shenzhen Yueyun	3,352,973.93	6,846,690.13
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. (Note 1)	3,127,119.11	2,120,749.15
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited (Note 2)	3,010,458.69	3,327,817.95
	Qingyuan Zhongguan Development Co., Ltd.	2,000,000.00	2,000,000.00
	Jiangmen Guangjiang Expressway Passenger Company Limited	1,818,022.35	—
	Kwong Fat Transport Company Limited	1,659,000.00	1,869,000.00
	Guangfo Expressway Company Limited	1,643,254.00	—
	Kee Kwan Travel Tour Transportation HongKong Company Limited	1,630,000.00	—
	Guangdong Litong Properties Investment Company Limited	1,467,812.01	—
		1,381,486.00	1,381,486.00

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014	December 2013
		RMB	RMB
Other	Shantou City Chaoyang Yueyun		
receivables	Sky Island Transportation Co., Ltd.	1,081,633.65	1,221,405.78
(Continued)	Guang-Shen-Zhu Expressway Company Limited	1,118,798.92	842,118.31
	Guangdong Guangzhu Expressway		
	West Section Company Limited	1,010,000.00	1,502,000.00
	Guangdong Maozhan Expressway		
	Company Limited	1,000,000.00	1,000,000.00
	Guangdong Province Road & Bridge		
	Construction Development Company Limited	—	2,047,954.58
	Lufeng Shenshan Expressway		
	Company Limited (Note 3)	—	—
	Others	7,519,321.85	7,146,344.00
	Total	89,687,298.94	97,997,860.05

Note 1: The balance of this receivable item included a loan of RMB 1,000,000.00 provided by GVTG, a subsidiary of the Group, to its associate, Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. The loan carries an interest rate of 6.00% per annum and its maturity date is on 31 December 2014.

Note 2: The balance of this receivable item included a loan of RMB 2,000,000.00 provided by Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, to its joint venture, Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited. The loan carries an interest rate of 5.4% per annum and its maturity date is on 7 October 2014. The repayment date is yet to be determined.

Note 3: The balance of this receivable item represented a loan of RMB 398,458.89 provided by Guangdong Jingdaoda Expressway Economic Development Company Limited, a subsidiary of Guangdong Top-E Expressway Service Zone Company Limited, to its joint venture, Lufeng Shenshan Expressway Company Limited. The loan carries an interest rate of 7.5% per annum and its maturity date is on 31 March 2015. Full provision on this receivable item has been made in previous years.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014	December 2013
		RMB	RMB
Other payables	Weisheng Transportation Enterprises Company Limited	5,456,207.57	2,172,994.78
	Guangzhou Xin Yue Asphalt Company Limited	2,700,000.00	—
	GCGC	2,008,346.83	2,489,756.98
	Guangdong Xinyue Communications Investment Company Limited	1,402,353.54	1,118,220.88
	Guangdong Litong Properties Investment Company Limited	1,377,946.00	1,377,946.00
	Guangdong Nan Yue Logistics International Services Company Limited	—	4,736,877.48
	Others	3,648,636.96	1,926,244.55
	Sub-total	16,593,490.90	13,822,040.67

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(n) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014	December 2013
		RMB	RMB
Other	Meizhou Yueyun	32,778,531.55	31,552,667.85
payables	Guangdong Province Guangshan		
– cash pool	Expressway Passenger Company Limited	6,667,726.78	9,526,733.59
	Shenzhen Yueyun	5,669,231.47	7,856,236.48
	Guangdong Province Shenshan		
	High Speed Passenger Traffic Co., Ltd.	2,259,397.73	6,757,976.20
	Guangdong Province Bus Terminal Co., Ltd.	1,046,487.96	1,041,016.39
	Guangdong Guangjiang High Speed		
	Passenger Traffic Co., Ltd.	667,965.60	2,223,580.72
	Others	1,994.16	1,988.72
	Sub-total	49,091,335.25	58,960,199.95
	Total	65,684,826.15	72,782,240.62
Dividends	Guangdong Xinyue Communications		
payable	Investment Company Limited	2,780,436.84	2,780,436.84
Other	Guangzhou City Tianhe Coach		
non-current	Terminal Co., Ltd.		
assets		9,600,000.00	—

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(o) Compensation for key management personnels

	2014	2013
	RMB	RMB
Compensation for key management personnels	<u>8,641,501.47</u>	<u>8,496,841.73</u>

The Company

The related party transactions between the Company and its subsidiaries are set out as follows. The significant related party transactions with other related parties are disclosed under Note VI. 4.

(1) Sales and purchase of goods, provision and receipt of services

	2014	2013
	RMB	RMB
Material logistics service income		
Guangdong South China Logistics		
Enterprise Company Limited	16,931,503.36	758,695.89
Guangdong Yueyun Jia Fu Industrial Ltd.	27,580,917.78	17,408,870.42
Total	<u>44,512,421.14</u>	<u>18,167,566.31</u>
Purchase of materials		
Guangdong South China Logistics		
Enterprise Company Limited	545,846,793.04	528,300,617.13
Yueyun Transportation (HK) Company Limited	187,280,113.77	74,237,708.21
Guangdong Yueyun Jia Fu Industrial Ltd.	—	21,242,298.96
Total	<u>733,126,906.81</u>	<u>623,780,624.30</u>

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(1) Sales and purchase of goods, provision and receipt of services (Continued)

	2014	2013
	RMB	RMB
Receipt of service		
Guangdong South China Logistics Enterprise Company Limited	18,107,509.56	31,990,604.57
Guangdong Yueyun Jia Fu Industrial Ltd.	6,130,577.32	6,383,991.11
Yueyun Transportation (HK) Company Limited	5,009,860.02	5,000,000.00
Guangdong Province Transportation Engineering Company Limited	1,447,475.00	1,486,795.00
Others	716,202.80	357,548.25
Total	<u>31,411,624.70</u>	<u>45,218,938.93</u>

The above transactions have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

(2) Expenses with related parties

	2014	2013
	RMB	RMB
Rental expenses		
Guangdong Province Transportation Engineering Company Limited	<u>409,912.80</u>	<u>1,639,651.20</u>
Property management service expenses		
GVTG	<u>2,145,768.00</u>	<u>1,942,290.00</u>

The above transactions have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(3) Lending to related parties

Related parties	Annual interest rate	Opening Balance as at 1 January 2014 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance as at 31 December 2014 RMB	Period
GVTG	6.00%	60,000,000.00	—	—	60,000,000.00	13/08/2014-12/08/2015
GVTG	6.00%	80,000,000.00	—	—	80,000,000.00	11/09/2014-10/09/2015
GVTG	6.00%	—	50,000,000.00	50,000,000.00	—	31/01/2014-31/03/2014
Yueyun Transportation Technology Services (Guangzhou) Co., Ltd.	5.60%	—	24,000,000.00	—	24,000,000.00	19/08/2014-18/08/2015
Yueyun Transportation Technology Services (Guangzhou) Co., Ltd.	5.60%	—	18,000,000.00	—	18,000,000.00	23/09/2014-22/09/2015
Guangdong Province Transportation Engineering Company Limited	6.00%	7,500,000.00	—	—	7,500,000.00	21/09/2013-20/09/2015
Guangdong Province Transportation Engineering Company Limited	6.00%	—	3,000,000.00	—	3,000,000.00	29/05/2014-28/05/2015
Guangdong South China Logistics Enterprise Company Limited	5.60%	75,867,464.20	—	—	75,867,464.20	31/10/2014-30/04/2015
Guangdong South China Logistics Enterprise Company Limited	5.60%	48,493,755.87	—	—	48,493,755.87	21/11/2014-20/5/2015

For details of interest income arising from the above lending, please refer to Note VI. 4.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(4) Interest income and interest expense with related parties

	2014	2013
	RMB	RMB
Interest income		
Guangdong South China Logistics		
Enterprise Company Limited	6,964,228.36	6,964,228.36
GVTG	3,502,947.94	598,356.16
Guangdong Xinyue Communications		
Investment Company Limited	—	6,346,356.14
Others	1,033,643.83	275,512.25
Total	11,500,820.13	14,184,452.91
Interest expense		
Guangdong South China Logistics		
Enterprise Company Limited	593,433.56	54,760.72
Guangdong Top-E Expressway Service		
Zone Company Limited	569,416.27	390,371.66
GVTG	292,245.60	131,990.75
Guangdong New Way advertising Company Limited	160,210.05	106,142.47
Others	142,227.08	214,077.37
Total	1,757,532.56	897,342.97

Pursuant to the relevant agreements, the Company centrally manages the funds from relevant bank accounts (the “Cash Pool Accounts”) of certain subsidiaries. The funds received are recorded as “other payables” and bear the same interest rate as demand deposit. Please refer to Note VI. 4(5) “Other payables-Cash pool” regarding related parties’ cash pool accounts information and the above regarding relevant interest expense.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(5) Amounts due from/to related parties

Caption	Related parties	As at 31	As at 31
		December 2014 RMB	December 2013 RMB
Account receivables	Guangdong South China Logistics		
	Enterprise Company Limited	43,694,324.99	41,298,947.20
	Guangdong Yueyun Jia Fu Industrial Ltd.	38,538,473.79	20,336,000.00
	Yueyun Transportation (HK) Company Limited	1,471,080.88	1,471,080.88
	Total	83,703,879.66	63,106,028.08
Account payables	Yueyun Transportation (HK) Company Limited	31,447,619.96	21,554,858.03
	Guangdong South China Logistics		
	Enterprise Company Limited	20,855,270.31	19,266,174.86
	Guangdong Yueyun Jia Fu Industrial Ltd.	1,555,124.96	—
	Total	53,858,015.23	40,821,032.89
Prepayments	Guangdong South China Logistics		
	Enterprise Company Limited	42,977,478.80	120,211,991.63
	Guangdong Yueyun Jia Fu Industrial Ltd.	—	5,577,048.16
	Total	42,977,478.80	125,789,039.79
Other receivables	Guangdong South China Logistics		
	Enterprise Company Limited	155,136,363.95	148,323,008.59
	GVTG	146,057,241.23	2,519,339.94
	Guangdong Province Transportation		
	Engineering Company Limited	51,531,521.85	48,472,457.00
	Yueyun Transportation (HK) Company Limited	43,634,307.15	1,199,979.71
	Others	366,697.31	819,529.96
	Total	396,726,131.49	201,334,315.20

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(5) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 31	As at 31
		December 2014	December 2013
		RMB	RMB
Other payables	GVTG	1,273,425.62	4,543,225.15
	Others	—	120,668.93
	Sub-total	1,273,425.62	4,663,894.08
Other payables	GVTG	116,484,413.56	28,763,358.83
	Guangdong South China Logistics		
	– Cash pool Enterprise Company Limited	268,747,917.59	319,117,642.69
	Guangdong Top-E Expressway		
	Service Zone Company Limited	288,296,240.68	134,727,184.41
	Guangdong New Way advertising		
	Company Limited	47,453,869.82	54,594,329.77
	Guangdong Jindaoda Expressway		
Economic Development Company Limited	36,230,155.97	16,130,411.41	
Guangdong Tongyi Landscape Co., Ltd.	2,967,217.41	13,224,771.37	
Sub-total	760,179,815.03	566,557,698.48	
Total	761,453,240.65	571,221,592.56	
Bills payable	Guangdong South China Logistics		
	Enterprise Company Limited	—	2,073,827.43

(6) Financial guarantees provided to a wholly-owned subsidiary

In 2014, the Company did not provide guarantees to its subsidiaries.

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 was RMB 128,000,000.00 and the unutilised amount was RMB 468,800,000.00.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(7) Compensation for key management personnels

The total compensation for the key management personnels this year is RMB 8,641,501.47 (2013: RMB 8,496,841.73).

Compensation for the directors and supervisors are as below:

Title and name	Note	2014			Total RMB
		Board expenses RMB	Basic Salaries and other allowances RMB	Retirement plan contributions RMB	
Executive director, Chairman of the Board Xuan Zongmin	(3)	—	648,854.06	67,432.05	716,286.11
Executive director, General manager Tang Yinghai	(2)	—	569,786.77	59,506.32	629,293.09
Executive director, Deputy general manager Yao Hanxiong	(4)	—	510,922.77	47,165.79	558,088.56
Executive director, Deputy general manager Fei Dachuan	(5)	—	517,672.77	59,588.40	577,261.17
Executive director Guo Junfa		—	868,376.00	27,313.20	895,689.20
Independent non- executive director Gui Shouping		—	60,000.00	—	60,000.00
Independent non- executive director Liu Shaobo		—	60,000.00	—	60,000.00

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(7) Compensation for key management personnels (Continued)

Title and name	Note	2014			Total RMB
		Board	Basic Salaries	Retirement	
		expenses	and other	plan	
RMB	RMB	contributions	RMB	RMB	
Independent non-executive director Peng Xiaolei		—	60,000.00	—	60,000.00
Independent non-executive director Jin Wenzhou	(7)	—	45,000.00	—	45,000.00
Supervisor Li Hui		—	314,067.00	43,004.69	357,071.69
Supervisor Ke Lin		—	494,052.64	58,085.11	552,137.75
Supervisor Lei Jian		—	363,336.40	42,733.44	404,069.84
Supervisor Zhang Anli	(8)	—	303,850.92	42,630.85	346,481.77
Supervisor Zhen Jianhui	(8)	—	293,634.84	39,807.64	333,442.48
Independent supervisor Bai Hua		—	48,000.00	—	48,000.00
Independent supervisor Lu Zhenghua		—	48,000.00	—	48,000.00

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(7) Compensation for key management personnels (Continued)

Title and name	Note	2013				Total RMB
		Board	Basic Salaries	Retirement		
		expenses RMB	and other allowances RMB	plan contributions RMB		
Executive director, General manager						
Xuan Zongmin	(3)	—	828,100.18	30,879.38	858,979.56	
Executive director						
Tang Yinghai	(2)	—	661,242.64	29,781.09	691,023.73	
Executive director						
Yao Hanxiong	(4)	—	401,442.00	63,002.30	464,444.30	
Executive director						
Guo Junfa		—	808,649.00	24,384.24	833,033.24	
Independent non- executive director						
Gui Shouping		—	60,000.00	—	60,000.00	
Independent non- executive director						
Liu Shaobo		—	60,000.00	—	60,000.00	
Independent non- executive director						
Peng Xiaolei		—	60,000.00	—	60,000.00	
Supervisor						
Li Hui		—	313,839.94	46,723.69	360,563.63	
Supervisor						
Ke Lin		—	631,322.35	25,848.72	657,171.07	

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(7) Compensation for key management personnels (Continued)

Title and name	Note	2013			Total RMB
		Board	Basic Salaries and other	Retirement	
		expenses RMB	allowances RMB	plan contributions RMB	
Supervisor					
Lei Jian		—	308,130.21	25,848.72	333,978.93
Supervisor					
Rao Fengsheng	(9)	—	380,587.40	62,047.88	442,635.28
Supervisor					
Zhang Li	(9)	—	184,498.11	19,695.80	204,193.91

(1) The compensation for the following key management personnels are not paid by the Company:

2014: Non-executive director Mr. Liu Wei (Note 6), Non-executive director Mr. Liu Hong (Note 7), Non-executive director Mr. Li Bin, Supervisor and Chairman of the board of supervisors Mr. You Xiaocong, Supervisor Ms. Li Haihong.

2013: Chairman of the Board Mr. Liu Wei (Note 6), Executive director Mr. Liu Hong, Executive director Mr. Wang Weibing, Executive director Mr. Deng Chongzheng, Executive director Mr. Zeng Gangqiang, Non-executive director Mr. Li Bin, Supervisor and Chairman of the board of supervisors Mr. You Xiaocong, Independent supervisor Mr. Baihua, Independent supervisor Ms. Lu Zhenghua, Supervisor Ms. Li Haihong.

(2) The salaries of Mr. Tang Yinghai included his salaries as both of executive director and general manager.

(3) Mr. Xuan Zongming was executive director and general manager in 2013, and became executive director and chairman of the Board in 2014.

(4) Mr. Yao Hanxiong was executive director in 2013, and became executive director and deputy general manager in 2014.

(5) Mr. Fei Dachuan was deputy general manager of the Company in 2013, and became executive director and deputy general manager of the Company since April 2014.

(6) Mr. Liu Wei was chairman of the Board in 2013, and became non-executive director in 2014.

(7) Mr. Liu Hong and Mr. Jin Wenzhou became non-executive directors of the Company since April 2014.

(8) Ms. Zhang Anli and Mr. Zhen Jianhui became supervisors of the Company since April 2014.

(9) Mr. Rao Fengsheng and Ms. Zhang Li were supervisors of the Company. They left their position on 30 May 2013 upon expiry of their tenures.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Company (Continued)

(7) Compensation for key management personnels (Continued)

Apart from the above directors and supervisors, the compensation for other key management personnels of the Company is as follows:

	2014	2013
	RMB	RMB
Other key management personnels	<u>2,948,679.81</u>	<u>3,470,818.08</u>

Note 1: 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.

Note 2: During the year, 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.

Three (2013: three) of the Group's top five highest paid people are directors. The compensation for the remaining two (2013: two) are as follows:

	2014	2013
	RMB	RMB
Basic salaries and other allowances	1,278,448.66	1,247,499.42
Retirement plan contributions	<u>76,382.17</u>	<u>82,539.12</u>
Total	<u>1,354,830.83</u>	<u>1,330,038.54</u>

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. COMMITMENTS

(1) Capital commitments

The Group

	2014 RMB	2013 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	50,840,270.84	112,841,186.19
Capital commitments that have been approved but have not been entered into	<u>87,225,394.93</u>	—
Total	<u><u>138,065,665.77</u></u>	<u><u>112,841,186.19</u></u>

The Company

	2014 RMB	2013 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	—	460,669.28
Capital commitments that have been approved but have not been entered into	<u>303,091.14</u>	—
Total	<u><u>303,091.14</u></u>	<u><u>460,669.28</u></u>

VII. COMMITMENTS (Continued)

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties were payable as follows:

The Group

	2014	2013
	RMB	RMB
Within 1 year (inclusive)	100,634,355.87	93,664,898.99
After 1 year but within 2 years (inclusive)	96,347,923.87	87,068,428.53
After 2 years but within 3 years (inclusive)	91,199,961.79	86,452,679.34
After 3 years	1,010,141,004.71	1,053,043,158.08
Total	1,298,323,246.24	1,320,229,164.94

The Company

	2014	2013
	RMB	RMB
Within 1 year (inclusive)	2,317,431.00	1,885,423.80
After 1 year but within 2 years (inclusive)	2,317,431.00	615,615.00
After 2 years but within 3 years (inclusive)	615,615.00	615,615.00
After 3 years	4,258,003.75	4,873,618.75
Total	9,508,480.75	7,990,272.55

VIII. OTHER SIGNIFICANT MATTERS

1 Risk analysis and sensitivity analysis to financial instruments

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. 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. Normally, the Group does not obtain collateral from customers.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(1) Credit risk (Continued)

The credit losses of the Group's customers have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as maturity date.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, 30.74% and 46.72% (2013: 40.77% and 47%) of the total accounts receivable and other receivables were due from the five largest customers of the Group and the Company, respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the balance sheet. The Group and the Company does not provide any other guarantees which would expose the Group and the Company to credit risk.

(2) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(2) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group

	2014				Carrying amount at balance sheet date
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Short-term loans	(289,076,427.37)	—	—	(289,076,427.37)	(285,749,912.78)
Bills payable	(319,317,371.36)	—	—	(319,317,371.36)	(319,317,371.36)
Accounts payable and other payables	(1,508,093,698.59)	—	—	(1,508,093,698.59)	(1,508,093,698.59)
Taxes payable	(168,433,156.47)	—	—	(168,433,156.47)	(168,433,156.47)
Employee benefits payable	(146,784,610.23)	—	—	(146,784,610.23)	(146,784,610.23)
Interest payable	(5,157,354.24)	—	—	(5,157,354.24)	(5,157,354.24)
Non-current liabilities due within one year	(408,427,901.34)	—	—	(408,427,901.34)	(407,200,368.97)
Dividends payable	(22,183,255.35)	—	—	(22,183,255.35)	(22,183,255.35)
Long-term loans	(19,997,558.97)	(331,553,017.53)	—	(351,550,576.50)	(299,529,507.68)
Long-term payables	—	(41,169,683.48)	(53,934.00)	(41,223,617.48)	(41,223,617.48)
Long-term employee benefits payable	—	(17,389,093.05)	(229,661,360.46)	(247,050,453.51)	(181,699,822.62)
Total	(2,887,471,333.92)	(390,111,794.06)	(229,715,294.46)	(3,507,298,422.44)	(3,385,372,675.77)

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(2) *Liquidity risk* (Continued)

The Group (Continued)

	2013				Carrying amount at balance sheet date
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Short-term loans	(632,731,274.70)	—	—	(632,731,274.70)	(626,554,858.03)
Bills payable	(453,403,442.66)	—	—	(453,403,442.66)	(453,403,442.66)
Accounts payable and other payables	(1,229,796,745.44)	—	—	(1,229,796,745.44)	(1,229,796,745.44)
Taxes payable	(130,080,294.75)	—	—	(130,080,294.75)	(130,080,294.75)
Employee benefits payable	(117,969,504.01)	—	—	(117,969,504.01)	(117,969,504.01)
Dividends payable	(27,108,564.15)	—	—	(27,108,564.15)	(27,108,564.15)
Interest payable	(2,535,638.24)	—	—	(2,535,638.24)	(2,535,638.24)
Non-current liabilities due within one year	(41,928,118.84)	—	—	(41,928,118.84)	(47,147,372.48)
Bonds payable	(18,386,268.55)	(314,437,810.39)	—	(332,824,078.94)	(298,024,078.94)
Long-term loans	(5,487,842.61)	(99,690,253.04)	—	(105,178,095.65)	(87,916,694.66)
Long-term payables	—	(58,607,675.17)	—	(58,607,675.17)	(58,607,675.17)
Long-term employee benefits payable	—	(12,654,730.58)	(24,610,436.86)	(37,265,167.44)	(26,484,125.99)
Total	(2,659,427,693.95)	(485,390,469.18)	(24,610,436.86)	(3,169,428,599.99)	(3,102,425,680.07)

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(2) Liquidity risk (Continued)

The Company

	2014				Carrying amount at balance sheet date
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Short-term loans	(202,012,500.00)	—	—	(202,012,500.00)	(200,000,000.00)
Bills payable	(221,317,371.36)	—	—	(221,317,371.36)	(221,317,371.36)
Accounts payable and other payables	(917,876,648.07)	—	—	(917,876,648.07)	(917,876,648.07)
Employee benefits payable	(18,778,140.46)	—	—	(18,778,140.46)	(18,778,140.46)
Taxes payable	(10,880,883.30)	—	—	(10,880,883.30)	(10,880,883.30)
Interest payable	(604,666.58)	—	—	(604,666.58)	(604,666.58)
Long-term loans	(7,200,000.00)	(131,440,000.00)	—	(138,640,000.00)	(120,000,000.00)
Total	(1,378,670,209.77)	(131,440,000.00)	—	(1,510,110,209.77)	(1,489,457,709.77)

	2013				Carrying amount at balance sheet date
	Contractual undiscounted cash flow				
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Short-term loans	(492,463,333.33)	—	—	(492,463,333.33)	(480,000,000.00)
Bills payable	(327,477,270.09)	—	—	(327,477,270.09)	(327,477,270.09)
Accounts payable and other payables	(1,036,980,733.93)	—	—	(1,036,980,733.93)	(1,036,980,733.93)
Interest payable	(896,111.08)	—	—	(896,111.08)	(896,111.08)
Employee benefits payable	(17,998,637.25)	—	—	(17,998,637.25)	(17,998,637.25)
Taxes payable	(40,483,968.20)	—	—	(40,483,968.20)	(40,483,968.20)
Total	(1,916,300,053.88)	—	—	(1,916,300,053.88)	(1,903,836,720.55)

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(3) Interest rate risk

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) As at 31 December, the following interest-bearing financial instruments were held:

The Group

Fixed rate instruments:

Item	2014		2013	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial liabilities				
– Short-term loans	6.00%	(279,901,399.44)	5.60% - 6.00%	(517,054,858.03)
– Long-term loans	6.15% - 7.50%	<u>(16,653,050.82)</u>	6.15%	<u>(16,545,194.72)</u>
Total		<u>(296,554,450.26)</u>		<u>(533,600,052.75)</u>

Variable rate instruments:

Item	2014		2013	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets				
– Cash at bank	0.35%	1,756,975,329.07	0.35%	1,704,478,496.07
Financial liabilities				
– Short-term loans	5.60% - 8.10%	(5,848,513.34)	6.00% (Note)	(109,500,000.00)
– Long-term loans	5.54% - 8.30%	<u>(337,024,847.44)</u>	5.54% - 7.04%	<u>(109,679,930.73)</u>
Total		<u>1,414,101,968.29</u>		<u>1,485,298,565.34</u>

Note: The interest rates of short-term loans held by the Group are same as the benchmark loan interest rates announced by the People's Bank of China at the drawdown dates of the loans and are adjusted annually.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(3) Interest rate risk (Continued)

(a) As at 31 December, the following interest-bearing financial instruments were held: (Continued)

The Company

Fixed rate instruments:

Item	2014		2013	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial liabilities				
– Short-term loans	6.00%	<u>(200,000,000.00)</u>	5.60% - 6.00%	<u>(480,000,000.00)</u>

Variable rate instruments:

Item	2014		2013	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets				
– Cash at bank	0.35%	843,394,736.28	0.35%	1,204,800,819.57
Financial liabilities				
– Long-term loans	6.00% (Note)	<u>(120,000,000.00)</u>		<u>—</u>
Total		<u>723,394,736.28</u>		<u>1,204,800,819.57</u>

Note: The interest rate of long-term loans held by the Company are same as the benchmark loan interest rates announced by the People's Bank of China at the drawdown dates of the loans and are adjusted annually.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(3) Interest rate risk (Continued)

(b) Sensitivity analysis

As at 31 December 2014, it is estimated that a general increase of 25 basis points in interest rates, with all other variables held constant, would increase the equity and net profit of the Group and the Company:

	The Group		The Company	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Equity	2,651,441.19	2,784,934.81	1,356,365.13	2,259,001.54
Net profit	2,651,441.19	2,784,934.81	1,356,365.13	2,259,001.54

As at 31 December 2014, it is estimated that a general decrease of 25 basis points in interest rates, with all other variables held constant, would lead to a same amount but reverse change with it is mentioned about to equity and net profit of the Company.

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group or the Company which expose the Group or the Company to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group or the Company at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(4) Foreign currency risk

The functional currency of the Group's Hong Kong subsidiaries is HKD, while, it is RMB for the Group's other subsidiaries. In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) As at 31 December, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

The Group

	2014			2013		
	RMB	USA	HKD	RMB	USA	HKD
Cash at bank and on hand	48,136,891.91	2,786,523.52	2,918.86	42,070,498.76	1,762,583.18	2,908.59
Accounts receivable	2,722,489.68	—	—	8,218,741.93	—	—
Other receivables	686,474.00	—	—	499,789.00	—	—
Prepayments	1,893,033.84	—	—	—	—	—
Short-term loans	—	(12,201,406.67)	—	—	(21,559,531.78)	—
Accounts payable	(896,573.70)	(18,263,991.20)	—	(5,953,108.46)	—	—
Advances from customers	(1,143,749.09)	—	—	—	—	—
Other payables	(2,387,429.43)	—	—	(3,736,507.67)	—	—
Gross balance sheet exposure	<u>49,011,137.21</u>	<u>(27,678,874.35)</u>	<u>2,918.86</u>	<u>41,099,413.56</u>	<u>(19,796,948.60)</u>	<u>2,908.59</u>

There were no assets and liabilities denominated in foreign currencies for the Company as at 31 December 2014 and 31 December 2013.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(4) Foreign currency risk (Continued)

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Reporting date	
			mid-spot rate	
	2014	2013	2014	2013
RMB	1.0000	1.0000	1.0000	1.0000
USD	6.1211	6.1912	6.1190	6.0969
HKD	0.7876	0.7985	0.7889	0.7862

(c) Sensitivity analysis

(i) For subsidiaries adopt RMB as functional currency, assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and HK dollar at 31 December would have increased (decreased) the Group's and the Company's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the year-end date:

As at 31 December 2014

	Equity		Net profit	
	The Group	The Company	The Group	The Company
USD	1,037,957.79	—	1,037,957.79	—
HKD	(109.46)	—	(109.46)	—
Total	<u>1,037,848.33</u>	<u>—</u>	<u>1,037,848.33</u>	<u>—</u>

As at 31 December 2013

	Equity		Net profit	
	The Group	The Company	The Group	The Company
USD	742,385.57	—	742,385.57	—
HKD	(109.07)	—	(109.07)	—
Total	<u>742,276.50</u>	<u>—</u>	<u>742,276.50</u>	<u>—</u>

A 5% weakening of the Renminbi against the US dollar and HK dollar at 31 December would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

1 Risk analysis and sensitivity analysis to financial instruments (Continued)

(4) Foreign currency risk (Continued)

(c) Sensitivity analysis (Continued)

- (ii) For subsidiaries adopt HKD as functional currency, assuming all other risk variables remained constant, a 5% strengthening of the HK dollar against the RMB at 31 December would have increased (decreased) the Group's and the Company's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the year-end date:

As at 31 December 2014

	Equity		Net profit	
	The Group	The Company	The Group	The Company
RMB	<u>1,837,917.65</u>	<u>—</u>	<u>1,837,917.65</u>	<u>—</u>

As at 31 December 2013

	Equity		Net profit	
	The Group	The Company	The Group	The Company
RMB	<u>1,541,228.01</u>	<u>—</u>	<u>1,541,228.01</u>	<u>—</u>

A 5% weakening of the HK dollar against RMB at 31 December would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group or the Company which expose the Group or the Company to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

2 Fair value disclosure

(a) Levels of fair value

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

- Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;
- Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;
- Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(i) Fair value of assets and liabilities measured at fair value at the end of the year

As at 31 December 2014

Assets	Note V	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Available-for-sale financial assets					
Available-for-sale equity instruments	10	<u>7,675,494.60</u>	<u>—</u>	<u>—</u>	<u>7,675,494.60</u>

As at 31 December 2013

Assets	Note V	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Available-for-sale financial assets					
Available-for-sale equity instruments	10	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

During the year ended 31 December 2014, there were no significant transfers of financial instruments between Level 1 and Level 2. During 2014, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

VIII. OTHER SIGNIFICANT MATTERS (Continued)

2 Fair value disclosure (Continued)

(a) Levels of fair value (Continued)

(ii) Fair value of financial assets and liabilities not measured at fair value

Other financial assets and liabilities of the Group and the Company mainly include: Cash at bank and on hand, receivables, equity investment classified as available-for-sale financial assets and payables. Except for the available-for-sale equity instruments, there is no significant difference between the carrying amount and fair values of the above financial assets and liabilities since their maturities are short. Since the fair value of the available-for-sale equity instruments is not available, such equity instruments are accounted for using the cost method by the Group and the Company.

3 Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders. The Group's capital structure is regularly reviewed and managed to maintain a health net debt-to-capital ratio. The Group's net debt is defined as total debt minus cash at bank and on hand. Shareholders' equity represents equity attributable to shareholders of the Company presented in statement of changes in shareholders' equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or fund new borrowings to decrease liability.

Cash at bank and on hand and liabilities as at 31 December 2014 is as follows:

	Note V	2014 RMB	2013 RMB
Cash at bank and on hand		1,773,706,526.84	1,717,993,999.71
Less: Short-term loans		285,749,912.78	626,554,858.03
Long-term loans within one year	30	54,148,390.58	38,308,430.78
Bonds payable within one year	30	299,073,061.26	—
Long-term loans		299,529,507.68	87,916,694.66
Bonds payable		—	298,024,078.94
Total loans		938,500,872.30	1,050,804,062.41
Net cash at bank and on hand		835,205,654.54	667,189,937.30

VIII. OTHER SIGNIFICANT MATTERS (Continued)

4 Post balance sheet date events

(1) *Business combination after the balance sheet date*

According to the Share Transfer Agreement entered into by the Group, the State-owned Assets Supervision and Administration Committee of the People's Government of Shanwei City ("Shanwei City SASAC") and Shanwei City Shanyun Vehicles Transportation Co. Ltd. ("Shanyun") on 28 January 2015, the Group shall acquire 51% equity interests in Shanyun from Shanwei City SASAC for a consideration of approximately RMB66,840,000.00.

(2) *Payment of cash dividends of ordinary shares proposed after the balance sheet date*

The Board of Directors recommended on 25 March 2015 the payment of the cash dividend of RMB 0.15 before tax per share (2013: RMB 0.10 before tax per share) to the Company's ordinary shareholders based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014, totaling RMB 62,646,280.05 (2013: RMB 41,764,186.70). The above proposal is subject to approval by the shareholders at the annual general meeting. Such cash dividends are not recognised as a liability at the balance sheet date.

(3) *Distribution of share dividends of ordinary shares converted into share capital proposed after the balance sheet date*

The Board of Directors recommended on 25 March 2015 the distribution of share dividends to the Company's ordinary shareholders, where the Company issues two bonus shares for every 10 shares by way of capitalization of retained earnings and three shares for every 10 shares by way of capitalization of share premiums based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014. The issuance and conversion of bonus shares result in an increase in share capital of RMB 208,820,933.00, a decrease in retained earnings of RMB 83,528,373.00, and a decrease in capital reserve of RMB 125,292,560.00. The above proposal is subject to approval by the shareholders at the annual general meeting.

IX SUPPLEMENTARY INFORMATION ON CHANGES IN ACCOUNTING POLICIES

The Group changed relevant accounting policies and made retrospective adjustments where required on comparative financial statements in accordance with CAS 2 (2014), CAS 9 (2014), CAS 37 (2014), CAS 41 and relevant application guidances, and Caikuai [2014] No. 13 issued or amended by MOF in 2014. The restated balance sheets are as follows:

The Group

	31 December	31 December	1 January
	2014	2013	2013
	RMB	RMB	RMB
		Restated	Restated
Assets			
Current assets:			
Cash at bank and on hand	1,773,706,526.84	1,717,993,999.71	1,262,848,441.36
Bills receivable	1,500,000.00	5,000,000.00	22,090,366.56
Accounts receivable	668,287,137.36	752,645,715.22	731,119,119.17
Prepayments	188,767,804.38	524,893,262.66	143,217,738.68
Other receivables	298,713,423.99	210,531,999.01	296,890,221.41
Inventories	153,138,610.49	175,705,590.22	139,912,918.40
Non-current assets due within one year	7,985,219.32	734,786.40	—
Other current assets	17,036,912.36	9,341,397.14	23,370,076.66
Total current assets	3,109,135,634.74	3,396,846,750.36	2,619,448,882.24
Non-current assets:			
Long-term receivables	35,458,574.50	—	—
Long-term equity investments	204,665,915.87	204,614,480.91	188,628,789.36
Available-for-sale financial assets	8,238,722.82	563,228.22	1,550,540.68
Investment properties	152,693,971.95	65,511,714.03	42,540,117.76
Fixed assets	1,738,940,439.54	1,367,390,427.02	1,201,230,256.06
Construction in progress	172,616,315.39	147,438,556.91	126,354,825.87
Intangible assets	820,725,330.31	614,492,984.64	567,928,835.67
Goodwill	84,597,291.76	61,206,135.90	27,229,945.36
Long-term deferred expenses	25,994,397.66	37,430,177.90	30,777,739.82
Deferred tax assets	191,265,434.64	170,269,350.37	158,132,240.10
Other non-current assets	208,747,950.30	111,171,889.92	53,600,406.11
Total non-current assets	3,643,944,344.74	2,780,088,945.82	2,397,973,696.79
Total assets	6,753,079,979.48	6,176,935,696.18	5,017,422,579.03

IX SUPPLEMENTARY INFORMATION ON CHANGES IN ACCOUNTING POLICIES

(Continued)

The Group (Continued)

	31 December	31 December	1 January
	2014	2013	2013
	RMB	RMB	RMB
		Restated	Restated
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	285,749,912.78	626,554,858.03	10,400,000.00
Bills payable	319,317,371.36	453,403,442.66	848,060,316.34
Accounts payable	961,762,867.70	917,633,504.96	824,154,984.10
Advances from customers	334,744,357.78	623,748,827.75	88,406,448.64
Employee benefits payable	146,784,610.23	117,969,504.01	96,405,561.72
Taxes payable	168,433,156.47	130,080,294.75	101,778,908.59
Interests payable	5,157,354.24	2,535,638.24	1,450,000.00
Dividends payable	22,183,255.35	27,108,564.15	36,495,530.40
Other payables	546,330,830.89	312,163,240.48	364,942,281.13
Non-current liabilities due within one year	411,602,480.02	47,147,372.48	46,694,270.97
Total current liabilities	3,202,066,196.82	3,258,345,247.51	2,418,788,301.89
Non-current liabilities:			
Long-term loans	299,529,507.68	87,916,694.66	69,732,489.66
Bonds payable	—	298,024,078.94	297,037,810.39
Long-term payables	41,223,617.48	58,607,675.17	17,506,715.86
Provisions	—	—	979,200.00
Long-term employee benefits payable	181,699,822.62	26,484,125.99	29,144,807.95
Deferred tax liabilities	31,129,102.06	7,894,283.45	7,193,940.84
Deferred income	285,528,984.00	228,773,308.30	218,831,229.69
Total non-current liabilities	839,111,033.84	707,700,166.51	640,426,194.39
Total liabilities	4,041,177,230.66	3,966,045,414.02	3,059,214,496.28

IX SUPPLEMENTARY INFORMATION ON CHANGES IN ACCOUNTING POLICIES

(Continued)

The Group (Continued)

	31 December	31 December	1 January
	2014	2013	2013
	RMB	RMB	RMB
		Restated	Restated
Liabilities and shareholders' equity (Continued)			
Shareholders' equity:			
Share capital	417,641,867.00	417,641,867.00	417,641,867.00
Other equity instruments	281,810,000.00	281,810,000.00	281,810,000.00
Capital reserve	170,451,076.51	172,076,352.20	171,724,816.70
Other comprehensive income	(37,962,427.11)	(38,886,623.71)	(34,773,808.84)
Specific reserve	22,864,907.64	14,833,820.53	9,771,609.17
Surplus reserve	136,839,287.38	130,421,930.77	122,766,499.46
Retained earnings	669,480,517.83	517,684,409.50	411,164,608.79
Total equity attributable to shareholders of the Company	1,661,125,229.25	1,495,581,756.29	1,380,105,592.28
Non-controlling interests	1,050,777,519.57	715,308,525.87	578,102,490.47
Total shareholders' equity	2,711,902,748.82	2,210,890,282.16	1,958,208,082.75
Total liabilities and shareholders' equity	6,753,079,979.48	6,176,935,696.18	5,017,422,579.03

IX SUPPLEMENTARY INFORMATION ON CHANGES IN ACCOUNTING POLICIES

(Continued)

The Company

	31 December 2014 RMB	31 December 2013 RMB Restated	1 January 2013 RMB Restated
Assets			
Current assets:			
Cash at bank and on hand	843,395,937.87	1,204,812,278.53	768,274,457.86
Bills receivable	1,300,000.00	5,000,000.00	16,953,962.80
Accounts receivable	355,589,986.51	448,979,488.81	544,769,717.95
Prepayments	59,947,954.08	203,441,882.37	139,877,384.48
Other receivables	428,471,288.71	245,627,902.06	331,791,115.22
Inventories	33,430,248.59	83,582,043.31	93,894,712.38
Other current assets	3,628,030.91	—	4,626,815.68
Total current assets	<u>1,725,763,446.67</u>	<u>2,191,443,595.08</u>	<u>1,900,188,166.37</u>
Non-current assets:			
Long-term equity investments	803,848,951.98	799,140,755.21	795,556,512.57
Available-for-sale financial assets	777,412.45	777,412.45	777,412.45
Fixed assets	4,102,293.64	3,867,674.12	4,941,768.41
Construction in progress	241,523.95	10,365,330.46	2,480,000.00
Intangible assets	164,104,686.38	191,690,587.40	207,322,623.42
Long-term deferred expenses	11,026,231.52	8,205,738.45	16,968,665.16
Deferred tax assets	141,389,770.29	135,404,942.08	129,917,883.70
Total non-current assets	<u>1,125,490,870.21</u>	<u>1,149,452,440.17</u>	<u>1,157,964,865.71</u>
Total assets	<u>2,851,254,316.88</u>	<u>3,340,896,035.25</u>	<u>3,058,153,032.08</u>

IX SUPPLEMENTARY INFORMATION ON CHANGES IN ACCOUNTING POLICIES

(Continued)

The Company (Continued)

	31 December 2014 RMB	31 December 2013 RMB Restated	1 January 2013 RMB Restated
Liabilities and shareholders' equity			
Current liabilities:			
Short-term loans	200,000,000.00	480,000,000.00	—
Bills payable	221,317,371.36	327,477,270.09	848,060,316.34
Accounts payable	131,040,998.59	438,870,540.68	534,550,344.49
Advances from customers	34,107,156.14	128,566,243.07	42,885,596.98
Employee benefits payable	18,778,140.46	17,998,637.25	12,298,804.97
Taxes payable	10,880,883.30	40,483,968.20	64,521,749.67
Interests payable	604,666.58	896,111.08	—
Other payables	786,835,649.48	598,110,193.25	302,574,984.17
Total current liabilities	1,403,564,865.91	2,032,402,963.62	1,804,891,796.62
Non-current liabilities:			
Long-term loans	120,000,000.00	—	—
Total non-current liabilities	120,000,000.00	—	—
Total liabilities	1,523,564,865.91	2,032,402,963.62	1,804,891,796.62
Shareholders' equity:			
Share capital	417,641,867.00	417,641,867.00	417,641,867.00
Other equity instruments	281,810,000.00	281,810,000.00	281,810,000.00
Capital reserve	262,889,247.11	263,284,147.15	262,889,247.11
Surplus reserve	134,361,198.52	127,943,841.91	120,288,410.60
Retained earnings	230,987,138.34	217,813,215.57	170,631,710.75
Total shareholders' equity	1,327,689,450.97	1,308,493,071.63	1,253,261,235.46
Total liabilities and shareholders' equity	2,851,254,316.88	3,340,896,035.25	3,058,153,032.08



廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited