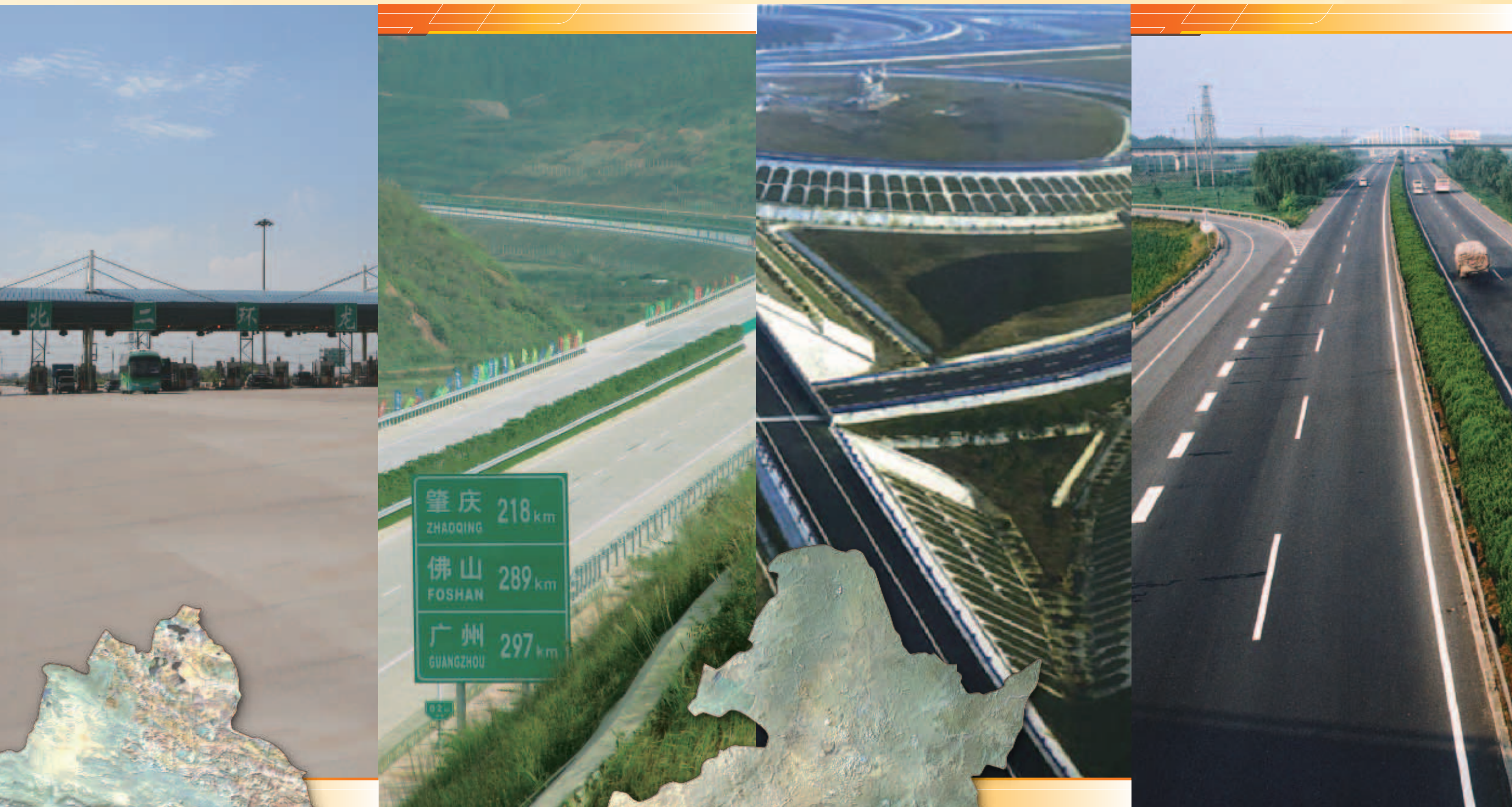
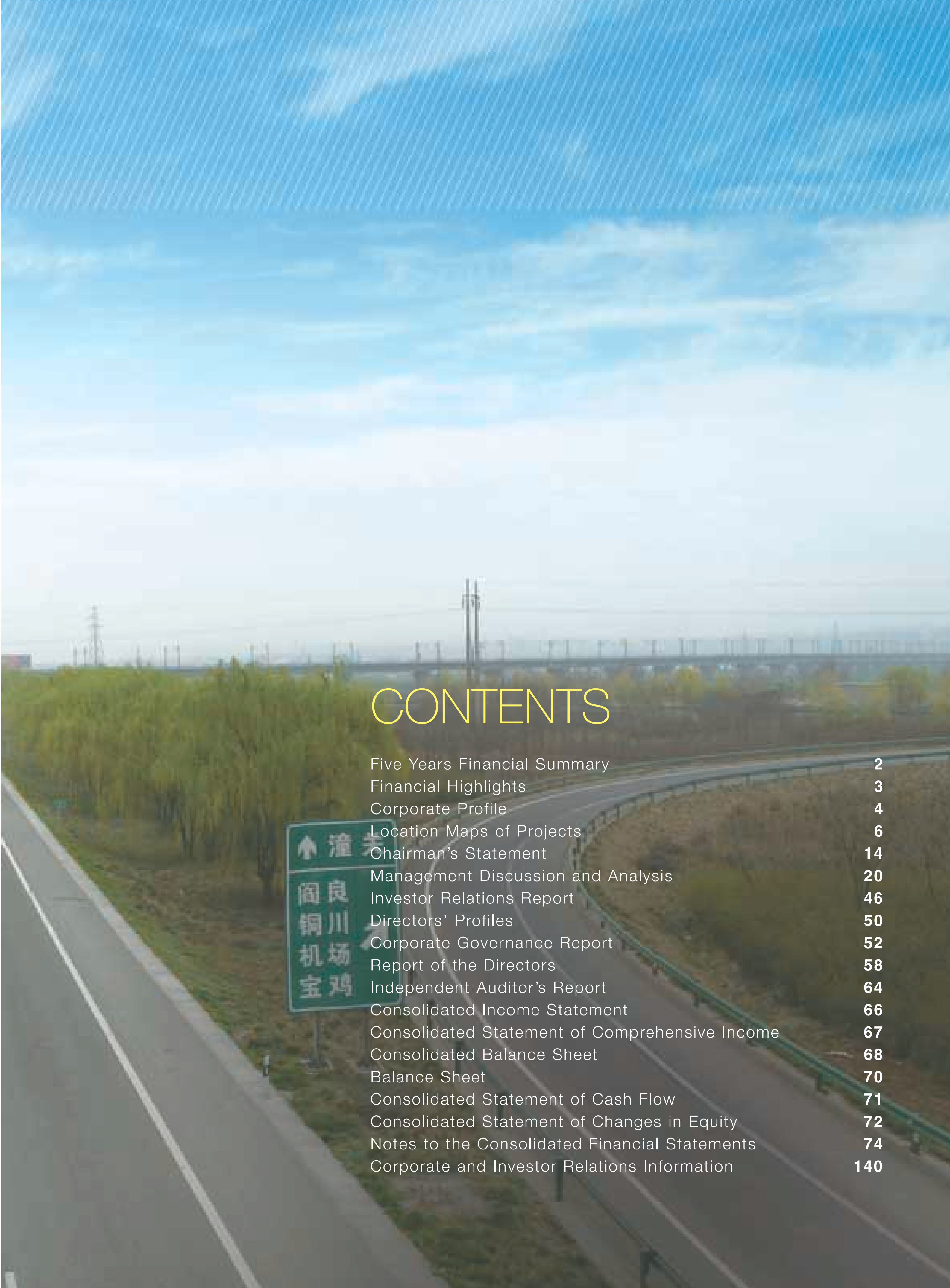
越秀交通基建有限公司

Yuexiu Transport Infrastructure Limited

(Stock Code: 01052)



ANNUAL REPORT 2011



CONTENTS

FIVE YEARS FINANCIAL SUMMARY

INCOME STATEMENT

Year ended 31 December

(RMB'000)	2011	2010	2009 (Restated)	2008 (Restated)	2007 (Restated)
Revenue	**1,321,997**	1,252,665	1,000,746	922,371	815,397
Earnings before interests, tax, depreciation and amortisation ("EBITDA")[1]	**1,182,515**	1,141,945	937,753	954,825	854,907
Profit before income tax	**859,278**	848,055	582,207	760,302	604,535
Profit for the year	**725,061**	701,736	498,727	680,265	525,981
Profit attributable to:					
Shareholders of the Company	**558,212**	534,544	382,350	552,369	460,629
Non-controlling interests	**166,849**	167,192	116,377	127,896	65,352
Basic earnings per share for profit attributable to the shareholders of the Company	**RMB0.3336**	RMB0.3195	RMB0.2285	RMB0.3300	RMB0.3521
Dividend per share	**RMB0.114**	RMB0.187	RMB0.141	RMB0.145	RMB0.126

BALANCE SHEET

As at 31 December

(RMB'000)	2011	2010	2009 (Restated)	2008 (Restated)	2007 (Restated)
Total Assets	**16,147,403**	13,842,966	12,152,740	10,714,955	10,600,340
Total Liabilities	**6,187,997**	4,156,148	2,692,150	1,849,763	2,003,329
Total Equity	**9,959,406**	9,686,818	9,460,590	8,865,192	8,597,011
Equity attributable to:					
Shareholders of the Company	**7,933,853**	7,813,584	7,619,861	7,407,705	7,202,966
Non-controlling interests	**2,025,553**	1,873,234	1,840,729	1,457,487	1,394,045
Net assets per share to shareholders of the Company	**RMB4.74**	RMB4.67	RMB4.55	RMB4.43	RMB4.31

FINANCIAL RATIOS

Year ended 31 December

	2011	2010	2009 (Restated)	2008 (Restated)	2007 (Restated)
Return on equity attributable to shareholders of the Company	**7.04%**	6.84%	5.02%	7.20%	6.40%
Interest Coverage	**8 times**	20 times	15 times	15 times	16 times
Gearing ratio[2]	**28.4%**	8.40%	Net Cash	Net Cash	Net Cash
Debt ratio[3]	**38.3%**	30.0%	22.2%	17.3%	18.9%

1: EBITDA includes profit from associates and jointly controlled entity, but excludes non-cash gains and losses.

2: (Total debts - cash and cash equivalent) ÷ (Total debts - cash and cash equivalent + equity attributable to shareholders of the Company)

3: total liabilities ÷ total assets

FINANCIAL HIGHLIGHTS

RESULTS HIGHLIGHTS FOR 2011

5.5%

Revenue*
RMB1,322 million

14.9%

Gross profit*
RMB887 million

5.5 percentage point

Gross margin*
67.1%

21.0%

Operating profit
RMB822 million

4.4%

Profit attributable to shareholders of the Company
RMB558 million

4.4%

Earnings per share
RMB0.3336

16.6%

Total assets
RMB16.15 billion

1.5%

Net assets per share
RMB4.74

* from toll operation

CORPORATE PROFILE

- 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited)
  - 100%
  - Yue Xiu Enterprises (Holdings) Limited
    - 60.65%
- Public
  - 39.35%

Yuexiu Transport Infrastructure Limited

Expressway / Bridge / Port

- • GNSR Expressway / 60%
- • Xian Expressway / 100%
- • Cangyu Expressway / 100%
- • Jinbao Expressway / 60%
- • Han-Xiao Expressway / 90%
- • Changzhu Expressway / 90%
- • Wuzhou Port / 51%
- • Weixu Expressway / 100%[2]

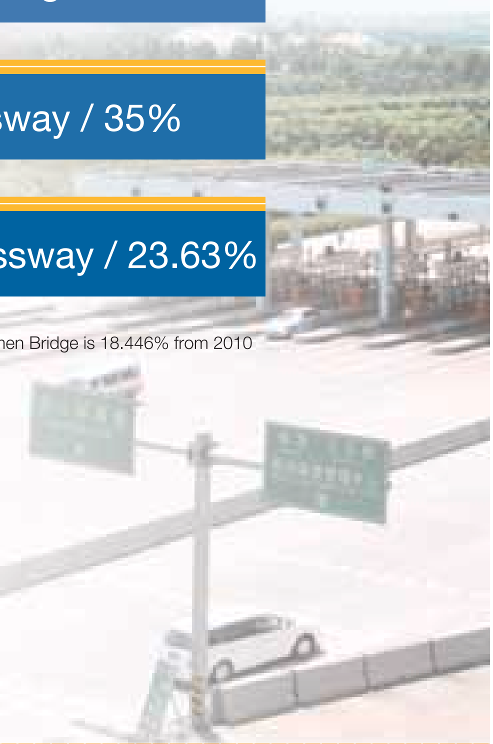
- ▲ Northern Ring Road / 24.3%
- ▲ Humen Bridge / 27.78%[1]
- ▲ Shantou Bay Bridge / 30%
- ▲ GWSR Expressway / 35%
- ▲ Qinglian Expressway / 23.63%

(1) The Group's profit sharing ratio in Humen Bridge is 18.446% from 2010 onwards.

(2) Pending approval

● subsidiaries

▲ associates and jointly controlled entity

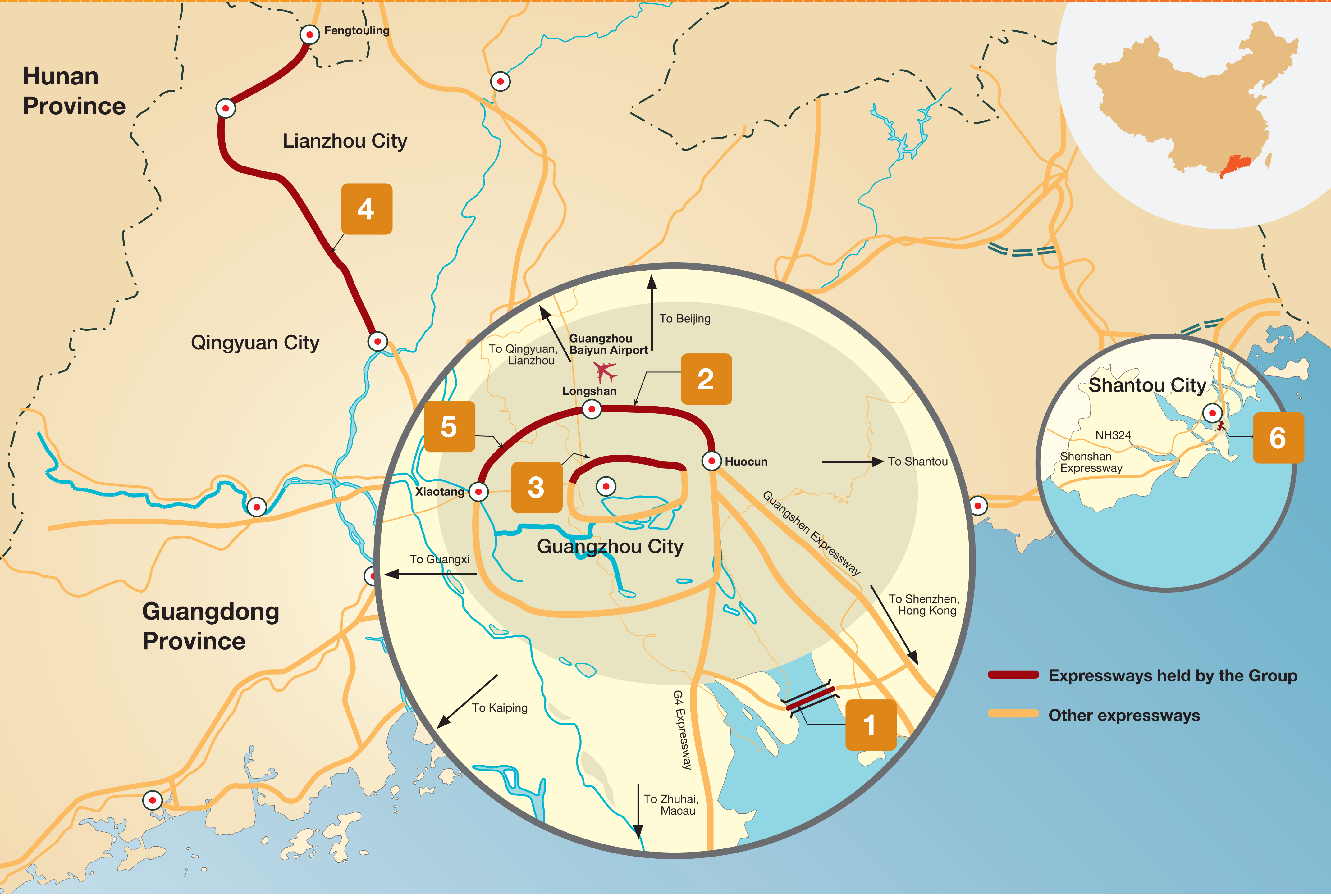


CORPORATE PROFILE

Yuexiu Transport Infrastructure Limited ("Company") (formerly known as GZI Transport Limited) and its subsidiaries (collectively, "Group") are principally engaged in investment, operation and management of toll expressways and bridges in Guangdong Province and other high-growth provinces in the People's Republic of China ("PRC").

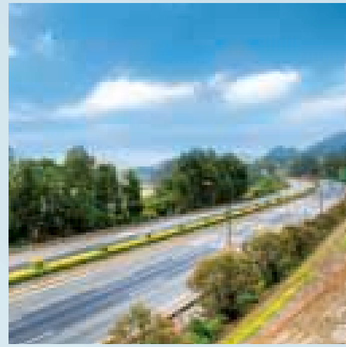
As at 31 December 2011, excluding the Weixu Expressway of which the equity transfer contract that the Group signed in October 2011 and currently pending approval, the Group had a total of 11 investments in its operating toll road and bridge projects which included Guangzhou Northern Ring Road ("Northern Ring Road"), Guangzhou Northern Second Ring Expressway ("GNSR Expressway"), Guangzhou Western Second Ring Expressway ("GWSR Expressway"), Guangdong Humen Bridge ("Humen Bridge"), Shantou Bay Bridge and Qinglian Expressway ("Qinglian Expressway"), all of which are located within Guangdong Province; Xian to Lintong Expressway in Shaanxi Province ("Xian Expressway"); Cangyu Expressway in Guangxi Zhuang Autonomous Region ("Cangyu Expressway"); Jinbao Expressway in Tianjin Municipality ("Jinbao Expressway"); Han-Xiao Expressway in Hubei Province ("Han-Xiao Expressway"), and Changzhu Expressway in Hunan Province ("Changzhu Expressway"). Total attributable length of the Group's toll roads and bridges as at 31 December 2011 was approximately 237.0 km (total attributable length would be 301.3 km if Weixu Expressway is included). Moreover, the Group has also invested in a terminal project located in the Chishuixu operation area of the Wuzhou port ("Wuzhou Port").

Location Maps of Projects



1 Humen Bridge

is an expressway of approximately 15.8 km long with a six-lane suspension bridge linking Panyu District of Guangzhou Municipality and Dongguan City. Its two ends are connected to the GS Superhighway and Guangzhou Zhuhai Eastern Expressway.



2 GNSR Expressway

is a six-lane 42.5 km expressway with nine intersections which connects eleven provincial, national highways and expressways in the north of Guangzhou Municipality.

3 Northern Ring Road

is located in the urban area of Guangzhou City with total length of approximately 22.0 km with six lanes. It links the GS Superhighway in the east and the Guangzhou Foshan Expressway in the west.

4 Qinglian Expressway

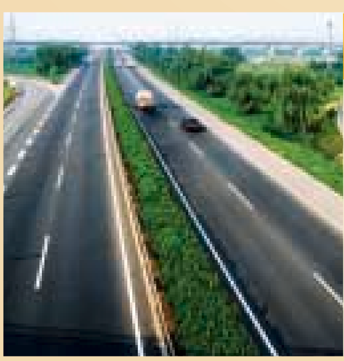
consists of an expressway of approximately 215.2 km long with four lanes and a Class II Highway of approximately 253.0 km long with two lanes. They are located in the northwestern part of Guangdong Province and is a major access connecting Guangdong Province and Hunan Province.

5 GWSR Expressway

is a 42.1 km expressway with six lanes in dual direction which connected to GNSR Expressway, Jingzhu Expressway, Guanghua Expressway, New Airport Expressway, Guangsan Expressway and National Highways 324, 321,105,106,107.

6 Shantou Bay Bridge

is a six-lane bridge of approximately 6.5 km long, located in the eastern entrance of Shantou Harbour which connects Shenshan Expressway in the west and stretches over Shantou Harbour Huangsha Bay Sea Route linking Shanfen Expressway.



7

Xian Expressway

is a section of Xian Tongguan Expressway, a part of National Highway G045 between Lianyungang and Huoerguosi with a total length of approximately 20.1km with four lanes and intersects with Rao Cheng Expressway. It is also a major access connecting Xian City to the world famous historical relics and scenic spots such as Terra-Cotta Warriors and Huaqing Hot Spring.

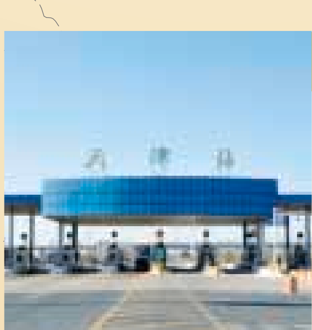
Location Maps of Projects

8 Cangyu Expressway

is located in Cangwu County of Wuzhou City in Guangxi Zhuang Autonomous Region, linking the Cangwu County of Guangxi Zhuang Autonomous Region with the Yunan County of Guangdong Province. It also forms a part of the GuangWu Expressway (from Guangzhou to Wuzhou) of approximately 23.3 km long with four-lane dual direction.

9 Wuzhou Port

The port of Wuzhou is situated at the Xijiang Gold Water-course in the PRC and is a main inland port at Xijiang. Located 8.2 km upstream from the dam site at Changzhou Water Conservancy Hub in Wuzhou City, the Wuzhou Port has five 2,000-tonne berths with designed annual handling capacity of 1,980,000 tonnes. The Class 1 Port Entry Highway adjoins to the Class 2 Nanwu Highway at the Kong Liang area, and the entry to the Class 1 Port Entry Highway is about 6 km to the Baomao Expressway. A railway line which is exclusively used to enter the Wuzhou Port connects the Luozhan Railway.



10

Jinbao Expressway

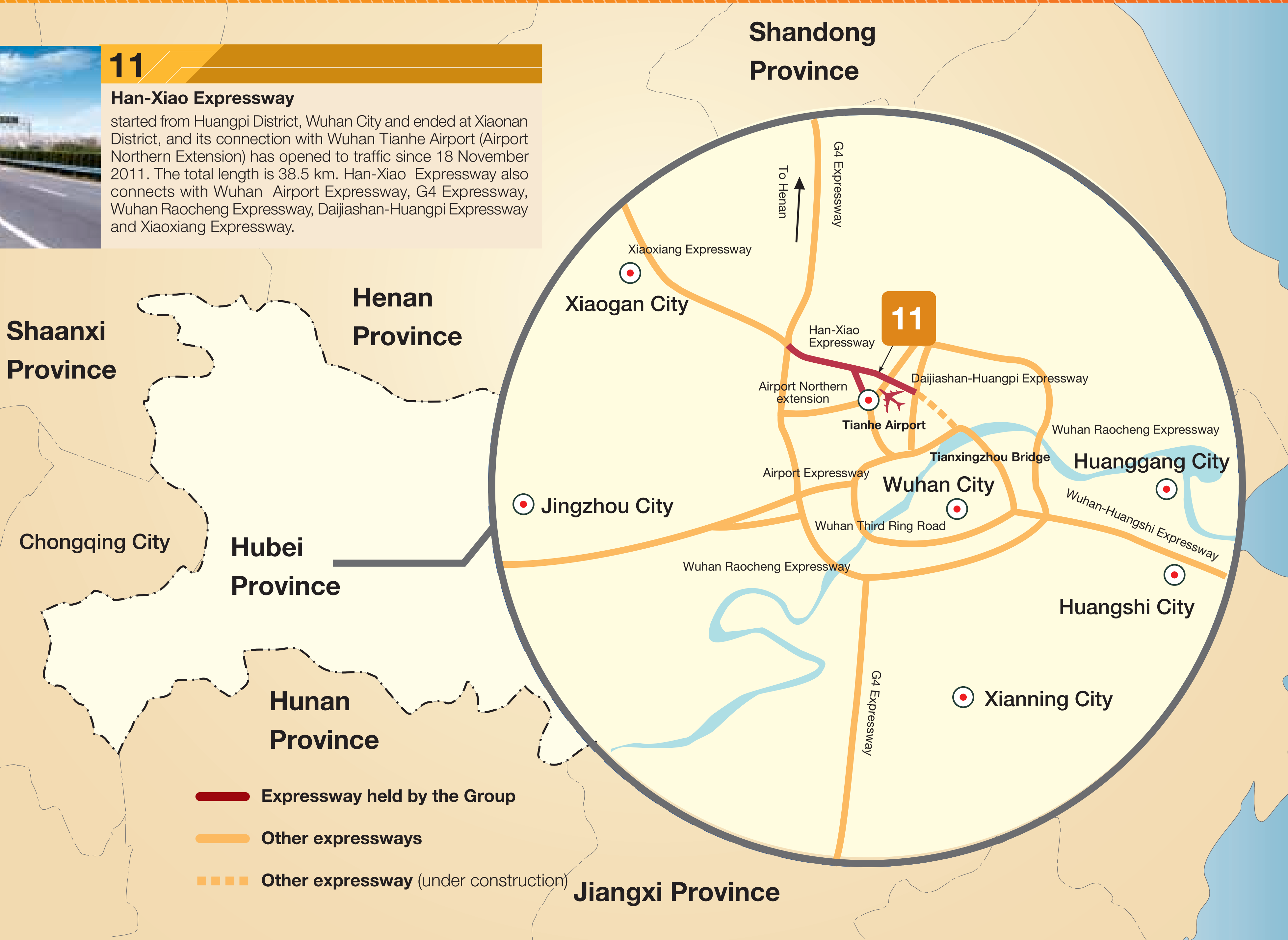
is located in the west of Tianjin Municipality, intersecting with Hebei Province, and linking the Jinbao Expressway (Hebei section), Jinjin Expressway, Jinghu Expressway and Tianjin Waihuan Lane etc, with length of approximately 23.9km with four-lane dual direction.

Location Maps of Projects

11

Han-Xiao Expressway

started from Huangpi District, Wuhan City and ended at Xiaonan District, and its connection with Wuhan Tianhe Airport (Airport Northern Extension) has opened to traffic since 18 November 2011. The total length is 38.5 km. Han-Xiao Expressway also connects with Wuhan Airport Expressway, G4 Expressway, Wuhan Raocheng Expressway, Daijiashan-Huangpi Expressway and Xiaoxiang Expressway.



12

Changzhu Expressway

started from Huanghua Village in the Changsha County, Changsha City, while ending at northwest of Zhuzhou Electric Factory. Changzhu Expressway has a length of about 46.5 km having a road foundation of 26 meters wide. It connects with Changsha Huanghua International Airport and adjoined to Changsha Airport Expressway, Changsha City Ring Expressway, Changsha-Changzhou Expressway, Chang-Liu Expressway, Li-Tan Expressway and Lian-Yi Expressway.

13

Weixu Expressway (pending approval)

started from Zhangzhuangxi, which was at the northeast of Weishi County at Weishi interchange in Lankao-Weishi Expressway, extended to the southwest and ends at the Sunliuzhao interchange in Xu-Ping-Nan Expressway, through which it also intersects with the G4 Expressway. At northeast direction the Weixu Expressway connects the expressway network of Shandong Province through the Lankao-Weishi Expressway and at southwest it connects Xiangfan City, Hubei Province through Erguang Expressway. The toll length of the Weixu Expressway is 64.284 km.

CHAIRMAN'S STATEMENT

Mr. Zhang Zhaoxing
Chairman

"On behalf of the Board, I am pleased to present the annual results of the Company and its subsidiaries for the year ended 31 December 2011."

OPERATING RESULTS AND DIVIDEND

During the year ended 31 December 2011 ("Reporting Year"), the Group (being, the Company and its subsidiaries) has completed the acquisition of Changzhu Expressway which has been consolidated since the end of June 2011. The operating data showed the strong growth in its toll revenue. Also, the Hanxiao Expressway would have a further increase in its traffic volume and toll revenue since the opening of Airport Northern Extension which took place on 18th November 2011.

Driven by a sharp increase in traffic volume at the projects in the Central and Western provinces, toll revenue in the Reporting Year increased by 5.5 percent to RMB1,322.0 million as compared to 2010, which set another record high for the Group. Profit attributable to shareholders of the Company amounted to RMB558.2 million, up by 4.4 percent from 2010.

The Board has recommended the payment of a final dividend for 2011 of HK$0.14 which is equivalent to approximately RMB0.1139866 (2010: HK$0.12 which was equivalent to approximately RMB0.101237) per share. Together with the paid interim dividend of HK$0.10 which is equivalent to approximately RMB0.0825196, total dividend for the Reporting Year amounts to HK$0.24 which is equivalent to approximately RMB0.1965062, representing a dividend payout ratio of 58.9 percent (2010: 58.4 percent).

ANNUAL REVIEW AND PROSPECTS

Review: Successfully doubling assets over three years with favorable traffic volume growth in projects in the Central and Western provinces.

Macro-economic factors

Due to the deepening European debt crisis and the downgrade of U.S. sovereign credit, the global economy became complicated and was full of uncertainties. With such an international situation ahead, the Chinese government has strengthened the macro-economic measures, including expansionary fiscal policy and prudent monetary policy, aiming to secure a stable and rapid growth of the overall national economy. The aggregate GDP is RMB47.2 trillion, indicating a Y-O-Y growth of 9.2 percent.

Policy in toll road sector

On 14 June 2011, the five central government regulators led by Ministry of Transportation, National Development and Reform Commission, Ministry of Finance etc, jointly issued an official document (hereinafter referred to as the 'Five Ministries Notice'), calling for a one-year nationwide clean-up campaign on toll road sector which targets on irregularities. According to the results published by several provinces as to 31 December 2011, subsidiaries of the Group are complied with relevant laws and regulations. Thus no substantial impact by the 'Five Ministries Notice' was seen on the Group and we expect the pressure on toll road sector will ease.

"Doubling Assets over Three Years" substantially completed to further optimize the asset portfolio

Since 2009, the Group has accelerated its investment and acquisition, through reasonably enhancing its financial leverage, of quality expressway projects such as Cangyu Expressway, Jinbao Expressway, Han-Xiao Expressway, Changzhu Expressway and Weixu Expressway (the latter project's completion pending regulatory approval). As a result, the strategic objective of "Doubling Assets over Three Years" formulated in early 2009 was substantially achieved. The overall return on equity (ROE) of the Group went up to 7.04 percent from 5.02 percent from 2009.

On 30 October 2010, the Group successfully exited from Class 1 highways in Guangzhou, thus further enhancing and optimizing the Group's asset portfolio and quality in general.

Rapid growth of traffic volume and toll revenue in projects in central and western provinces

Benefiting from the strong support by national government in recent years, the Central and Western provinces in China witnessed rapid economic development. The Group has been seeking investment opportunities in the above provinces while fulfilling its strategic plan of "Doubling total assets in three years".

During the Reporting Year, with the rise in raw material prices and labor costs in the Eastern coastal areas, labor-intensive processing industries shifted towards China's Central and Western provinces, which also further led to the freight transport growth for these provinces. During the Reporting Year, Cangyu Expressway, Han-Xiao Expressway and Xian Expressway of the Group achieved rapid double-digit growth in both traffic volume and toll revenue.

During the Reporting Year, the growth of economy and export in the Eastern coastal areas and the Pearl River Delta (PRD) region both slowed down, thereby affecting the freight growth. Meanwhile, significant growth of small cars volumes also led by sharp increase in car ownership due to the stimulation of the preferential policy of "half purchasing tax for small sized cars" since 2009. Under the influence of the two factors above, toll revenue growth of intra-provincial projects such as Guangzhou Northern Ring Road, GWSR Expressway and Humen Bridge relatively slowed down, but the growth of relevant traffic volume was generally higher than that of toll revenue.

Investment and acquisition during the Reporting Year

During the Reporting Year, the Group successfully acquired 51 percent equity interest of Guangxi Wuzhou Port, the remaining 10 percent equity interest of Guangxi Cangyu Expressway (to the effect of wholly controlling the project), and signed a 100 percent equity transfer contract of Weixu Expressway. The latter project has been profitable since the year of signing of the equity transfer contract with a projected internal rate of return (IRR) up to 14.78 percent as described in the valuation report prepared by an independent valuer. This acquisition is expected to be completed in 2012 and it would be a new profit contributor for the Group. The overall assets size and profitability of the Group would be further enhanced.

Future Prospects

Macro-economy

In the 2012 Economic Conference, the Central government emphasized that it would maintain the continuity and stability of macroeconomic policies, with the continuous implementation of an expansionary fiscal policy and a prudent monetary policy. It is expected that China's overall macro-economy will continue to achieve steady growth under "Economic Structure Adjustment" and "Managing Inflation Expectations".

Policy in toll road sector

The first phase of investigation on toll roads instructed by the Five Ministries' Notice completed by the end of the Reporting Year. The investigation results of various provinces in general revealed issues of high debt ratio and serious financial pressure on the toll road sector, so there would be low possibility for substantial cut on toll rate as expected. Although currently all the provinces have announced rectification plans, none of the Group's projects were involved. The Guangdong provincial government issued the rectification plans in Guangdong Province on 8 January 2012, which required to unify the provincial toll rate, strictly implement the toll multipliers for Class 1 to 5 vehicles. Also the plans call for adjustments on toll mileage under specific requirements. The expressways in Guangdong invested by the Group all have such toll rates or toll multipliers in compliance with the related provisions of the plans, while specific project would have some minor adjustments on its toll mileage accordingly with insignificant impact in general.

We expect the introduction of the two policies possibly in Guangdong province in the future, namely traffic restriction on non-local trucks to use the first ring road of Guangzhou City and the implementation of toll-by-weight policy in the province. These two policies are expected to promote significantly the increase of toll revenue on both GNSR Expressway and GWSR Expressway invested by the Group.

Prospects on our projects

Under the anticipation of sustainable and rapid economic growth for China's Central and Western provinces, the revenue and profit contribution by expressway projects such as Han-Xiao Expressway, Changzhu Expressway, Weixu Expressway (the latter pending approval) will gradually increase. Projects inside the Guangdong province, e.g. GNSR Expressway, Humen Bridge, Guangzhou Northern Ring Expressway, Shantou Bay Bridge etc, are relatively developed and will remain the main source of stable profit for the Group.

Future M&A

In the future, the Group would still focus on the M&A of quality expressways, following the guidance of the regional strategies that target on the areas like: (1) the Pearl River Delta region with a higher maturity of economy; (2) Central and Western provinces in China, which have enjoyed rapid economic growth over recent years and are benefiting from the policy support of Central government as well as the shift of industries from eastern coastal areas.

The Group remains optimistic about investment opportunities of transport infrastructure in mainland China. With the access to financial market both in Hong Kong and mainland China as an advantage, the Group would take full use of internal as well as external resource to reasonably and modestly enhance the financial leverage to acquire quality projects, aiming to optimize the overall asset portfolio and improve profitability as well as return on equity.

APPRECIATION

During the Reporting Year, our directors, senior management officers and staff continued to adhere to their pragmatic resolute working attitude, in pursuit of performance excellence. I would like to express my sincere gratitude for their invaluable contribution.

Finally, on behalf of the Board, I would like to take this opportunity to express my gratitude and appreciation to our shareholders, our colleagues in the banking and commercial sectors, and our business partners for their continued support over the years.

Zhang Zhaoxing
Chairman

Hong Kong, 21 March 2012

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Summary Information of Operating Toll Roads and Bridges

	Tolled Mileage	Width (lanes)	Toll Station(s)	Road Type	Attributable Interests (%)	Operating Term (years)
Subsidiaries						
GNSR Expressway	42.5	6	9	Expressway	60.00	21
Xian Expressway	20.1	4	3	Expressway	100.00	5
Cangyu Expressway	23.3	4	1	Expressway	100.00(1)	19
Jinbao Expressway	23.9	4	3	Expressway	60.00	19
Han-Xiao Expressway	38.5(2)	4	1	Expressway	90.00	26
Changzhu Expressway(3)	46.5	4	5	Expressway	90.00	29
Associates and Jointly Controlled Entities						
Humen Bridge	15.8	6	4	Suspension Bridge	27.78(4)	18
Northern Ring Road	22.0	6	10	Expressway	24.30	12
GWSR Expressway(5)	42.1	6	5	Expressway	35.00	Pending approval
Shantou Bay Bridge	6.5	6	1	Suspension Bridge	30.00	17
Qinglian Expressway	215.2	4	17	Expressway	23.63	23

(1) On 11 March 2011, the remaining 10% equity interest was acquired, and thus the company became an indirectly wholly-owned subsidiary of the Group.

(2) The Airport Northern extension was opened on 18 November 2011 and included in the tolled mileage of the Han-Xiao Expressway.

(3) On 27 June 2011, acquisition of 90% equity interest was completed, and the project was included in the analysis of the projects operated by the Group since July.

(4) Starting from 2010, the profit sharing becomes 18.446%.

(5) The term of operation of GWSR Expressway is still pending approval by the relevant authorities.

Toll Summary of Toll Roads and Bridges

For the twelve months ended 31 December 2011

	Average daily toll traffic volume		Average daily toll revenue		Weighted average toll revenue per vehicle	
	(vehicle/day)	Change %	(RMB/day)	Change %	(RMB)	Change %
Subsidiaries						
GNSR Expressway	105,271	4.5%	1,981,465	-0.7%(1)	18.8	-4.9%
Xian Expressway(2)	46,640	24.4%	623,462	30.5%	13.4	4.9%
Jinbao Expressway(3)	24,248	8.5%	377,644	-17.4%	15.6	-24.5%
Cangyu Expressway	10,053	81.1%	279,014	65.8%	27.8	-8.4% (4)
Han-Xiao Expressway	9,298	12.6%	214,539	40.0%	23.1	24.3%
Changzhu Expressway	9,452	N/A	258,684	N/A	27.4	N/A
Associates and Jointly Controlled Entity						
Humen Bridge	72,571	8.2%	2,861,300	3.3%	39.4	-4.5%
Northern Ring Road	180,771	13.2%	1,717,172	7.3%	9.5	-5.2%
GWSR Expressway	33,437	16.6%	737,362	9.7%	22.1	-5.9%
Shantou Bay Bridge	14,648	11.8%	563,346	9.8%	38.5	-1.8%
Qinglian Expressway(5)	21,441	17.2%	1,282,035	23.7%	59.8	5.5%

(1) With the impact of the Asian Games diminishing, the base of the toll revenue in 2010 was higher, leading to a decrease in 2011 on a year-on-year basis.

(2) As a result of the 2011 World Horticultural Exposition and the gradual improvement in the surrounding road networks, both traffic volume and toll revenue showed a substantial increase when compared on a year-on-year basis.

(3) Traffic volume continued to maintain its growth, but the opening of the Binbao Expressway, which runs parallel to the project, changed the traffic flow structure and significantly reduced the proportion of revenue from long-distance traffic volume, resulting in a year-on-year decline in toll revenue.

(4) The higher growth in passenger vehicles than that for goods vehicles in 2011 resulted in a decline in weighted average toll per vehicle.

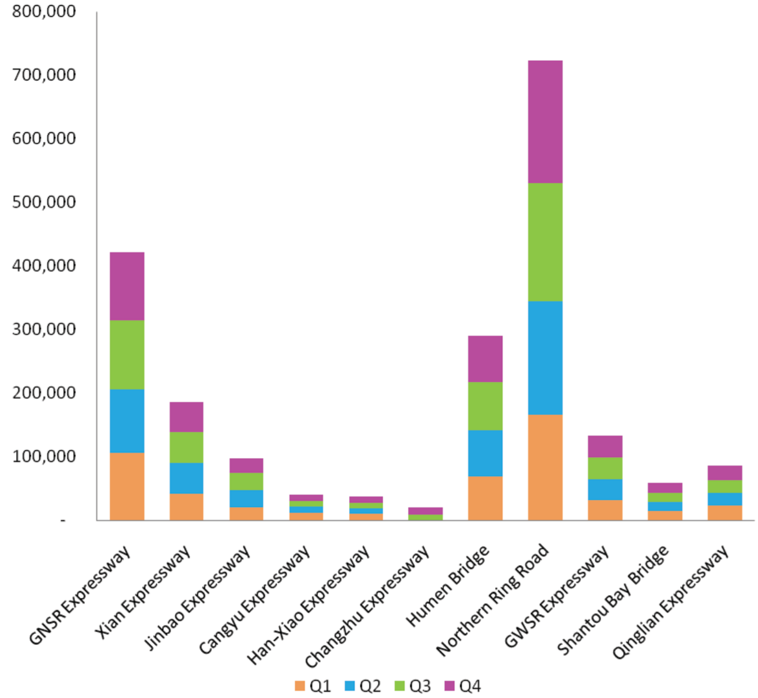
(5) The Lianzhou to Fengbu Section of the Qinglian Expressway (Liannan Section) operated according to expressway standards since 25 January 2011. The total tolled mileage of the Qinglian Expressway increased to 215.2 km. In addition, with the completion and opening of the Yilian Expressway connected with the northern section of the project, on 25 September 2011, the surrounding road networks were improved, promoting the rapid growth in traffic volume and toll revenue.

Toll Roads and Bridges

Quarterly analysis of average daily toll traffic volume for 2011

	Average daily toll traffic volume of the first quarter (vehicle/day)	Average daily toll traffic volume of the second quarter (vehicle/day)	Average daily toll traffic volume of the third quarter (vehicle/day)	Average daily toll traffic volume of the fourth quarter (vehicle/day)
Subsidiaries				
GNSR Expressway	105,594	100,901	107,912	106,635
Xian Expressway	41,392	48,829	48,856	47,393
Jinbao Expressway	20,486	26,712	27,058	22,681
Cangyu Expressway	12,604	8,682	9,303	9,661
Han-Xiao Expressway	9,800	9,084	8,808	9,509
Changzhu Expressway	N/A	N/A	9,719	10,893
Associates and Jointly Controlled Entity				
Humen Bridge	69,320	72,513	75,086	73,294
Northern Ring Road	165,598	178,398	186,694	192,040
GWSR Expressway	31,722	32,655	34,287	35,037
Shantou Bay Bridge	15,105	13,738	15,077	14,670
Qinglian Expressway	22,933	20,038	20,156	22,654

Analysis of quarterly average daily toll traffic volume for 2011



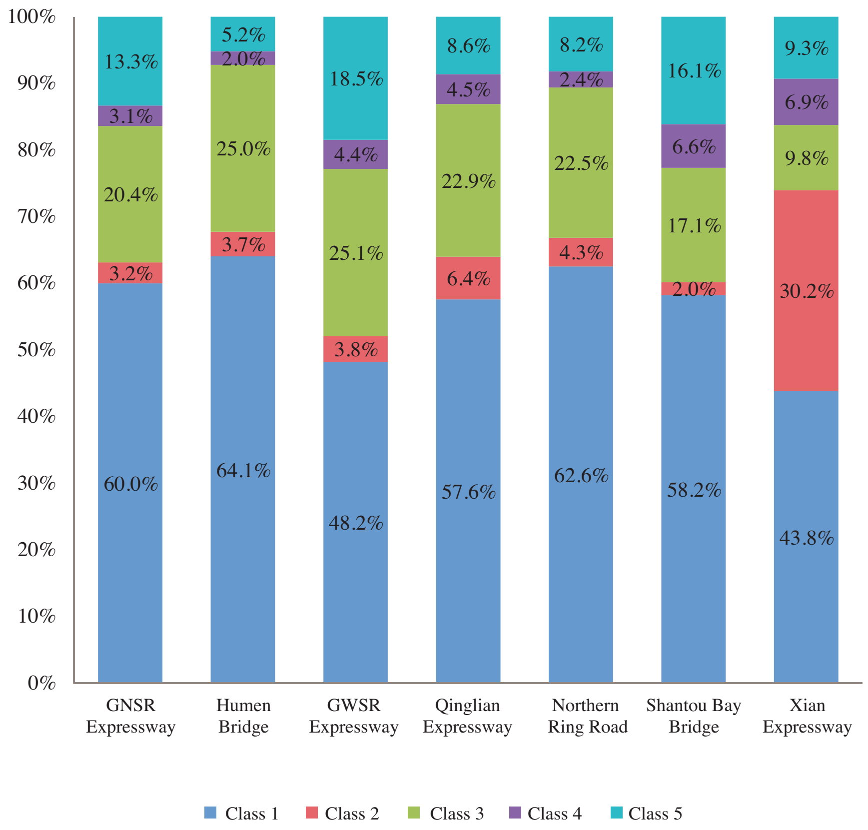
Analysis of vehicle type for 2011

With the progressive implementation of the investment strategy by the Group in recent years, the Group operates business projects widely in six provinces/municipalities including Guangdong, Guangxi, Hunan, Hubei, Shaanxi and Tianjin. During the Reporting Year, vehicle type classification was based on the location where the Group operated its projects. Vehicle types of projects operated in Guangdong and Shaanxi were classified as class 1 to class 5, for projects operated in other areas, vehicle types were classified as passenger (vehicle) and goods (vehicle).

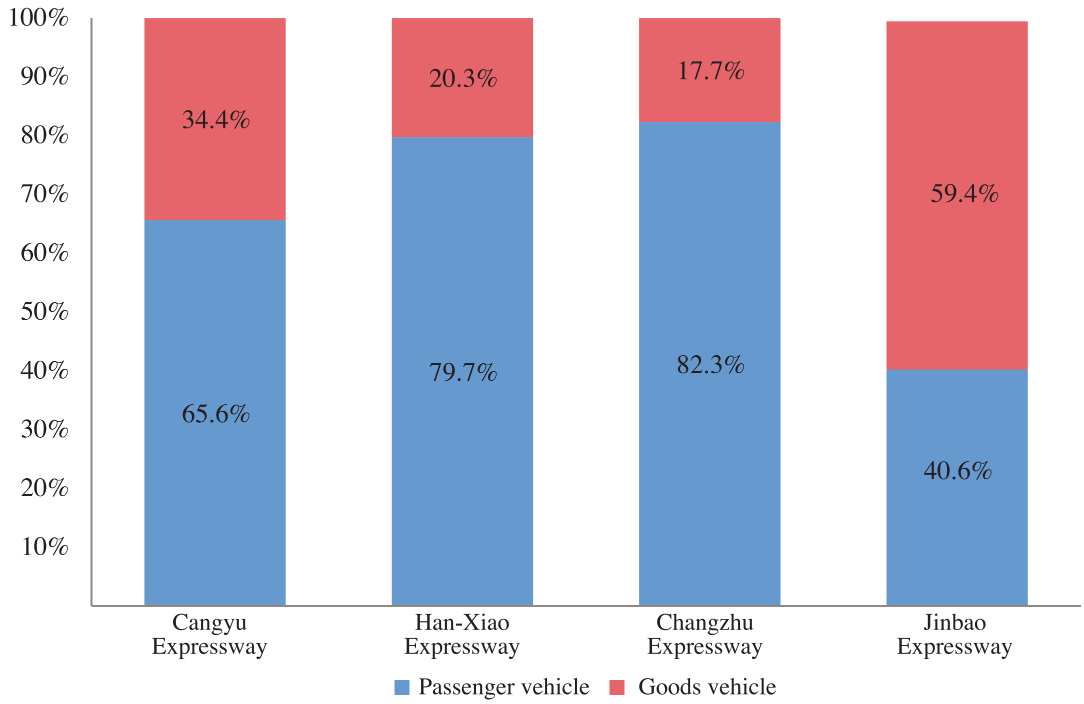
MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of vehicle type (by traffic volume)

Projects operating in Guangdong and Shaanxi



Projects operating in other regions



Summary of operating performance

Macroeconomic environment

During the Reporting Year, facing complicated and changeable international situations and new circumstances arising from China's economy, the Chinese government continuously improved macroeconomic policies and strengthened regulation efforts, thereby keeping the steady growth trend of domestic economy. According to preliminary accounting, in 2011, China's GDP reached RMB47.1564 trillion, representing an increase of 9.2 percent year on year and a moderately slowed growth rate.

With gradual withdrawal or higher threshold of industry stimulus policies such as car purchase tax preference, energy-saving subsidy and so on, this round of high speed growth, starting from economic crisis and originating from policy stimulus and pushing China´s auto production and sales to the world's top, had begun falling back. In 2011, the growth rate of the domestic auto market presented a slowly steady downward trend, yet still with the production and sales volume both exceeding 18 million, i.e. 18.416 million and 18.505 million respectively, which respectively grew by 0.8 percent and 2.45 percent from 2010, remaining the world´s No.1.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Year, Guangdong Province accelerated its economic restructure and upgrade, with the growth rate of major economic indicators under stable running, and the regional annual GDP realized RMB5.2674 trillion, a year-on-year increase of 10.0 percent benefiting from the completion of ASEAN Free Trade Area (AFTA) and the industry shift from the Eastern China, Guangxi Autonomous Region's GDP historically leaped over RMB1 trillion, approaching RMB1.1714 trillion, an increase of 12.3 percent from 2010; Hubei and Hunan provinces, located in the central China, continuously driven by the state central and western rising strategy, respectively realized the regional GDP of RMB1.9594 trillion and 1.9635 trillion yearly, with the respective growth rate of 13.8 and 12.8 percent; Tianjin, situated at the core of Bohai Rim Economic Circle, continually kept its strong vitality of economy, realizing regional GDP of RMB1.1191 trillion in 2011, an increased by 16.4 percent year on year, and ranking the first nationwide; and owing to the successful hosting of the World Horticultural Exposition as well as the continuous boom of tourism, catering and consumer markets, Shaanxi Province's regional GDP reached RMB1.2391 trillion, an increase of 13.9 percent from 2010. The smooth operation of the domestic economy led to stable traffic demand in total. In 2011, the total traffic volumes of passenger vehicles and freight vehicles nationwide were 32.8 billion people and 28.1 billion tons respectively, which grew by 7.4 percent and 14.9 percent respectively when compared with those in 2010; and the turnovers of passenger vehicles and freight vehicles increased by 11.4 percent and 18.3 percent respectively. In such a situation, during the Reporting Year, the toll road and bridge projects under the Group in general kept a growth trend, with the growth range differing to each other by its own status, and the central and western projects generally have a growth rate higher than that of projects in the eastern coastal areas.

(Unit: RMB100 million)

	National	Guangdong Province	Guangxi Autonomous Region	Hubei Province	Hunan Province	Tianjin City	Shaanxi Province
GDP in 2011	471,564	52,674	11,714	19,594	19,635	11,191	12,391
Growth rate in 2011	9.2%	10.0%	12.3%	13.8%	12.8%	16.4%	13.9%
Growth rate in 2010	10.4%	12.4%	14.2%	14.8%	14.5%	17.4%	14.5%

Source: State, Provincial and Municipal Bureau of Statistics

Policy in toll road sector

To promote healthy development for the toll road sector, on 14 June 2011, Ministry of Transport, National Development and Reform Commission, Ministry of Finance, etc, totally five ministries jointly carried out a clean-up campaign on toll roads nationwide. By the end of 2011, with the preliminary completion of the first stage investigation work, all provinces or cities announced the basic clean-up information, generally revealing pressures of high debts and huge financial pressures for the toll road industry; and collectively considering such relative larger pressures of construction, maintenance and debt payment for each every province, there was a large probability of slowing down the policy pressure in the later stage. In 2012, the clean-up on toll road projects will enter into the phase of reviewing, summary and improvement, while both the country and various regions may launch some specific rectifications for typical road sections or problems according to clean-up results. In general we expect the pressure caused by policy has been eased.

Since 26 November 2010, all toll road projects of the Group have performed the new policy of "Green channels free of charge" in accordance with relevant state provisions. During the Reporting Year, the cumulatively waived toll revenue on the green channels of the Group amounted to about RMB65.46 million, which accounted for 4.8 percent of total toll revenue i.e. a growth rate of 91.8 percent from the same period in 2010.

Management Innovation

During the Reporting Year, with further expansion of management scope, the Group respectively took over two expressway projects and a port project in Hubei, Hunan and Guangxi, which basically built-up a nationwide management framework. Relying on the smooth operation of the project´s board of directors, the Group realized effective governance on relevant project companies, with the cost and expense control on subsidiaries reaching the industry-leading level, and obtained over 10 awards from Ministry of Transport, Shaanxi Province, Guangdong Province and Tianjin City, which marked the entry into a new stage for the Group´s operation and management level.

Investment project progress

During the Reporting Year, the Group kept strengthening its investment expansion efforts to identify quality expressway projects for acquisition, and actively extended toward other transport infrastructure areas. In 2011, the Group contributed RMB87.21 million for 51 percent equity interest in Guangxi Wuzhou Chishuiyu Port; the Group paid RMB54 million to acquire the remaining 10 percent equity interest in Guangxi Cangyu Expressway; through the signing of transfer contract on 100 percent equity interest of Henan Weixu Expressway project, the Group was in need of paying RMB1.062 billion as the initial consideration; and the Group paid RMB72.85 million as the consideration for Han-Xiao Expressway as the north extension to the Tianhe Airport. The construction was completed for traffic on 18 November 2011.

PERFORMANCE OF EXPRESSWAYS AND BRIDGES

Subsidiaries

GNSR Expressway

During the Reporting Year, the average daily toll traffic volume was 105,271 vehicles and the average daily toll revenue was RMB1,981,000, representing an increase of 4.5 percent and a decrease of 0.7 percent respectively from 2010.

Affected by the slowdown of macro-economy, the Asian Games effect and traffic limit to large trucks for maintenance of Guangqing Expressway connected with the project and so on, the growth of truck volume of GNSR Expressway slowed down during the Reporting Year, while cars kept a high growth trend, following the fast growth of car ownership and increase of tourist travel in recent years, which led to a small change in vehicle models, and therefore showed as a slight growth of toll traffic and a tiny decrease of toll revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Xian Expressway

During the Reporting Year, the average daily toll traffic volume was 46,640 vehicles and the average daily toll revenue was RMB623,000, representing an increase of 24.4 percent and 30.5 percent respectively year on year.

Benefiting from favorable factors such as the opening of Xian World Horticultural Exposition, and gradually improvement of surrounding road network conditions, in 2011, the average daily toll traffic volume and toll revenue of Xian Expressway showed a substantial rise from the previous year.

Jinbao Expressway

During the Reporting Year, the average daily toll traffic volume was 24,248 vehicles and the average daily toll revenue was RMB378,000, representing an increase of 8.5 percent and a decrease of 17.4 percent respectively from 2010.

Beneficial from rapid development of the Bohai Rim Economic Circle, in 2011, traffic volume of Tianjin Jinbao Expressway continually kept steady growth. With change of traffic volume structure arising from the open of Jinbao Expressway which parallelized with this project, long path gains traffic volume significantly reduced, which in turn results slowdown in toll revenue, but with a basically stable downward trend since the third quarter. Facing such unfavorable situation of road network diversion, Tianjin Jinbao Expressway focused on its images both internal and external management, which obviously improved the operational management and service level, to provide recovery growth of toll revenue with more effective protection in the future.

Cangyu Expressway

During the Reporting Year, the average daily toll traffic volume was 10,053 vehicles and the average daily toll revenue was RMB279,000, representing an increase of 81.1 percent and 65.8 percent respectively from 2010.

Beneficial from rapid economic growth in Guangxi region, as well as completion of surrounding road network, traffic volume and toll revenue of Cangyu Expressway increased substantially in the Reporting Year.

Han-Xiao Expressway

During the Reporting Year, the average daily toll traffic volume was 9,298 vehicles and the average daily toll revenue was RMB215,000, representing an increase of 12.6 percent and 40.0 percent respectively from 2010.

Since the takeover at beginning of the year, traffic volume and toll revenue of Han-Xiao Expressway grew steadily. Beneficial from gradually movement of Hanzhengjie commodity market to Hankou north wholesale city, and the favorable driven of the open of airport north connection line, it is expected to attract more traffic to pass Hubei Han-Xiao Expressway.

Changzhu Expressway

During the Reporting Year, the average daily toll traffic volume was 9,452 vehicles and the average daily toll revenue was RMB259,000.

Since official takeover of Hunan Changzhu Expressway by the Group on 28 June 2011, through strengthening operational management and marketing promotion, traffic volume and toll revenue maintained good growth trend, with the business situation in line with expectation. With full operation of Zhuzhou Fangte amusement park and gradually improved surrounding road network, it is expected to attract more vehicles to run on Hunan Changzhu Expressway.

Associates and jointly controlled entity

Humen Bridge

During the Reporting Year, the average daily toll traffic volume was 72,571 vehicles and the average daily toll revenue was RMB2,861,000, representing an increase of 8.2 percent and 3.3 percent respectively from 2010.

Subject to the domestic economy and slowed growth of foreign trade in PRD, during the Reporting Year, truck traffic volume of Humen Bridge showed downward trend quarter by quarter, while passenger car, especially the small car, maintained rapid growth with rapid growth of car ownership in recent years and increase of travel, which led to minor changes in vehicle type structure, thus demonstrating a slower toll revenue growth rate than traffic volume growth rate.

Northern Ring Road

During the Reporting Year, the average daily toll traffic volume was 180,771 vehicles and the average daily toll revenue was RMB1,717,000, representing an increase of 13.2 percent and 7.3 percent respectively from 2010.

Benefiting from gradually growth of car ownership in Guangzhou, and the opening of Guangzhou North Ring expressway access on Jinshazhou Chuanghui road, which made it capable of getting direct access from Jinshazhou to central area of Guangzhou, so as to drive steady growth on traffic volume and toll revenue for Guangzhou Northern Ring Road.

GWSR Expressway

During the Reporting Year, the average daily toll traffic volume was 33,437 vehicles and the average daily toll revenue was RMB737,000, representing an increase of 16.6 percent and 9.7 percent respectively from 2010.

As a major expressway line in western Guangzhou, GWSR Expressway is connected with many expressways. With increasing familiarity with increasing number of travellers, the toll traffic volume and toll revenue of the GWSR Expressway maintained a rapid growth trend, but affected by macroeconomic and slow foreign trade growth trend in Guangdong, growth speed of traffic volume and toll revenue slowed down over the same period in the last year.

Shantou Bay Bridge

During the Reporting Year, the average daily toll traffic volume was 14,648 vehicles and the average daily toll revenue was RMB563,000, representing an increase of 11.8 percent and 9.8 percent respectively from 2010.

Owing to implementation of toll by weight policy since October 2011 in Eastern Guangdong, toll revenue of Shantou Bay Bridge were driven to show rapid growth.

Qinglian Expressway

During the Reporting Year, the average daily toll traffic volume was 21,441 vehicles and the average daily toll revenue was RMB1,282,000, representing an increase of 17.2 percent and 23.7 percent respectively from 2010.

The Lianzhou to Fengbu section (Liannan section) of Qinglian expressway was operated in line with expressway standard since 25 January 2011, which made the total toll mileage of Qinglian expressway increase to 215.2 km, and coupled with opening of Yilian Expressway which connected to northern section of the project on 25 September 2011, which improved the surrounding road network, so as to promote rapid growth of toll traffic volume and toll revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of the Group's financial condition and operating results should be read in conjunction with the Group's consolidated financial statements and accompanying notes.

Financial Review

Key operating results figures

	2011 RMB'000	2010 RMB'000	Change %
Toll Revenue	**1,321,997**	1,252,665	5.5
Gross profit of toll collection	**886,519**	771,772	14.9
Operating profit	**822,277**	679,724	21.0
Earnings before interests, tax, depreciation and amortisation ("EBITDA")[1]	**1,182,515**	1,141,945	3.6
Finance costs	**(161,284)**	(60,183)	168.0
Share of results of associates	**158,797**	186,048	-14.6
Share of result of a jointly controlled entity	**17,298**	17,047	1.5
Profit attributable to shareholders of the Company	**558,212**	534,544	4.4
Basic and diluted earnings per share	**RMB0.3336**	RMB0.3195	4.4
Dividends	**328,787**	312,070	

1 EBITDA includes profit from associates and jointly controlled entity, but excludes non-cash gains and losses

Analysis of operating results

The Reporting Year was a year full of challenges and opportunities to the Group such as global financial and economic situations keep changing and becoming complicated; the Chinese government commenced its special investigation on toll roads in mid of the Reporting Year; renewal of industry policies and implementation of various measures such as "Toll-by-Weight" standards, "Green Passage toll free policy" and others which have created a certain degree of impact and at the same time brought opportunities to the Group. Certain toll projects were temporarily affected (either positive or negative) with the major events held in their respective regions. As Class 1 Highways completely withdrawn from operation, 100.0 percent of the controlled toll projects are expressways. New acquisitions consolidated in the Reporting year would bring in new sources of income to the Group. The Group recorded toll revenue of RMB1,322.0 million in the Reporting Year which represented a 5.5 percent growth over 2010. The four Class 1 Highways' toll operating rights were discontinued at end of October 2010 with toll revenue recorded for the period January to October 2010 amounted to RMB121.5 million while the newly acquired Han-Xiao Expressway (full year toll revenue consolidated in the Reporting Year) and Changzhu Expressway (half year toll revenue consolidated in the Reporting Year) together brought in aggregate toll revenue of RMB131.5 million in the Reporting Year. Due to the Guangzhou Asian Games in the last quarter of 2010 which had driven up the 2010 toll revenue base of both GNSR Expressway and GWSR Expressway, these two expressways' toll collection patterns in 2011 were back to their original natural growth levels with GWSR Expressway surpassing its 2010 toll revenue by 9.7 percent. The International Horticultural Exposition in 2011 has driven up Xian Expressway's toll revenue by 30.5 percent to RMB227.6 million. Cangyu Expressway benefited from the opening of Guangwu Expressway on 30 June 2010 and posted a 65.8 percent toll revenue growth to RMB101.8 million in the Reporting Year. The opening of the Liannan section of Qinglian Expressway early in the Reporting Year and followed by the opening of Yilian Expressway on 25 September 2011 boosted the toll revenue of Qinglian Expressway by 20.2 percent to RMB471.3 million while Jinbao Expressway was experiencing toll revenue decline by 17.6 percent to RMB137.8 million due to traffic mix change resulting from the structural change in the regional traffic volume since the opening of the Binbao Expressway in December 2010. Northern Ring Road posted a 7.2 percent toll revenue growth to RMB627.2 million benefiting from the opening of adjacent road networks. Shantou Bay Bridge adopted Toll-by-Weight since 20 October 2011 and its toll revenue grew by 9.8 percent to RMB205.6 million. Humen Bridge continued to record natural growth in toll revenue of 3.3 percent to RMB1.04 billion in the Reporting Year.

Recalling back in December 2009, when the Group changed its accounting policy in respect of functional currency, RMB is defined as the Group's functional currency and currencies other than RMB are defined as foreign currencies. Under the relevant Hong Kong accounting standard, foreign exchange gains and losses resulting from translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. In 2010, net exchange loss of RMB27.4 million was recognized which was mainly attributed to the translation of HK dollar denominated cash and cash equivalents. Following the adoption of the Group's exchange risk measure (i.e. took advantage of the further relaxation measures in the RMB business in Hong Kong and converted directly a substantial portion of its HK$ and USD denominated cash into RMB), exchange loss from foreign currency translation was very minimal in the Reporting Year. Moreover, an exchange gain of approximately RMB89.7 million which was previously recognized in other comprehensive income and accumulated in the separate component of equity now reclassified from equity to income statement in the Reporting Year upon partial repayment of the investment funds in the four Class 1 Highways; and another RMB3.0 million exchange gain (2010: recognized RMB10.0 million) was also recognized in the Reporting Year from locking up the RMB to HK$ exchange rate for the consideration payable of Han-Xiao Expressway pursuant to the relevant Equity Transfer Agreement.

In the Reporting Year, the Group has recognised Cangyu Expressway's unutilized tax losses and deferred tax credit of RMB21.7 million was recorded.

With the aforementioned challenges, and after put through the said reclassification adjustment and the deferred income tax asset, profit attributable to the shareholders of the Company increased by 4.4 percent to RMB558.2 million in the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Toll Revenue

The Group recorded toll revenue of RMB1,322.0 million in the Reporting Year, represented a 5.5 percent growth over 2010. Toll Revenue contribution from the newly acquired Han-Xiao Expressway (full year toll revenue contribution in the Reporting Year) and Changzhu Expressway (half year toll revenue contribution in the Reporting Year) in aggregate amounted to RMB131.5 million. This additional toll revenue can more than offset the toll revenue loss from the cessation of operation of the four Class 1 Highways in 2010 (being RMB121.5 million).

Analysis of toll revenue by each controlled toll project

Controlled Toll Projects	Reporting Year RMB'000	Percentage of total %	2010 RMB'000	Percentage of total %	Change %
GNSR Expressway	**723,234**	**54.7**	728,091	58.1	-0.7
Xian Expressway	**227,564**	**17.2**	174,362	13.9	30.5
Jinbao Expressway	**137,840**	**10.5**	167,330	13.4	-17.6
Cangyu Expressway	**101,840**	**7.7**	61,411	4.9	65.8
Han-Xiao Expressway	**78,307**	**5.9**	N/A	N/A	N/A(1)
Changzhu Expressway	**53,212**	**4.0**	N/A	N/A	N/A(2)
Class 1 Highways	**—**	**N/A**	121,471	9.7	N/A(3)
Total	**1,321,997**	**100.0**	1,252,665	100.0	5.5

(1) Acquisition of Han-Xiao Expressway was completed at the end of December 2010. For comparison purpose, toll revenue from 1 January 2010 to 31 December 2010 amounted to RMB55.9 million by which the Reporting Year was higher by 40.0 percent.

(2) Acquisition of Changzhu Expressway was completed on 27 June 2011. Since Changzhu Expressway has just commenced toll collection in August 2010; we used toll revenue in the first half of 2011 for comparison purpose. Toll revenue from 1 Jan 2011 to 30 June 2011 amounted to RMB41.2 million by which the toll revenue consolidated to the Group in the second half of the Reporting Year was higher by 29.1 percent.

(3) Class 1 Highways' toll operating rights were discontinued at the end of October 2010.

GNSR Expressway remained as the Group's highest toll revenue contributor in the Reporting Year being 54.7 percent (2010: 58.1 percent) to the total toll revenue of the controlled toll projects. Due to the higher truck traffic volume and toll revenue base during the period of 2010 Asian Games as driven by the non-local truck traffic restriction imposed in the inner ring road of Guangzhou, toll revenue of GNSR Expressway in the Reporting Year of RMB723.2 million was 0.7 percent slightly lower than the driven up 2010 figure.

Xian Expressway, ranked second in terms of toll revenue contribution, has rebounded from the temporary decline in 2010 to a 30.5 percent growth in the Reporting Year. Toll revenue amounted to RMB227.6 million which represented approximately 17.2 percent (2010: 13.9 percent) of the total revenue from the controlled toll projects.

Jinbao Expressway, ranked third in terms of toll revenue contribution, declined 17.6 percent in the Reporting Year to RMB137.8 million, represented approximately 10.5 percent (2010: 13.4 percent) of the total revenue from controlled toll projects. The drop was mainly due to the opening of the Binbao Expressway in December 2010 which slightly changed the structure of regional traffic volume.

Cangyu Expressway's contribution to the total revenue from controlled toll projects was 7.7 percent (2010: 4.9 percent) and being benefited from the opening of Guangwu Expressway on 30 June 2010, it posted satisfactory revenue growth of 65.8 percent to RMB101.8 million in the Reporting Year.

Subsequent to its acquisition in December 2010, Han-Xiao Expressway contributed toll revenue of RMB78.3 million to the Group in the Reporting Year, which accounted for approximately 5.9 percent of the total revenue from controlled toll projects. For comparison purpose, Han-Xiao Expressway's toll revenue in the Reporting Year has increased by 40.0 percent over the 2010 figure of RMB55.9 million.

On 27 June 2011, Changzhu Expressway was consolidated to the Group. In the second half of the Reporting Year, Changzhu Expressway contributed toll revenue of RMB53.2 million to the Group and this accounted for approximately 4.0 percent of the total revenue from controlled toll projects. Since Changzhu Expressway has just commenced toll collection in August 2010, toll revenue in the first half of the Reporting Year shall be used for comparison purpose. Toll revenue consolidated to the Group in the second half of the Reporting Year increased by 29.1 percent over the toll revenue in the first half of RMB41.2 million.

With the closure of toll stations at end of October 2010, no more toll revenue from Class 1 Highways was recorded in the Reporting Year (2010: RMB121.5 million).

Cost of services

In the Reporting Year, cost of services of the Group's toll highways amounted to RMB435.5 million (2010: RMB480.9 million), represented a decrease of RMB45.4 million or 9.4 percent over 2010. An analysis of the cost of services showed that the reason of decrease in cost of services was due to cost of services incurred by new acquisitions was lower than the costs of services of the Class 1 Highways being ceased operation in October 2010, i.e. cost of services of the newly acquired Han-Xiao Expressway (full year cost of services consolidated) and Changzhu Expressway (half year cost of services consolidated) in aggregate amounted to RMB43.7 million in the Reporting Year while cost of services of the four Class 1 Highways in 2010 was RMB121.9 million; thus, resulted in cost of services to decrease by RMB76.7 million in the Reporting Year; on the other hand, cost of services of the other existing controlled toll projects in aggregate increased by RMB31.3 million or 8.7 percent in the Reporting Year mainly due to (1) staff costs increased by RMB15.1 million or 33.2 percent; (2) increase in amortisation of intangible operating rights of RMB12.1 million or 6.3 percent; (3) other operating costs increased by RMB11.3 million or 31.0 per cent while toll highways and bridges maintenance expenses declined by RMB12.9 million or 26.1 percent; and (4) business tax increased by RMB5.7 million or 16.4 percent. Staff costs increased mainly due to additional manpower, adjusted salary scale and adoption of new calculation basis of social security costs in accordance to relevant government policy. Intangible operating rights were amortised using the unit of usage method by which the amortisation rate was aligned with the projected traffic flow growth rate. With the introduction of the new business tax policy in December 2010 (No.35[2010] of the State of Council)（「國務院國發[2010]35號通知」）, Foreign Enterprises which were originally granted exemption, now has to pay for the "Urban Maintenance and Construction Tax"（「城市維護建設税」） and "Educational Surcharges"（「教育費附加」）.

MANAGEMENT DISCUSSION AND ANALYSIS

Analysis of cost of services by each controlled toll project

Controlled Toll Projects	Reporting Year RMB'000	Percentage of total %	2010 RMB'000	Percentage of total %	Change %
GNSR Expressway	**219,371**	**50.4**	213,174	44.3	2.9
Xian Expressway	**67,098**	**15.5**	66,024	13.7	1.6
Jinbao Expressway	**74,480**	**17.1**	59,776	12.4	24.6
Cangyu Expressway	**29,344**	**6.7**	20,015	4.2	46.6
Han-Xiao Expressway	**21,940**	**5.0**	N/A	N/A	N/A
Changzhu Expressway	**21,774**	**5.0**	N/A	N/A	N/A
Class 1 Highways	**1,471**(1)	**0.3**	121,904	25.4	N/A
Total	**435,478**	**100.0**	480,893	100.0	-9.4

(1) Being under-provision in 2010, recognized in the Reporting Year.

In the Reporting Year, cost of services of GNSR Expressway increased by 2.9 percent or RMB6.2 million. Amortisation of intangible operating rights, staff costs, other operating expenses and business tax in aggregate increased by RMB18.8 million while toll roads repairs and maintenance decreased by RMB12.6 million.

The cost of services of Xian Expressway in the Reporting Year was 1.6 percent or RMB1.1 million slightly higher than 2010. Toll road repairs and maintenance, staff costs, other operating expenses and business tax in aggregate increased by RMB12.3 million while amortisation of intangible operating rights related to construction cost of toll highways and bridges upgrade services decreased by RMB11.2 million.

The cost of services of Jinbao Expressway in the Reporting Year was increased by 24.6 percent or RMB14.7 million. Amortisation of intangible operating rights related to construction cost of toll highways and bridges upgrade services, staff costs and other operating expenses in aggregate increased by RMB18.4 million while toll roads repairs and maintenance decreased by RMB3.7 million.

Cangyu Expressway's cost of services in the Reporting Year was increased by 46.6 percent or RMB9.3 million which was mainly due to increase in amortisation of intangible operating rights, staff costs, other operating expenses and business tax.

The full year's and half year's cost of services of Han-Xiao Expressway and Changzhu Expressway were consolidated in the Reporting Year, which increased the Group's cost of services by RMB21.9 million and RMB21.8 million respectively.

Gross profit

Gross profit of toll collection in the Reporting Year was increased by RMB114.7 million or 14.9 percent of which RMB87.8 million was generated from the newly acquired Han-Xiao Expressway and Changzhu Expressway. Gross profit margin of toll operation in the Reporting Year was 67.1 percent being 5.5 percentage point higher than 2010.

Analysis of gross profit of toll collection by each controlled toll project

Controlled Toll Projects	Reporting Year Gross Profit RMB'000	Reporting Year Gross Margin	2010 Gross Profit RMB'000	2010 Gross Margin
GNSR Expressway	**503,863**	**69.7%**	514,917	70.7%
Xian Expressway	**160,466**	**70.5%**	108,338	62.1%
Jinbao Expressway	**63,360**	**46.0%**	107,554	64.3%
Cangyu Expressway	**72,496**	**71.2%**	41,396	67.4%
Han-Xiao Expressway	**56,367**	**72.0%**	N/A	N/A
Changzhu Expressway	**31,438**	**59.1%**	N/A	N/A
Class 1 Highways	**(1,471)[(1)]**	**N/A**	(433)	N/A
Total	**886,519**	**67.1%**	771,772	61.6%

(1) Being under-provision of cost of services in 2010, recognized in the Reporting Year.

General and administrative expenses

The Group's general and administrative expenses in the Reporting Year amounted to RMB160.1 million (2010: RMB138.9 million), represented an increase of RMB21.2 million or 15.3 percent over 2010. The newly acquired Han-Xiao Expressway and Changzhu Expressway which were consolidated to the Group in the Reporting Year had added RMB13.1 million to the total general and administrative expenses. If taking out the four Class 1 Highways, general and administrative expenses in the Reporting Year increased by RMB51.8 million or 49.9 percent. Such increase was mainly attributed to the increase in staff costs (accounted for approximately 60.0 percent of the total general and administrative expenses) of RMB33.2 million due to (a) staff costs incurred by the newly acquired Han-Xiao Expressway and Changzhu Expressway in aggregate of RMB4.9 million; (b) additional manpower and increase in salary scale; and (c) adoption of new calculation basis of social security costs in accordance to relevant government policy.

Finance costs

The Group's finance costs in the Reporting Year amounted to RMB161.3 million (2010: RMB60.2 million), represented an increase of approximately 168.0 percent over 2010. The increase was mainly due to the finance costs of Han-Xiao Expressway (full year) amounted to RMB43.6 million and Changzhu Expressway (half year) amounted to RMB60.3 million which were consolidated to the Group in the Reporting Year.

Share of results of associates and jointly controlled entity

The Group's share of post-tax profit less losses of associates has declined by 14.6 percent during the Reporting Year to RMB158.8 million. The decline was mainly due to the operating loss of Qinglian Expressway during the cultivation period of its operation and the expiration of the tax concession period of Humen Bridge in 2010 (commencing from 2011, profit tax rate was adjusted to 24.0 percent from 11.0 percent in 2010). The Group's jointly controlled entity continued to maintain a profitable performance in the Reporting Year and share of its post-tax profit amounted to RMB17.3 million in the Reporting Year, slightly higher than 2010 by 1.5 percent.

Share of post-tax profit of Humen Bridge in the Reporting Year amounted to RMB110.2 million, a 12.0 percent decline over 2010. While revenue at the project company level posted a growth of 3.3 percent to RMB1,044.5 million in the Reporting Year, with the expiration of the tax concession period, profit tax rate has increased to 24.0 percent in the Reporting Year from 11.0 percent in 2010.

Share of post-tax profit from Northern Ring Road in the Reporting Year improved 5.5 percent to RMB64.0 million and toll revenue at the project company level also increased by 7.2 percent to RMB627.2 million.

Share of post-tax profit of Shantou Bay Bridge in the Reporting Year amounted to RMB31.3 million, represented a 4.6 percent rise as compared to 2010 and toll revenue at project company level grew by 9.8 percent to RMB205.6 million.

In the Reporting Year, the share of loss of Qinglian Expressway amounted to RMB46.7 million with the decline rate narrowed down to 56.8 percent (decline rate in 2010 was 86.3 percent) which was within the Group's expectation over a toll road in the cultivation period. Toll revenue at the project company level posted a growth of 20.2 percent to RMB471.3 million in the Reporting Year. Looking forward, with the opening of the Liannan section of Qinglian Expressway early in the Reporting Year and Yilian Expressway in 25 September 2011, profitability will likely to improve and it is anticipated to become a more meaningful contributor to the Group's profitability.

Since commencement of operation in December 2006, GWSR Expressway started to record profit in 2010 and continue to maintain a profitable performance in 2011. Share of post-tax profit of GWSR Expressway in the Reporting Year amounted to RMB17.3 million, slightly higher than 2010 by 1.5 percent. If taking out the other non-operation related gains of RMB15.6 million (attributable RMB5.5 million) from 2010's figure, it would mean that there was an increase of share of post-tax profit in the Reporting Year of 49.8 percent. Toll revenue at the project company level in the Reporting Year amounted to RMB269.1 million, represented a 9.7 percent growth over 2010.

Analysis of share of results of associates and jointly controlled entity and respective revenue

		Revenue(1)		Share of results	
	Percentage of Interests held %	Reporting Year RMB'000	YoY change %	Reporting Year RMB'000	YoY change %
Associates					
Humen Bridge	18.446(2)	**1,044,461**	3.3	**110,205**	-12.0
Northern Ring Road	24.3	**627,168**	7.2	**63,993**	5.5
Shantou Bay Bridge	30.0	**205,621**	9.8	**31,274**	4.6
					loss increase
Qinglian Expressway	23.63	**471,288**	20.2	**(46,675)**	56.8
Sub-total		**2,348,538**	7.9	**158,797**	-14.6
Jointly controlled entity					
GWSR Expressway	35.0	**269,138**	9.7	**17,298**	1.5
Total		**2,617,676**	8.1	**176,095**	-13.3

(1) Represented figures at the respective project companies' level.

(2) Starting 1 January 2010, the profit sharing ratio of the Group has been adjusted from 27.78 percent in 2009 to 18.446 percent according to Joint Venture Contract.

Income tax expense

Total income tax expense of the Group in the Reporting Year amounted to RMB134.2 million, represented a decrease of RMB12.1 million or 8.3 percent after a deferred tax asset of RMB21.7 million was recognized in the Reporting Year. During the five year transition period provided by the New Corporate Income Tax Law ("CITL") of the PRC, income tax rate applicable to the Group's PRC subsidiaries and associates in the Reporting Period was increased to 24.0 percent from 22.0 percent in 2010. GNSR Expressway's tax rate in 2011 (being the last year of its tax concession period) is 12.0 percent and will increase to 25.0 percent from 2012 onward.

MANAGEMENT DISCUSSION AND ANALYSIS

Profit attributable to shareholders of the Company

The Company reported profit attributable to its shareholders of RMB558.2 million in the Reporting Year, represented an increase of 4.4 percent over 2010.

Analysis of the profit attributable to shareholders of the Company

	Reporting Year RMB'000	Percentage of total %	2010 RMB'000	Percentage of total %	Change %
Net profit from controlled toll projects	**417,944**	**70.4**	376,238	64.9	11.1
Net profit from non-controlled toll projects[1]	**176,095**	**29.6**	203,095	35.1	-13.3
Net profit from toll projects	**594,039**	**100.0**	579,333	100.0	2.5
Withholding tax on PRC dividends	**(40,787)**		(41,546)		-1.8
Corporate income and expenses	**(79,140)**		(60,412)		31.0
Exchange gain transferred from reserve	**89,689**		—		N/A
Investment income	**—**		21,600		N/A
Expenses subsequent to cessation of toll operation	**(5,589)[2]**		(2,544)		N/A
Profit before impairment losses and disposal gains	**558,212**		496,431		12.4
Loss on Compensation Arrangement	**—**		(71)		N/A
Gain on disposal of subsidiary / toll operating rights	**—**		38,184		N/A
Profit attributable to shareholders of the Company	**558,212**		534,544		4.4

(1) Representing share of results of associates and jointly controlled entity.

(2) All being from Class 1 Highways.

An analysis of the profit attributable to shareholders of the Company showed that net profit derived from toll projects amounted to RMB594.0 million for the Reporting Year which represented a 2.5 percent growth or RMB14.7 million over 2010. Net profit from controlled toll projects accounted for 70.4 percent (2010: 64.9 percent) while net profit from non-controlled toll projects accounted for 29.6 percent (2010: 35.1 percent) in the Reporting Year.

Net profit from controlled toll projects amounted to RMB417.9 million in the Reporting Year, an increase of 11.1 percent over 2010.

Analysis of net profit by each controlled toll project

Controlled Toll Projects	Reporting Year RMB'000	Percentage of total %	2010 RMB'000	Percentage of total %	Change %
GNSR Expressway	**246,581**	**41.4**	253,037	43.7	-2.6
Xian Expressway	**109,716**	**18.5**	77,139	13.3	42.2
Jinbao Expressway	**32,455**	**5.5**	65,641	11.3	-50.6
Cangyu Expressway	**64,766**	**10.9**	12,300	2.1	426.6
Han-Xiao Expressway	**24**[(2)]	**—**	N/A	N/A	N/A
Changzhu Expressway	**(35,598)**[(3)]	**-6.0**	N/A	N/A	N/A
Class 1 Highways	**—**	**—**	(31,879)[(1)]	-5.5	N/A
Total	**417,944**	**70.3**	376,238	64.9	11.1

(1) Class 1 Highways had only 10 months operating results prior to the closure of toll stations in October 2010.

(2) Han-Xiao Expressway had its full year of operating results consolidated to the Group in the Reporting Year.

(3) Changzhu Expressway commenced its toll operation in August 2010 and only six months' operating results were consolidated to the Group in the Reporting Year.

Net profit from non-controlled toll projects (an analysis was shown in the aforementioned table "Analysis of share of results of associates and jointly controlled entity and respective revenue") amounted to RMB176.1 million which was 13.3 percent lower than 2010. Among the non-controlled toll projects, profits attributable to the shareholders of the Company from Humen Bridge, Northern Ring Road, Shantou Bay Bridge and GWSR Expressway accounted for 18.6 percent (2010: 21.6 percent), 10.8 percent (2010: 10.5 percent), 5.3 percent (2010: 5.2 percent) and 2.9 percent (2010: 2.9 percent) respectively.

Corporate expenses increased by 31.0 percent or RMB18.7 million in the Reporting Year mainly due to increase in staff costs as explained in the general and administrative expenses section above.

With the partial repayment of the investment funds in the four Class 1 Highways (i.e. settlement of shareholders' loan receivables from the first instalment of the compensation receivable received) during the Reporting Year, an exchange gain of approximately RMB89.7 million which was previously recognized in other comprehensive income and accumulated in the separate component of equity now reclassified from equity to income statement in the Reporting Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Final dividend

The Directors have recommended the payment of final dividend for 2011 of HK$0.14 which is equivalent to approximately RMB0.1139866 (2010: HK$0.12 which was equivalent to approximately RMB0.101237) per share payable to shareholders whose names appear on the register of members of the Company at the close of business on 8 June 2012. Subject to the approval of shareholders at the Annual General Meeting to be held on 5 June 2012, the final dividend will be paid on or about 26 June 2012. Together with the interim dividend of HK$0.10 which was equivalent to approximately RMB0.0825196 (2010: HK$0.10 which was equivalent to approximately RMB0.085278) per share, total dividends for the year ended 31 December 2011 will amount to HK$0.24 which is equivalent to approximately RMB0.1965062 (2010: HK$0.22 which was equivalent to approximately RMB0.186515) per share, representing a dividend payout ratio of 58.9 percent (2010: 58.4 percent).

Dividend payable to shareholders will be paid in Hong Kong dollars ("HK$"). The exchange rate adopted by the Company for its dividend payable is the average middle rate of HK$ to RMB, as announced by the People's Bank of China, for the five business days preceding the date of declaration of dividends.

Key financial position figures

	2011 **RMB'000**	2010 RMB'000	Change %
Total assets	**16,147,403**	13,842,966	16.6
Total liabilities	**6,187,997**	4,156,148	48.9
Cash and cash equivalents	**1,298,476**	2,111,929	-38.5
Total borrowings	**4,363,850**	2,054,922	112.4
Bank borrowings	**4,028,118**	1,844,300	118.4
Current ratio	**1.7 times**	2.1 times	
Interest coverage	**8.0 times**	20.0 times	
Equity attributable to the shareholders of the Company	**7,933,853**	7,813,584	1.5

Analysis of financial position

Assets, Liabilities and Equity

As at 31 December 2011, the Group's total assets amounted to RMB16.15 billion which represented an increase of 16.6 percent over the balance as at 31 December 2010. The Group's total assets comprised mainly of intangible operating rights of RMB10.90 billion (31 December 2010: RMB7.74 billion); investments in jointly controlled entity and associates of RMB1.96 billion (31 December 2010: RMB2.08 billion), compensation receivable of RMB701.6 million (31 December 2010: RMB1,059.3 million) being the balance for closure of the four Class 1 Highways (Before 31 December 2011, the Group and GZ Government have entered into a supplemental agreement, where GZ Government agreed to repay the remaining balance on or before 30 September 2012 along with the interests (based on bank's benchmark lending rate) during the period between 1 January 2012 and date of payment); and cash and cash equivalents of RMB1.3 billion (31 December 2010: RMB2.1 billion). At end of June 2011, Changzhu Expressway was consolidated into the Group and intangible operating rights were increased by RMB3.08 billion.

As at 31 December 2011, the Group's total liabilities amounted to RMB6.19 billion which represented an increase of 48.9 percent over the balance as at 31 December 2010. The Group's total liabilities comprised mainly of bank borrowings of RMB4.03 billion (31 December 2010: RMB1.84 billion); loans from non-controlling interests of RMB293.1 million (31 December 2010: RMB210.6 million); other loans of RMB42.7 million which were contributed by the newly acquired subsidiary, Hunan Changzhu Expressway Development Company Limited, being short-term borrowings from two external parties and deferred income tax liabilities of RMB1.17 billion (31 December 2010: RMB1.10 billion). As a result of consolidating Changzhu Expressway into the Group at end of June 2011, increase in liabilities included RMB1.77 billion in total borrowings and RMB96.8 million in deferred income tax liabilities. Movement in deferred income tax liabilities during the Reporting Year included payments made in respect of PRC distributable dividend tax of RMB49.1 million (2010: RMB32.2 million).

As at 31 December 2011, the Group's total equity amounted to RMB9.96 billion (31 December 2010: RMB9.69 billion), of which amount attributable to the shareholders of the Company amounted to RMB7.9 billion, an increase of RMB120.3 million over the balance as at 31 December 2010.

Analysis of major assets, liabilities and equity items

Items	**2011 RMB'000**	2010 RMB'000	Change %
Total assets	**16,147,403**	13,842,966	16.6
Approximately 90.0% of which:			
Intangible operating rights	**10,904,496**	7,740,035	40.9
Investments in a jointly controlled entity and associates	**1,964,227**	2,082,316	-5.7
Compensation receivable	**701,615**	1,059,193	-33.8
Cash and cash equivalents	**1,298,476**	2,111,929	-38.5
Total liabilities	**6,187,997**	4,156,148	48.9
Approximately 90.0% of which:			
Bank borrowings — current portion	**379,830**	582,560	-34.8
— long term portion	**3,648,288**	1,261,740	189.1
Other loans	**42,680**	—	N/A
Loans from non-controlling interests	**293,052**	210,622	39.1
Deferred income tax liabilities	**1,173,720**	1,100,669	6.6
Total equity	**9,959,406**	9,686,818	2.8
Of which:			
Attributable to the shareholders of the Company	**7,933,853**	7,813,584	1.5

Cash flows

The Group's cash and cash equivalents as at 31 December 2011 amounted to approximately RMB1.3 billion which was 38.5 percent lower than the level at 31 December 2010.

Net cash generated from operating activities during the Reporting Year amounted to RMB757.6 million (2010: RMB639.2 million) which was arrived at after the deduction of interest expenses of RMB164.2 million (2010: RMB58.4 million) and PRC enterprise income tax of RMB156.2 million (2010: RMB113.9 million).

Cash flows from investing activities during the Reporting Year showed net cash used amounted to RMB1.72 billion (2010: net cash generated of RMB119.2 million). On the outflow side, capital expenditures amounted to approximately RMB2.46 billion (2010: RMB156.9 million). On the inflow side, mainly consisted of proceeds from compensation arrangement of RMB357.7 million; investment returns and repayments from associates of RMB306.0 million and RMB50.7 million respectively (2010: net RMB210.3 million); and bank interest income amounted to approximately RMB24.0 million (2010: RMB25.1 million).

Cash flows from financing activities during the Reporting Year showed net cash generated amounted to RMB151.8 million (2010: net cash used of RMB610.6 million). The inflow side mainly included proceeds from bank borrowings amounted to approximately RMB634.4 million; proceeds of loan from a jointly controlled entity of RMB17.5 million; net proceeds of loans from non-controlling interests of RMB78.0 million; and capital contribution from non-controlling interest of RMB83.8 million. The outflow side mainly included repayment of bank loans amounting to RMB177.5 million (2010: RMB158.2 million), dividends paid to non-controlling interest of RMB173.3 million (2010: RMB131.6 million), and dividends paid to the shareholders of the Company of RMB307.5 million (2010: RMB319.5 million).

Current ratio

The current ratio (current assets over current liabilities) as at 31 December 2011 was 1.7 times (31 December 2010: 2.1 times). Apart from cash and cash equivalents which were the major components of the Group's current assets as at 31 December 2011, a receivable of RMB701.6 million, being the consideration receivable balance in relation to the compensation arrangement of the closure of toll stations of the Class 1 Highways was recorded. Included in the Group's current liabilities as at 31 December 2011 was a short term borrowings (i.e. maturity within one year) of approximately RMB598.2 million (31 December 2010: RMB582.6 million). In view of the various capital expenditures committed and investments acquired since the second half of 2010 which had utilized a significant portion of the Group's existing cash and cash equivalents and increased the Group's bank borrowings in the Reporting Year, management will take a prudent approach to effectively match the existing cash and cash equivalents and future operating cash flow and cash return from investments with capital and debt commitments to minimize liquidity risk.

Interest coverage

The interest coverage is measured as the ratio of earnings before interests, tax, depreciation and amortisation ("EBITDA") to interest expenses (with cash flow effect). With the increase in finance costs, interest coverage for the year ended 31 December 2011 was 8.0 times (31 December 2010: 20.0 times).

Capital expenditures and investments

During the Reporting Year, total capital expenditures amounted to RMB2.46 billion (31 December 2010: RMB156.9 million) of which investment funds related expenditures included payments of cash considerations on acquisition of subsidiaries in 2009 and 2010 of approximately RMB1.57 billion; payment of RMB54.0 million for the acquisition of the remaining 10.0 percent equity interest of Cangyu Expressway; and additional capital injection to an associate of RMB62.6 million. Apart from the aforementioned, no material investment funds were paid during the Reporting Year. Capital expenditures related to intangible operating rights and fixed assets included payments of construction costs under service concession upgrade services of RMB310.9 million (31 December 2010: RMB94.7 million) and purchase of property, plant and equipment of RMB467.3 million (31 December 2010: RMB12.3 million).

Capital structures

	2011 RMB'000	2010 RMB'000
Bank borrowings	4,028,118	1,844,300
Other loan	42,680	—
Loans from non-controlling interests	293,052	210,622
Amounts due to non-controlling interests of subsidiaries	58,668	773,364
Amounts due to holding companies	228	224
Amount due to a jointly controlled entity	17,500	—
Total debts	4,440,246	2,828,510
Less: cash and cash equivalents	(1,298,476)	(2,111,929)
Net debts	3,141,770	716,581
Equity attributable to the shareholders of the Company	7,933,853	7,813,584
Total capitalization	11,075,623	8,530,165
Gearing ratio (net debts/total capitalization)	28.4%	8.4%

Bank borrowings of the Group as at 31 December 2011 amounted to approximately RMB4.03 billion of which RMB3.78 billion were RMB floating rate loans obtained in mainland China and secured by way of pledge of the respective toll collection rights of subsidiaries holding the toll expressways; and approximately RMB252.9 million (equivalent to US$40.0 million) was an unsecured USD floating rate term loan obtained in HKSAR. About 9.4 percent of total bank borrowings amounting to approximately RMB379.8 million are repayable within one year and about 90.6 percent or approximately RMB3.65 billion are long term. The effective interest rate of these bank borrowings as at 31 December 2011 was 5.89 percent (31 December 2010: 5.34 percent) per annum.

Other loans were contributed by the newly acquired subsidiary, Hunan Changzhu Expressway Development Company Limited, being short term borrowings from two external parties. As at 31 December 2011, these other loans amounted to RMB42.7 million which are unsecured and except for the loan of RMB25,800,000 which is secured by intangible operating rights of the Group. The borrowings are interest bearing in the range of 6.80% to 7.05%.

Loans from non-controlling interests are unsecured and denominated in RMB. Except for two loans in aggregate of RMB78.0 million which were interest bearing in the range of 6.31 percent to 7.05 percent per annum, the rests were interest free and the carrying amounts of these loans were stated at fair values. Loans from non-controlling interests of certain subsidiaries of RMB175.7 million are repayable within one year.

Amounts due to non-controlling interests of subsidiaries / holding companies are unsecured, interest free, repayable on demand and are mainly denominated in RMB.

As at 31 December 2011, equity attributable to the shareholders of the Company amounted to RMB7.93 billion (31 December 2010: RMB7.81 billion), which accounted for 71.6 percent (31 December 2010: 91.6 percent) of the Group's total capitalization.

TREASURY POLICIES

The Group's treasury policies have primarily been focused on preventing risk and managing liquidity especially during unfavorable economic conditions and financial downturns. Cash and leverage level are managed prudently and investments and utilization of financial products are evaluated thoroughly. During the Reporting Year, the Group capitalized on a number of investment opportunities by deploying a substantial amount of its internal cash and raising its leverage. Going forward, management believes that the Group's steady operating cash flow and appropriate financing arrangements can satisfy its future capital expenditures and investment needs.

The Group's businesses are principally conducted in the PRC. All of its revenue is derived from the PRC and denominated in RMB. At the same time, most of its expenses are incurred in the PRC and denominated in RMB, except that certain fund-raising exercises may be conducted in Hong Kong. As a result, there is a natural and high degree of match between the Group's revenue and expenses in terms of currency.

Since 2010, the Group has taken advantage of the further relaxation measures in the RMB business in Hong Kong by converting a substantial portion of its HK$ and USD denominated cash into RMB and injecting the same to the Group's recently established investment company in PRC in the form of share capital. At the same time, dividends from PRC joint ventures can now be remitted to Hong Kong either in the form of HK dollars or Renminbi. As at 31 December 2011, the level of cash and cash equivalents denominated in HK$ and USD was approximately HK$397.1 million and USD5.63 million respectively.

The majority of the Group's bank borrowings are incurred at the project level in the PRC. Going forward, as the Group continues to develop and venues of financing grow, the management will consider equity and debt financing denominated in foreign currency as an alternative source of funding investment projects. The Group maintains close banking relationship with financial institutions both in Hong Kong and China to capitalize on the different levels of liquidity offered by these two markets.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2011, the Group had capital commitments related to intangible operating rights and property, plant and equipment of approximately RMB225.3 million being contracted but not provided for and approximately RMB180.5 million being authorized but not contracted for.

On 29 October 2011, the Group entered into an agreement with 河南瑞貝卡控股有限責任公司 (Henan Ruibeika Holdings Company Limited[1]) and 鄭有志(Zheng Youzhi[1]), each an independent third party, whereby the Group conditionally agreed to acquire 100.0 percent equity interest in 河南瑞貝卡實業有限公司 (Henan Ruibeika Industrial Company Limited[1]) and its subsidiary, 鄢陵瑞貝卡高速公路服務有限公司 (Yanling Ruibeika Expressway Services Limited[1]) at a cash consideration of approximately RMB1,061.5 million, subject to finalization. The transaction has not been completed as at 21 March 2012.

Except for the aforementioned, the Group had no material capital commitments as at 31 December 2011. There were no significant contingent liabilities as at 31 December 2011.

EMPLOYEES

As at 31 December 2011, the Group had approximately 1,421 employees of whom about 1,176 were directly engaged in the daily operation, management and supervision of toll projects. The Group remunerates its employees largely based on industry practice, incl0uding contributory provident funds and other staff benefits. The Group has also adopted a share option scheme.

DISCLOSURES PURSUANT TO RULE 13.21 OF THE LISTING RULES

Reference is made to the facility letter dated 1 November 2011 ("Facility Letter") in relation to a term loan facility of up to US$40 million term loan with a final maturity in October 2014. In accordance with the terms of the Facility Letter, it shall be an event of default if Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu") ceases to be the ultimate single largest shareholder of the Company with ownership of not less than 35% or maintain effective management control over the board of directors of the Company, or the Guangzhou Municipal People's Government ceases to maintain, directly or indirectly, majority beneficial ownership and control of Yue Xiu. These obligations have been duly complied with for the year ended 31 December 2011.

[1] *For identification purpose only*

INVESTOR RELATIONS REPORT

In November 2009, the Group established the Investor Relations Department. Since then we have been making huge efforts to improve investor relations through, increasing transparency, disseminating the development strategies of our Group, and providing the monthly operational information to the market. Additionally, the Group is able to maintain effective communications with shareholders and investors through post results NDR, reverse roadshow, attending conferences organized by investment banks and conference calls.

INVESTOR RELATIONS ACTIVITIES

During the reporting year, the Group has been actively engaged in various types of investor relations activities. For example, the Group has participated the post results NDR respectively in Hong Kong, other major cities in mainland China, such as Beijing, Shanghai and Shenzhen and in Europe, U.S.A and Canada. Moreover, the Group has attended 9 conferences organized by investment banks, 55 one-on-one meetings as well as 6 reverse roadshows. Through such efforts, we enabled shareholders and investors to have in-depth knowledge of the Group.

COVERAGE REPORTS

In 2011, the Group successfully obtained initial coverage reports from renowned international investment banks like J.P. Morgan, Bank of America Merrill Lynch, DBS Vickers Securities and Shen Yin Wan Guo Securities (SWS). Plus CITI Bank and HSBC Bank who recently issue their initial coverage of the Group in February 2012, totally 11 investment banks have issued coverage on the Group. During the reporting year, the number of coverage reports raised from 14 in 2010 to 18, all of which have maintained ‘Buy’ rating for the Group implying analysts retained their positive outlooks of the Group.

As a result of obtaining the coverage by the renowned investment banks mentioned above, the Group has become more well known in stock market. Moreover, the Group’s shareholder structure has been further optimized as shareholders mostly are long term value investors from Europe, U.S.A, Singapore, Japan, Australia and Hong Kong. Implication from the above is that the Group’s strategies and business performance have been further acknowledged by the market.

PUBLIC MEDIA RELATIONS

Through various events, the Group has consolidated and developed favorable communication with Hong Kong mainstream and internet financial media. During the Reporting period, the Group has obtained 224 positive and objective publicity reports from the media (95 times in 2010), and for the second consecutive year we won the “The Excellence of Listed Enterprise Awards 2011” by the Capital Weekly and “Hong Kong Outstanding Enterprise 2011” by Economic Digest in Hong Kong.

"The Excellence of Listed Enterprise Awards 2011" by Capital Weekly

Award of "Hong Kong Outstanding Enterprise 2011" by Economic Digest

INVESTOR RELATIONS REPORT

During our meetings with investors, they have provided us with their valuable suggestions and opinions which are beneficial to the development of the Group and we would like to hereby express our sincere gratitude to shareholders and investors for their active feedback and constructive opinions, which form a solid foundation for the Group to formulate development strategies that is in line with shareholders' interest and capable of delivering more fruitful rewards to our shareholders.

PARTICIPATION OF INVESTOR RELATIONS ACTIVITIES IN 2011

January	Hong Kong	Conference organized by CLSA
March	Hong Kong	2010 annual results press conference for investors and medias
	Hong Kong	NDR organized by Daiwa Capital
	Singapore	NDR organized by Daiwa Capital
	Hong Kong	NDR organized by Shen Yin Wan Guo Securities
	Guangzhou	Reverse roadshow for fund managers and analysts
	Shanghai	NDR organized by Macquarie Securities
	Beijing	NDR organized by Macquarie Securities
April	Shenzhen	Conference organized by China Merchant Securities
	Hong Kong	Corporate Day organized by CICC
May	Hong Kong	Conference organized by Macquarie Securities
	Guangzhou	Reverse roadshow for fund manager and analysts
August	Hong Kong	2011 interim results press conference for investors and medias
	Hong Kong	NDR organized by CICC
	Beijing	NDR organized by Shen Yin Wan Guo Securities
	Shanghai	NDR organized by Shen Yin Wan Guo Securities
	Singapore	NDR organized by DBS Vickers Securities
September	Europe	NDR organized by Bank of America Merrill Lynch
October	Macau	Conference organized by CITI Group

November	Beijing	Conference organized by Bank of America Merrill Lynch
	Hong Kong	Conference organized by Daiwa Capital
	Singapore	Conference organized by Barclay Capital
	U.S.A	NDR organized by J.P. Morgan
	Canada	NDR organized by J.P. Morgan
December	Hong Kong	Conference organized by J.P. Morgan

AWARDS RECEIVED

The Excellence of Listed Enterprise Awards 2011	By Capital Weekly
Hong Kong Outstanding Enterprise	By Economic Digest

DIRECTORS' PROFILES

Executive Directors

Mr Zhang Zhaoxing, aged 48, was appointed executive director and Chairman of the Company on 31 July 2008. He is also a vice chairman and general manager of Guangzhou Yue Xiu Holdings Limited ("GZ Yue Xiu"), the ultimate holding company of the Company, and Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu"), and a vice chairman and general manager of Yuexiu Property Company Limited, a company listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Mr Zhang holds an Executive Master of Business Administration degree awarded by Huazhong University of Science and Technology, and possesses the qualification of senior accountant in China. He has extensive experience in the financial management, industrial operation, capital operation and corporate culture development of large enterprises. Before taking up his post of Chairman of the Company, Mr Zhang was the director and general manager of Guangzhou Radio Group Co., Ltd., chairman and general manager of Haihua Electronics Enterprise (China) Corporation, chairman of Guangzhou Guangdian Real Estate Development Co., Ltd. and a director of GRG Banking Equipment Co., Ltd., a company listed on The Shenzhen Stock Exchange.

Mr Liang Youpan, aged 56, was appointed executive director and a Deputy Chairman of the Company on 13 June 2011. He is also a deputy general manager of GZ Yue Xiu and Yue Xiu. Mr Liang graduated in 1986 from Guangzhou Economics Management Cadre's Institute in China with a diploma in corporate governance. Prior to joining Yue Xiu in 1998, Mr Liang was the Workshop director of Guangzhou Wen Chong Shipyard Company Limited, which is a subsidiary of China State Shipbuilding Company. Between 1991 and 1998, Mr Liang was a unit head in the administrative supervisory division of the People's Government of Guangzhou Municipality. Mr Liang has a wide range of experience in PRC corporate governance practices, particularly in the area of internal controls.

Mr Li Xinmin, aged 60, was appointed executive director of the Company on 19 June 2001. He is also a Deputy Chairman and General Manager of the Company. Mr Li has over 30 years of experience in highway construction and management. He had held positions including department head of the maintenance engineering division of transport authority in China and was the general manager of the GNSR Expressway Co. From March 2004 to April 2005, Mr Li was general manager of the Company.

Mr Liang Ningguang, aged 58, was appointed executive director of the Company on 25 September 1996. He is also a director and a vice chairman of GZ Yue Xiu and Yue Xiu. Mr Liang graduated from the Central Television University in China majoring in finance and obtained a Master Degree in business administration from the Murdoch University in Australia. He is also a member of the Chinese Institute of Certified Public Accountants and a senior accountant in China. He is the Chairman, an executive director and also a responsible officer of Yuexiu REIT Asset Management Limited (formerly known as "GZI REIT Asset Management Limited"), a company licensed by The Securities and Futures Commission to conduct the regulated activity of asset management and the manager of Yuexiu Real Estate Investment Trust (formerly known as "GZI Real Estate Investment Trust"), a collective investment scheme listed on the Stock Exchange. Mr Liang is a responsible officer licensed under the Securities and Futures Ordinance of Hong Kong to carry on regulated activities types 1, 4 and 9. He was previously a deputy director of the Guangzhou Municipal Taxation Bureau and had over 20 years of experience in finance and management prior to joining Yue Xiu in 1989.

Mr Wang Shuhui, aged 40, was appointed executive director of the Company on 3 November 2009. He is currently a deputy general manager and the general manager of strategic development department of GZ Yue Xiu and Yue Xiu, and is mainly responsible for the formulation and dynamic management of the group's development strategy and the feasibility study of major investment projects. Mr Wang graduated from the School of Finance of the Southwestern University of Finance and Economics and holds a master degree in monetary economics and banking and an economist qualification from Jinan University. Before he joined Yue Xiu in May 2006, Mr Wang had over 13 years of experience in Guangzhou Securities Co., Ltd. and had held senior management positions (including the project manager of the securities issuance consultancy department, manager of the research and development department, director of the office of the CEO, general manager of the human resource department and the assistant to the CEO, board secretary, vice president) in such company. Mr Wang has solid knowledge and extensive professional experiences in financial industry and is familiar with the practice in the financial markets of Mainland China and the practice of listed company business operation. After joining Yue Xiu, he had been an assistant to general manager of GZ Yue Xiu and Yue Xiu.

Mr Qian Shangning, aged 49, was appointed executive director on 12 April 2007. Mr Qian graduated from Chongqing Transport Institute in Highway and Urban Transportation, and later from Sun Yat-Sen University in Guangzhou in Legal Studies. Mr Qian also holds an Executive Master of Business Administration degree awarded by South China University of Technology. Between 1998 to 2001, Mr Qian had been a senior management member of GNSR Expressway Co. Mr Qian has 29 years of experience in highway construction and is a senior engineer in China.

Independent Non-executive Directors

Mr Fung Ka Pun, aged 66, has been an independent non-executive director of the Company since 20 November 1996. Mr Fung is the founder and chairman of the Goodwill International (Holdings) Limited. Mr Fung has over 30 years of experience in finance, stockbroking, securities trading and corporate finance. He is a member of the Institute of Chartered Secretaries and Administrators and a member of the Association of International Accountants. Mr Fung is also an independent non-executive director of Lee Hing Development Limited, a non-executive director of China SCE Property Holdings Limited and deputy chairman and an independent non-executive director of Samling Global Limited. The shares of the companies mentioned above are listed on the Stock Exchange. He was an executive director of Hao Tian Resources Group Limited until his resignation effective from 21 September 2011.

Mr Lau Hon Chuen, GBS, JP, **alias Ambrose Lau**, aged 64, has been an independent non-executive director of the Company since 20 November 1996. He obtained a Bachelor of Laws degree from the University of London and is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. Mr Lau is the Senior Partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference. Mr Lau is currently an independent non-executive director of Franshion Properties (China) Limited, Glorious Sun Enterprises Limited, Yuexiu Property Company Limited, Qin Jia Yuan Media Services Company Limited, The Hong Kong Parkview Group Limited, Wing Hang Bank, Limited and Brightoil Petroleum (Holdings) Limited. The shares of the companies mentioned above are listed on the Stock Exchange. He is also a Director of Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Chu & Lau Nominees Limited, Sun Hon Investment And Finance Limited, Wydoff Limited and Wytex Limited. Mr Lau served as the Chairman of the Central and Western District Board between 1988 and 1994, the President of the Law Society of Hong Kong in 1992-1993, a Member of the Bilingual Laws Advisory Committee between 1988 and 1997 and a Member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council).

Mr Cheung Doi Shu, aged 50, has been an independent non-executive director of the Company since 24 July 1997. He is a qualified solicitor in the Australian Capital Territory, Hong Kong, Singapore, England and Wales and received his bachelor's and master's degrees in law from the University of London. He is the senior partner of D.S. Cheung & Co., Solicitors.

CORPORATE GOVERNANCE REPORT

The Company recognizes the importance of good corporate governance to the Company's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the conduct and growth of its business.

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

The Company has complied with the Code Provisions save for certain deviations from the Code Provisions in respect of Code Provisions A.4.1, details of which will be explained below.

The Company periodically reviews its corporate governance practices to ensure that these continue to meet the requirements of the CG Code.

The board of directors ("Board") of the Company plays a crucial role in sustaining high standards of corporate governance and transparency and accountability of Company operations.

The key corporate governance principles and practices of the Company are summarised below.

THE BOARD

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs in the interests of the Company. The Board focuses its attention on matters affecting the Company's overall strategic policies and finances, including: the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, financial statements, dividend policy, major financial arrangements and major investments, treasury policies, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary or external legal advisors, where appropriate, with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgment. For a list of directors during the year ended 31 December 2011 and their respective profiles, please refer to the Directors' Profiles and page 60 of the Report of the Directors.

None of the members of the Board is related to one another.

During the year ended 31 December 2011, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considered all independent non-executive directors to be independent.

Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors made valuable contributions to the effective direction of the Company.

Appointment and Succession Planning of Directors

The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of directors, monitoring the appointment and succession planning of directors and assessing the independence of independent non-executive directors.

The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company.

Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the annual general meeting of the Company in accordance with the Company's Bye-Laws. All the non-executive directors of the Company had retired by rotation during the past three years. They have been re-elected.

In accordance with the Company's Bye-Laws, all directors of the Company are subject to retirement by rotation at least once every three years.

Training for Directors

Each newly appointed director receives comprehensive, formal and tailored induction and directors' guidelines on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to directors whenever necessary.

Board Meetings

Number of Meetings and Directors' Attendance

In year 2011, the Board held 13 meetings (including circulation of written resolutions). The attendance record of each member of the Board is set out below :

Directors	Attendance of Board meetings in 2011
Executive directors	
Zhang Zhaoxing	13/13
Liang Youpan[1]	8/8
Li Xinmin	13/13
Liang Ningguang	13/13
Liu Yongjie[2]	5/5
Wang Shuhui	13/13
Qian Shangning	13/13
Independent Non-executive directors	
Fung Ka Pun	13/13
Lau Hon Chuen Ambrose	12/13
Cheung Doi Shu	13/13

Notes:

1. Appointed with effect from 13 June 2011.

2. Resigned with effect from 13 June 2011.

Practices and Conduct of Meetings

Notices of the two regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least three days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management as and when they deemed appropriate.

Minutes of all Board meetings and committee meetings are kept by the Company Secretary. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.

According to current Board practice, any material transaction, which involves a conflict of interests for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened Board meeting. The Company's Bye-Laws also contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company fully supports the division of responsibility between the Chairman of the Board and General Manager to ensure a balance of power and authority.

The position of the Chairman is held by Mr Zhang Zhaoxing while the position of General Manager is held by Mr Li Xinmin.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

The General Manager focuses on implementing objectives, policies and strategies approved and delegated by the Board.

BOARD COMMITTEES

The Board has established two committees, namely, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are available for inspection by shareholders upon request.

Audit Committee

The Audit Committee comprises three independent non-executive directors (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise) and Mr Lau Hon Chuen Ambrose is the chairman of the committee. None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

(a) To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditor before submission to the Board.

(b) To review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditor.

(c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee held two meetings during the year ended 31 December 2011 to review the financial results and reports, financial reporting and compliance procedures, internal control and risk management systems and the re-appointment of the external auditor. The attendance record of each Audit Committee member is set out below:

Directors	Attendance of Audit Committee meetings in 2011
Fung Ka Pun	2/2
Lau Hon Chuen Ambrose	2/2
Cheung Doi Shu	2/2

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Company's annual results for the year ended 31 December 2011 have been reviewed by the Audit Committee.

Remuneration Committee

The Remuneration Committee comprises three independent non-executive directors and Mr Lau Hon Chuen Ambrose is the chairman of the committee. The primary objectives of the Remuneration Committee include making recommendations on the remuneration policy and structure and determining remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee met once on 20 March 2012 (with all three members present) and reviewed and approved the remuneration policy and structure of the Company and remuneration packages of the executive directors for the year under review.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2011.

Specific employees who are likely to be in possession of unpublished price sensitive information of the Group have been requested to comply with the provisions of the Model Code. No incident of non-compliance was noted by the Company.

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS AND AUDITOR'S REMUNERATION

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2011.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report".

During the year ended 31 December 2011, the remuneration paid to the external auditor of the Company in respect of audit related services amounted to RMB2,127,000 and non-audit services fees amounted to RMB2,644,000 have been incurred.

INTERNAL CONTROLS

The Board is responsible for the establishment of the internal control system of the Company and for review, through its audit committee, of the effectiveness of the system.

The internal control system of the Company is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage risks and to safeguard the assets of the Company against loss or fraud. However, any internal control system can provide only reasonable but not absolute assurance of full protection against material errors, losses, fraud or failure to meet its business objectives.

The Company's internal control system is operated through segregation of duties (e.g. between toll collecting staff and supervision staff), staff management, budget management, toll collection audit, financial accounting system controls, repairs and maintenance project management and so forth. Apart from periodic review by senior management including financial controllers designated by the Company to each major operation, internal audit department of the Company or audit groups of each major toll road operation were responsible for inspecting and assessing the performance of such operation. In financial accounting system control, the Company has adopted relevant procedures including strict compliance with approval procedures, proper safekeeping of fixed assets, verification and maintenance of accounting records, so as to ensure financial information, whether applied in operation or for public disclosure purposes, are reliable.

The Board has reviewed the internal control system of the Company and considered it to be effective and did not note any material deviation during the Reporting Year.

SHAREHOLDER RIGHTS AND INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The general meetings of the Company provide a forum for communication between the shareholders and the Board. The Chairman of the Board as well as chairman of the Audit Committee are available to answer questions at the shareholders' meetings.

Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The Company continues to enhance communications and relationships with its investors. Designated senior management maintain regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company also maintains a website at www.yuexiutransportinfrastructure.com, where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The principal activities of the Group consist of investment in, operation and management of expressways and bridges in Guangdong Province and other high-growth provinces in the PRC.

RESULTS AND APPROPRIATIONS

The results for the year are set out in the consolidated income statement on page 66.

The Directors have declared and now recommend the following dividends in respect of the year ended 31 December 2011:

	RMB'000
Interim dividend of HK$0.10 equivalent to approximately RMB0.0825196 per share paid on 18 November 2011	138,069
Proposed final dividend of HK$0.14 equivalent to approximately RMB0.1139866 per share	190,718
	328,787

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 29 May 2012 to Tuesday, 5 June 2012, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 5 June 2012, all transfers of shares accompanied by the relevant share certificates must be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Abacus Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 28 May 2012.

RESERVES

Movements in the reserves of the Group and the Company during the year are set out in note 26 to the consolidated financial statements.

DONATIONS

During the year, the Group made a charitable donation of RMB428,000 to a charitable organisation for charitable purpose.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group and the Company are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the issued share capital of the Company during the year are set out in note 25 to the consolidated financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below.

	Year ended 31 December				
	2011	2010	2009	2008	2007
			(Restated)	(Restated)	(Restated)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Profit attributable to Shareholders of the Company	**558,212**	534,544	382,350	552,369	460,629
Assets and liabilities					
Total assets	**16,147,403**	13,842,966	12,152,740	10,714,955	10,600,340
Total liabilities	**(6,187,997)**	(4,156,148)	(2,692,150)	(1,849,763)	(2,003,329)
	9,959,406	9,686,818	9,460,590	8,865,192	8,597,011

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year, the Company has not redeemed any of its shares. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2011 are set out in note 38 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2011, the distributable reserves of the Company available for distribution amounted to RMB2,014,235,000 (2010: RMB2,109,887,000).

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Executive directors
Mr Zhang Zhaoxing
Mr Liang Youpan (appointed with effect from 13 June 2011)
Mr Li Xinmin
Mr Liang Ningguang
Mr Liu Yongjie (resigned with effect from 13 June 2011)
Mr. Wang Shuhui
Mr Qian Shangning

Independent Non-executive directors
Mr Fung Ka Pun
Mr Lau Hon Chuen Ambrose
Mr Cheung Doi Shu

The Directors' Profiles are set out on pages 50 to 51.

ROTATION AND RE-ELECTION OF DIRECTORS

Messrs Zhang Zhaoxing, Li Xinmin and Wang Shuhui retire by rotation in accordance with Bye-Law 99 of the Company's Bye-Laws at the forthcoming annual general meeting and, being eligible, offer themselves for re-election. Mr Liang Youpan retires in accordance with Bye-Law 102 of the Company's Bye-Laws and, being eligible, offers himself for re-election.

The Board recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' SERVICE CONTRACTS

None of the Directors of the Company has a service contract with the Company which is not determinable by the employer within one year without payment of compensation, other than statutory compensation.

INDEPENDENT NON-EXECUTIVE DIRECTORS' FEES

The independent non-executive directors of the Company received RMB540,000 as Directors' fees for the year ended 31 December 2011.

DIRECTORS' INTEREST IN CONTRACTS

No contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its holding companies or its fellow subsidiaries was a party and in which any Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONNECTED TRANSACTIONS

The transactions described in Related Party Transactions in note 37(b)(i) and (iii) to the consolidated financial statements constitute connected transactions entered into or continued by the Group during the Reporting Year.

BANK LOANS AND OTHER BORROWINGS

Analysis of bank loans and other borrowings of the Group as at 31 December 2011 is set out in note 27 to the consolidated financial statements.

INTERESTS OF DIRECTORS

As at 31 December 2011, the interests and short positions of the Directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which are required to be recorded in the register maintained by the Company under Section 352 of the SFO or notified to the Company and the Stock Exchange were as follows:

Long positions in shares of the Company:

Name of Director	Nature of interest	Beneficial interest in shares	Approximate % of interest
Mr Liang Ningguang	Personal	34,950	0.002
Mr Li Xinmin	Personal	200,000	0.012
Mr Qian Shangning	Personal	250,000	0.015
Mr Lau Hon Chuen Ambrose	Personal	195,720	0.012

Save as disclosed herein, as at 31 December 2011, none of the Directors of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which are required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Save as disclosed herein, at no time during the year was the Company, its holding company, its subsidiaries, or its fellow subsidiaries a party to any arrangement to enable the Directors of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DISCLOSEABLE INTERESTS OF SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31 December 2011, the following persons had an interest or short position in the shares or underlying shares of the Company which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Note	Long position in shares	Approximate % of interest
廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited)	(a)	1,014,796,050	60.65
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	(a)	1,014,796,050	60.65
Grace Lord Group Limited	(a)	578,428,937	34.57
First Dynamic Limited	(a)	367,500,000	21.96
Housemaster Holdings Limited	(a)	367,500,000	21.96
Matthews International Capital Management, LLC	(b)	117,581,000	7.02

Notes:

(a) The entire issued share capital of Yue Xiu was beneficially wholly-owned by Guangzhou Yue Xiu Holdings Limited. Yue Xiu held 8,653 shares in the Company as beneficial owner and deemed interest in the balance of 1,014,787,397 shares through its wholly-owned subsidiaries, namely, Grace Lord Group Limited, Housemaster Holdings Limited, Yue Xiu Finance Company Limited, Dragon Year Industries Ltd. and Greenwood Pacific Limited.

(b) Matthews International Capital Management, LLC held these shares as investment manager.

SHARE OPTIONS

On 25 June 2002, the shareholders of the Company approved the resolutions relating to the termination of the old share option scheme and the adoption of a new share option scheme ("2002 Share Option Scheme"). The 2002 Share Option Scheme complies with the amendments to Chapter 17 of the Listing Rules and is due to expire in June 2012.

Pursuant to the 2002 Share Option Scheme, the board of directors of the Company ("Board") may grant to any person being an employee, officer, director, agent, consultant or representative of Yue Xiu, the Company or any of their respective subsidiaries ("Participants") options to subscribe for shares in the Company. The purpose of the 2002 Share Option Scheme is to provide incentives to Participants to contribute to the Group and to enable the Group to recruit, retain and motivate high-calibre employees and attract human resources that are valuable to the Group. The total number of shares which may be issued upon exercise of all options to be granted under the 2002 Share Option Scheme is 10% of the number of shares in issue as at the date of approval of the 2002 Share Option Scheme. The maximum entitlement of each Participant upon exercise of the options granted or to be granted within any 12-month period immediately preceding the proposed date of grant is limited to 1% of the number of shares in issue as at the proposed date of grant. Any further grant of options in excess of this limit is subject to shareholders' approval in general meeting. The share options are exercisable from the commencement date of the option period (which shall be a period to be notified by the Board at the time of the grant of an option, such period to commence on the date of grant or such later date as the Board may decide and expire on the last day of the period, which in any event shall not exceed 10 years from the date of grant), of which a maximum of up to (i) 30%; and (ii) 60% (inclusive of any options exercised under (i)), of the options granted under the relevant grant are exercisable during the period (i) up to the first anniversary; and (ii) up to the second anniversary of the commencement date of the option period respectively. After the second anniversary of the commencement date of the option period the restrictions will cease. In respect of a Participant who is an employee of Yue Xiu, the Company or any of their respective subsidiaries, the same limits on the exercise of the share options as described above shall also apply, except that the periods referred to in (i) and (ii) above shall commence from the later of: (a) the date of completion by such Participant of one year of continuous employment as permanent member of the staff of Yue Xiu, the Company or any of their respective subsidiaries, as the case may be; and (b) the commencement date of the option period, and the date when the restrictions cease shall be modified accordingly. The exercise price is determined by the Board and must be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (c) the nominal value of the shares. The cash consideration to be paid for each grant of option is HK$10, with full payment of the exercise price to be made upon exercise of an option. As at 31 December 2011, no such options have been granted to any person since its adoption as required to be disclosed under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws and there are no restrictions against such rights under the laws of Bermuda.

PUBLIC FLOAT

Based on the information that is publicly available to the Company as at the date of this report and within the knowledge of the Directors, there was a sufficiency of public float of the Company's securities as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

No disclosure with regard to the Group's major customers and suppliers are made since the aggregate percentages of sales and purchases attributable to the Group's five largest customers and suppliers are less than 30% of the Group's total sales and purchases during the current and previous years.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, Certified Public Accountants, who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Zhang Zhaoxing
Chairman

Hong Kong, 21 March 2012

INDEPENDENT AUDITOR'S REPORT

pwc

羅兵咸永道

TO THE SHAREHOLDERS OF YUEXIU TRANSPORT INFRASTRUCTURE LIMITED
(Formerly known as GZI Transport Limited)
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 66 to 139, which comprise the consolidated and company balance sheets as at 31 December 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

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OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 March 2012

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Revenue	5	**1,321,997**	1,252,665
Cost of services	7	**(435,478)**	(480,893)
Construction income under service concession upgrade services	34	**310,871**	94,747
Construction cost under service concession upgrade services	34	**(310,871)**	(94,747)
Other income	6	**2,649**	22,687
Other gains - net	6	**93,180**	27,333
General and administrative expenses	7	**(160,071)**	(138,889)
Loss for the year of disposal group	32	**—**	(3,179)
Operating profit		**822,277**	679,724
Finance income	9	**22,190**	25,419
Finance costs	9	**(161,284)**	(60,183)
Share of result of a jointly controlled entity	19	**17,298**	17,047
Share of results of associates	20	**158,797**	186,048
Profit before income tax		**859,278**	848,055
Income tax expense	10	**(134,217)**	(146,319)
Profit for the year		**725,061**	701,736
Attributable to:			
Shareholders of the Company		**558,212**	534,544
Non-controlling interests		**166,849**	167,192
		725,061	701,736
Earnings per share for profit attributable to the shareholders of the Company		**RMB per share**	RMB per share
Basic and diluted	12	**0.3336**	0.3195
		RMB'000	RMB'000
Dividends	13	**328,787**	312,070

The notes on pages 74 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	2011 RMB'000	2010 RMB'000
Profit for the year	725,061	701,736
Other comprehensive income		
Fair value (loss)/gain on available-for-sale financial assets, net of tax	(6,663)	875
Currency translation differences	(89,110)	(22,226)
Total comprehensive income for the year	629,288	680,385
Total comprehensive income attributable to:		
Shareholders of the Company	462,439	513,193
Non-controlling interests	166,849	167,192
	629,288	680,385

The notes on pages 74 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	31 December 2011 RMB'000	31 December 2010 RMB'000
ASSETS			
Non-current assets			
Intangible operating rights	14	**10,904,496**	7,740,035
Goodwill	15	**308,095**	302,352
Property, plant and equipment	16	**537,433**	89,484
Investment properties	17	**11,593**	9,918
Investment in a jointly controlled entity	19	**324,436**	307,138
Investment in associates	20	**1,639,791**	1,775,178
Available-for-sale financial asset	21	**138,939**	147,823
Derivative financial instrument	31	**3,481**	9,140
Other non-current receivables	22	**141,998**	151,137
		14,010,262	10,532,205
Current assets			
Trade receivables	23	**20,963**	19,789
Other receivables, deposits and prepayments	23	**817,702**	1,154,101
Amount due from a non-controlling interest of a subsidiary	29	**—**	24,942
Cash and cash equivalents	24	**1,298,476**	2,111,929
		2,137,141	3,310,761
Total assets		**16,147,403**	13,842,966

CONSOLIDATED BALANCE SHEET

As at 31 December 2011

	Note	31 December 2011 RMB'000	31 December 2010 RMB'000
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	25	**147,322**	147,322
Reserves	26		
Others		**7,595,813**	7,496,876
Proposed final dividend		**190,718**	169,386
		7,933,853	7,813,584
Non-controlling interests		**2,025,553**	1,873,234
Total equity		**9,959,406**	9,686,818
LIABILITIES			
Non-current liabilities			
Borrowings	27	**3,765,664**	1,472,362
Deferred income tax liabilities	28	**1,173,720**	1,100,669
		4,939,384	2,573,031
Current liabilities			
Borrowings due within one year	27	**598,186**	582,560
Amounts due to non-controlling interests of subsidiaries	29	**183,211**	773,364
Amounts due to holding companies	29	**228**	224
Amount due to a jointly controlled entity	29	**17,500**	—
Trade and other payables and accrued charges	30	**410,392**	187,477
Current income tax liabilities		**39,096**	39,492
		1,248,613	1,583,117
Total liabilities		**6,187,997**	4,156,148
Total equity and liabilities		**16,147,403**	13,842,966
Net current assets		**888,528**	1,727,644
Total assets less current liabilities		**14,898,790**	12,259,849

Zhang Zhaoxing
Director

Li Xinmin
Director

The notes on pages 74 to 139 are an integral part of these consolidated financial statements.

BALANCE SHEET

As at 31 December 2011

	Note	31 December 2011 RMB'000	31 December 2010 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	16	**2,164**	2,559
Investments in subsidiaries	18(a)	**2,744,457**	2,328,602
		2,746,621	2,331,161
Current assets			
Amounts due from subsidiaries	18(b)	**2,177,146**	2,241,723
Amount due from holding company	29	**—**	14
Deposits and prepayments	23	**742**	717
Cash and cash equivalents	24	**306,773**	479,954
		2,484,661	2,722,408
Total assets		**5,231,282**	5,053,569
EQUITY			
Equity attributable to the shareholders of the Company			
Share capital	25	**147,322**	147,322
Reserves	26		
Others		**4,199,260**	4,316,244
Proposed final dividend		**190,718**	169,386
Total equity		**4,537,300**	4,632,952
LIABILITIES			
Non-current liability			
Borrowings	27	**252,938**	—
		252,938	—
Current liabilities			
Amounts due to subsidiaries	18(b)	**410,661**	400,471
Other payables and accrued charges	30	**30,383**	20,146
		441,044	420,617
Total liabilities		**693,982**	420,617
Total equity and liabilities		**5,231,282**	5,053,569
Net current assets		**2,043,617**	2,301,791
Total assets less current liabilities		**4,790,238**	4,632,952

Zhang Zhaoxing
Director

Li Xinmin
Director

The notes on pages 74 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW

For the year Ended 31 December 2011

	Note	2011 RMB'000	2010 RMB'000
Cash flows from operating activities			
Cash generated from operations	33(a)	**1,077,886**	811,577
Interest paid		**(164,153)**	(58,396)
China enterprise income tax and withholding tax paid		**(156,160)**	(113,936)
Net cash generated from operating activities		**757,573**	639,245
Cash flows (used in)/from investing activities			
Payments of construction costs under service concession upgrade services		**(310,871)**	(94,747)
Payments of cash considerations on acquisition of subsidiaries in 2010/2009		**(769,531)**	(16,768)
Acquisition of subsidiaries	31(a)	**(795,738)**	25,377
Payments for acquiring additional interest in a subsidiary	36	**(54,000)**	—
Capital injection to an associate	20	**(62,562)**	(33,082)
Proceeds from compensation arrangement	23(b)	**357,658**	—
Proceeds from disposal of property, plant and equipment		**105**	164
Purchase of property, plant and equipment		**(467,250)**	(12,262)
Disposal of a subsidiary	33(b)	**—**	(6,494)
Loan to associate		**—**	(50,015)
Repayment of loans advanced to associates		**50,744**	—
Dividends received from associates	20	**306,002**	260,271
Dividend received from available-for-sale financial assets		**—**	21,600
Interest received		**24,027**	25,130
Net cash (used in)/generated from investing activities		**(1,721,416)**	119,174
Cash flows from/(used in) financing activities			
Proceeds from bank borrowings		**634,365**	—
Repayment of bank loans		**(177,520)**	(158,200)
Proceeds of loan from non-controlling interests of certain subsidiaries		**78,000**	—
Repayment of loans from a non-controlling interest of subsidiary		**(3,022)**	(1,377)
Repayment of short term loans		**(500)**	—
Proceeds of loan from a jointly controlled entity		**17,500**	—
Dividends paid to the shareholders of Company		**(307,455)**	(319,470)
Dividends paid to non-controlling interests		**(173,319)**	(131,601)
Capital contribution from non-controlling interest		**83,791**	—
Net cash generated from/(used in) financing activities		**151,840**	(610,648)
Net (decrease)/ increase in cash and cash equivalents		**(812,003)**	147,771
Cash and cash equivalents at 1 January		**2,111,929**	1,964,133
Effect of foreign exchange rate changes		**(1,450)**	25
Cash and cash equivalents at 31 December	24	**1,298,476**	2,111,929
Analysis of cash and cash equivalents			
Bank balances and cash		**1,298,476**	2,111,929

The notes on pages 74 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to shareholders of the Company			
	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2011	147,322	7,666,262	1,873,234	9,686,818
Comprehensive income				
Profit for the year	—	558,212	166,849	725,061
Other comprehensive income				
Currency translation differences	—	(89,110)	—	(89,110)
Decrease in fair value of available-for-sale financial assets	—	(8,884)	—	(8,884)
Deferred tax on fair value loss of available-for-sale financial assets	—	2,221	—	2,221
Total other comprehensive income	—	(95,773)	—	(95,773)
Total comprehensive income	—	462,439	166,849	629,288
Transactions with owners				
Non-controlling interests arising on business combination (note 31(a))	—	—	101,767	101,767
Capital contribution from non-controlling interests (note)	—	—	83,791	83,791
Changes in ownership interests in a subsidiary (note 36)	—	(34,715)	(19,285)	(54,000)
Dividends to the shareholders of the Company	—	(307,455)	—	(307,455)
Dividends to non-controlling interests	—	—	(180,803)	(180,803)
Total transactions with owners	—	(342,170)	(14,530)	(356,700)
Balance at 31 December 2011	147,322	7,786,531	2,025,553	9,959,406

Note:

The balance represents the capital contribution from non-controlling interests of a subsidiary, " Wuzhou Yue Xin Chishui Terminal Co., Ltd." which was newly setup in 2011.

The notes on pages 74 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2011

	Attributable to shareholders of the Company			
	Share capital RMB'000	Reserves RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance at 1 January 2010	147,322	7,472,539	1,840,729	9,460,590
Comprehensive income				
Profit for the year	—	534,544	167,192	701,736
Other comprehensive income				
Currency translation differences	—	(22,226)	—	(22,226)
Increase in fair value of available-for-sale financial assets	—	1,167	—	1,167
Deferred tax on fair value gain of available-for-sale financial assets	—	(292)	—	(292)
Total other comprehensive income	—	(21,351)	—	(21,351)
Total comprehensive income	—	513,193	167,192	680,385
Transactions with owners				
Acquisition of a subsidiary	—	—	71,291	71,291
Disposal of a subsidiary	—	—	(74,377)	(74,377)
Dividends to the shareholders of the Company	—	(319,470)	—	(319,470)
Dividends to non-controlling interests	—	—	(131,601)	(131,601)
Total transactions with owners	—	(319,470)	(134,687)	(454,157)
Balance at 31 December 2010	147,322	7,666,262	1,873,234	9,686,818

The notes on pages 74 to 139 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

On 30 May 2011, the name of GZI Transport Limited has been changed to "Yuexiu Transport Infrastructure Limited" (the "Company") and the Chinese name 「越秀交通基建有限公司」 has adopted as the secondary name of the Company.

Yuexiu Transport Infrastructure Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") are principally engaged in investment in and development, operation and management of expressways and bridges mainly in Guangdong Province and other high-growth provinces in the People's Republic of China (the "PRC"). Besides, the Group is also engaged to construct, manage and operate a port project in Wuzhou Port located in Guangxi.

The Company is an exempted company incorporated under the laws of Bermuda. The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and its principal place of business in Hong Kong is 23rd Floor, Yue Xiu Building, 160 Lockhart Road, Wanchai, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These financial statements are presented in Renminbi ("RMB") thousand dollars, unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 21 March 2012.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets (including derivative financial instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New/revised standards and amendments

The following revised standard and amendments to standards relevant to its operations are mandatory for adoption for the financial year beginning 1 January 2011 for the Group.

HKAS 24 (revised)	Related Parties Disclosures

HKICPA's annual improvements to certain HKFRS published in May 2010

HKAS 1 (amendment)	Presentation of Financial Statements
HKAS 27 (amendment)	Consolidated and Separate Financial Statements
HKAS 34 (amendment)	Interim Financial Reporting
HKFRS 3 (amendment)	Business Combinations
HKFRS 7 (amendment)	Financial Instruments: Disclosures

The adoption of these revised standard and amendments to standards do not have significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

The following new standards and amendments to standards relevant to its operations have been issued but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 12 (amendment)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
HKFRS 7 (amendment)	Financial Instruments: Disclosures - Offsetting Financial Assets and Liabilities	1 January 2013
HKAS 32 (amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Liabilities	1 January 2014
HKAS 19 (2011)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurement	1 January 2013

Management is in the process of making an assessment of the impact of these new standards and amendments to standards and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis at fair value of acquiree's identifiable net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss (note 2 (f)).

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in asset are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(ii) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(iv) Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investment in a jointly controlled entity is accounted for using the equity method of accounting and is initially recognised at cost.

The Group's share of its jointly controlled entity's post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Consolidation (continued)

(v) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit/(loss) of an associate' in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other (losses)/gains - net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

Effective from 1 December 2009, the Group changed its functional currency from Hong Kong dollars ("HK dollars") to Renminbi ("RMB"). The Group's assets and liabilities denominated in HK dollars were regarded as foreign currency balances upon the change, carrying amounts of which were translated into RMB by applying the applicable foreign exchange rate on 1 December 2009 with the resulting foreign exchange difference being recognised as other comprehensive income. When a foreign operation is disposed or partially disposed, the corresponding exchange differences previously recognised in equity would be recognised in the income statement as exchange gain or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currency translation (continued)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

— income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Intangible operating rights

The Group has been granted by the relevant local government authorities the rights to operate the toll highways and bridges for periods of 20 to 36 years. According to the approval documents of the relevant government and the relevant regulations, the Group is responsible for the construction of the toll highways and bridges and the acquisition of the related facilities and equipment and it is also responsible for the operation and management, maintenance and overhaul of the toll highways and bridges during the approved operating periods. The toll fees collected during the operating periods are attributable to the Group. The relevant toll highway/bridge assets are required to be returned to the local government authorities upon the expiry of the operating rights without any compensation to the Group. According to the relevant regulations, these operating rights are not renewable and the Group does not have any termination options.

The Group applies the intangible asset model to account for the toll highway and bridge infrastructures where they are paid by the users of the toll highways and bridges. The concession grantors (the respective local governments) have not provided any contractual guarantees for the recovery of the amounts of construction costs incurred. The intangible assets correspond to the rights granted by the respective concession grantors to the Group to charge users of the toll road/bridge services and are recorded in the balance sheet as "Intangible operating rights".

Amortisation of intangible operating rights is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the asset. The Group reviews regularly the projected total traffic volume throughout the life of the asset, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made should there be a material change.

(f) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary, at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in "Goodwill". Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment

Land and building comprise offices and staff quarters. Leasehold land classified as finance lease and all other property, plant and equipment are stated at cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged in the income statement during the financial period in which they are incurred.

Leasehold land classified as finance lease commences amortisation from the time when the land interest becomes available for its intended use. Amortisation on leasehold land classified as finance lease and depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Leasehold land classified as finance lease	Shorter of remaining lease term or useful life
Buildings	25 years
Furniture, fixtures and equipment	3 - 10 years
Motor vehicles	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains - net' in the income statement.

(h) Investment properties

Investment property, principally comprising leasehold land and office buildings, is held for long-term rental yields and is not occupied by the Group. Lands held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent qualified valuer. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "other gains - net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment of investments in subsidiaries, a jointly controlled entity, associates and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject amortisation, and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Financial assets

The Group classifies its financial assets in the following categories: loans and receivables, derivative financial instruments and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as "gains or losses on available-for-sale financial assets". Dividend on available-for-sale equity instruments are recognised in the income statement when the Group's right to receive payment is established.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of financial asset

(i) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial recognition;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including
  - (i) adverse changes in the payment status of borrowers in the portfolio;
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of financial asset (continued)

(ii) Assets classified as available for sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the consolidated income statement. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

(l) Derivative financial instrument

Derivative financial instrument is initially recognised at fair value on the date contract is entered into and is subsequently re-measured at their fair value with changes recognised in the consolidated income statement.

(m) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

(n) Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand and deposits held at call with banks and short-term bank deposits with original maturities of three months or less.

(o) Disposal groups held for sale

Disposal groups are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other receivable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowing costs are capitalised when funds are borrowed to finance the construction of highways and bridges up to the commencement of economic operations of the toll highways and bridges.

All other borrowing costs are charged to the income statement in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associates and a jointly controlled entity operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and a jointly controlled entity, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income taxes and liability are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities related to income tax levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(t) Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Lease of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

(v) Retirement benefit costs

The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in an independently administered fund.

(w) Revenue recognition

(i) Toll revenue is recognised on a receipt basis.

(ii) Dividend income is recognised when the right to receive payment is established.

(iii) Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(v) Construction income generated from construction and upgrade services rendering by the Group is recognised under the percentage of completion method. The stage of completion is measured on the basis of contract costs incurred up to the balance sheet date as a percentage to the total estimated cost to be incurred for each contract.

(x) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors of the Company ("Directors").

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Market risk

(i) Foreign exchange risk

The functional currency of the Company and major subsidiaries is RMB. Majority of the revenues of the Group are derived from operations in the PRC. It did not have significant exposure to foreign exchange risk in the PRC, except for certain cash and bank balances of RMB321,955,000 (2010: RMB589,912,000) which were denominated in Hong Kong dollars ("HK$") and cash and bank balances of RMB35,525,000 (2010: RMB26,000) and a bank borrowing of RMB252,938,000 (2010: Nil) which is dominated in United States dollar ("USD") as at 31 December 2011. Under the Linked Exchange Rate System in Hong Kong, HKD is pegged to USD. The conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2011, if HK$ had weakened/strengthened by 5% against the RMB with all other variables held constant, post-tax profit for the year would have been RMB5,227,100(2010: 8,523,000) lower/higher, mainly as a result of net foreign exchange on translation of HK$-denominated cash and bank balances and the consideration payable.

The Group currently does not have a foreign currency hedging policy on the foreign currency balances.

(ii) Cash flow interest rate risk

Besides cash and cash equivalents, the interest rate risk of which is considered immaterial, the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's loans from non-controlling interests of subsidiaries were issued at fixed rates or interest free, which expose the Group to fair value interest-rate risk.

The Group's long-term borrowings issued at variable rates which expose the Group to cash flow interest-rate risk.

At 31 December 2011, if interest rates on borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been decreased/increased by RMB16,364,000 (2010: RMB10,275,000).

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

The Group and the Company have no significant concentrations of credit risk. The carrying amounts of cash and cash equivalents, other non-current receivables, trade receivables, other receivables and amounts due from subsidiaries represent the Group's and the Company's maximum exposure to credit risk in relation to its financial assets. The credit risk for bank deposits and bank balances is minimal as such balances are placed with state-owned banks or listed banks, management considers these balances are subject to low credit risk. The Group carries out regular reviews and follow-up actions on any overdue amounts to minimise exposures to credit risk.

As result of the business nature of the Group, the Group has no significant concentration of credit risk arising from its customers, except for the other non-current receivable of RMB151.1 million (2010: RMB158.7 million) and other receivables of RMB701.6 million (2010: RMB1,059.3 million) which are due from government authorities in the PRC in relation to compensation for surrendering the toll stations to the Xiangtan Municipal People's Government (Note 22) and the Guangzhou Municipal People's Government (the "GZ Government") (Note 23(b)).

In addition, the Company monitors its exposure to credit risk in respect of the financial assistance provided to subsidiaries through exercising control over their financial and operating policy decisions and reviewing their financial positions on a regular basis.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk*

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements.

The table below analyses the Group's financial liabilities based on the remaining period at the balance sheet to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2011						
Borrowings	**—**	**855,217**	**563,699**	**1,962,122**	**2,310,068**	**5,691,106**
Amounts due to non-controlling interests of subsidiaries	**58,668**	**124,543**	**—**	**—**	**—**	**183,211**
Amounts due to holding companies	**228**	**—**	**—**	**—**	**—**	**228**
Amount due to a jointly controlled entity	**17,500**	**—**	**—**	**—**	**—**	**17,500**
Trade and other payables and accrued charges	**—**	**410,392**	**—**	**—**	**—**	**410,392**
	76,396	**1,390,152**	**563,699**	**1,962,122**	**2,310,068**	**6,302,437**
As at 31 December 2010						
Borrowings	—	701,951	197,934	790,015	900,773	2,590,673
Amounts due to non-controlling interests of subsidiaries	12,997	760,367	—	—	—	773,364
Amounts due to holding companies	224	—	—	—	—	224
Trade and other payables and accrued charges	—	187,477	—	—	—	187,477
	13,221	1,649,795	197,934	790,015	900,773	3,551,738

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) *Liquidity risk (continued)*

Company

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
As at 31 December 2011					
Amounts due to subsidiaries	**410,661**	**—**	**—**	**—**	**410,661**
Other payables and accrued charges	**—**	**30,383**	**—**	**—**	**30,383**
	410,661	**30,383**	**—**	**—**	**441,044**
As at 31 December 2010					
Amounts due to subsidiaries	400,471	—	—	—	400,471
Other payables and accrued charges	—	20,146	—	—	20,146
	400,471	20,146	—	—	420,617

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity, as shown in the consolidated balance sheet, plus net debt.

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management (continued)

The gearing ratio is calculated as follows:

	2011 RMB'000	2010 RMB'000
Borrowings	**4,363,850**	2,054,922
Amounts due to non-controlling interests of subsidiaries	**58,668**	773,364
Amounts due to holding companies	**228**	224
Amount due to a jointly-controlled entity	**17,500**	—
Total debts	**4,440,246**	2,828,510
Less: cash and cash equivalents	**(1,298,476)**	(2,111,929)
Net debts	**3,141,770**	716,581
Equity attributable to the shareholders of the Company	**7,933,853**	7,813,584
Total capital	**11,075,623**	8,530,165
Gearing ratio	**28.4%**	8.4%

The increase in gearing ratio at 31 December 2011 was mainly attributable to addition in borrowings of RMB1,772.0 million from the acquisition of 湖南長株高速公路開發有限責任公司 (Hunan Changzhu Expressway Development Company Limited[1]) in 2011 (note 31(a)).

[1] For identification purpose only

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial instruments that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2011				
Available-for-sale financial assets	**—**	**—**	**138,939**	**138,939**
Derivative financial instrument	**—**	**—**	**3,481**	**3,481**
Total	**—**	**—**	**142,420**	**142,420**
As at 31 December 2010				
Available-for-sale financial assets	—	—	147,823	147,823
Derivative financial instrument	—	—	9,140	9,140
Total	—	—	156,963	156,963

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date.

Specific valuation techniques used to value financial instruments include:

- For unlisted securities without an active market, the Group establishes the fair value by using market comparison approach.

- The fair value of the derivative financial instrument is determined using Trinomial Option Pricing model.

- The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

There were no liabilities of financial instruments and no significant transfers of financial assets among level 1, level 2 and level 3 fair value hierarchy classifications in both years.

The following table presents the changes in level 3 instruments for the year ended 31 December 2011:

	Available-for-sale financial assets RMB'000	Derivative financial instrument RMB'000	Total RMB'000
As at 1 January 2011	**147,823**	**9,140**	**156,963**
Fair value losses on available-for-sale financial assets recognised in the consolidated statement of comprehensive income	(8,884)	—	(8,884)
Fair value loss on derivative financial instruments recognised in the consolidated income statement	—	(5,659)	(5,659)
As at 31 December 2011	**138,939**	**3,481**	**142,420**

The following table presents the changes in level 3 instruments for the year ended 31 December 2010:

	Available-for-sale financial assets RMB'000	Derivative financial instrument RMB'000	Total RMB'000
As at 1 January 2010	146,656	—	146,656
Additions (note 31(b))	—	9,140	9,140
Fair value gains on available-for-sale financial assets recognised in the consolidated statement of comprehensive income	1,167	—	1,167
As at 31 December 2010	147,823	9,140	156,963

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets or liabilities within the next financial year are discussed below.

(a) Amortisation of intangible operating rights

Amortisation of intangible operating rights is calculated to write off their costs on a units-of-usage basis based on the traffic volume for a particular period over the projected total traffic volume throughout the life of the assets.

The Group reviews regularly the projected total traffic volume throughout the life of the respective assets, and if it is considered appropriate, independent professional traffic studies will be obtained. Appropriate adjustment will be made should there be a material change.

At present, the range of annual traffic growth rates that have been projected for individual toll highways and bridges is around 4.5% to 47.3%. Traffic volumes of certain toll highways and bridges of the Group have become saturated; while traffic growth rate of a toll highway in Hubei is forecasted to be significant due to the opening of its extension connected to Wuhan Tianhe Airport.

(b) Current income tax and deferred income tax

The Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for income tax and the timing of payment of the related income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The management exercises judgement in determining the future taxable profit based on the projected future traffic volume and specific circumstance of the toll highways and bridges operated by the individual entity with tax losses. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax in the periods in which such estimate is changed.

(c) Impairment of intangible operating rights

The Group tests whether intangible operating right has suffered any impairment if such indicator exists. The recoverable amounts of cash generating units have been primarily determined based on value-in-use calculations. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit to which the intangible operating right belongs and a suitable discount rate in order to calculate the present value. When the intangible operating right's carrying amount exceeds its value-in-use, the Group also determines the intangible operating right's fair value less costs to sell to determine the intangible operating right's recoverable amount, which is the higher of its fair value less costs to sell and value in use.

5 REVENUES AND SEGMENT INFORMATION

The Group is principally engaged in the operation and management of toll highways and bridges in the PRC. Revenue recognised during the year is as follows:

The chief operating decision-maker has been identified as the Board of Directors. The Board of Directors reviews the Group's internal reporting in order to assess performance of the Group's main reporting segment - Toll highways and bridges projects in the PRC. The Board of Directors assesses the performance of this main reporting segment based on measure of profit after income tax for the year. Other operations mainly comprise port operation, investment and others. There have been no sales being carried out between segments. None of these operations constitutes a separate segment.

Business segment	Toll roads operations RMB'000	Port and all other segments RMB'000	Total RMB'000
31 December 2011			
Revenue (from external customers)	**1,321,997**	**—**	**1,321,997**
Operating profit	**820,564**	**1,713**	**822,277**
Finance income	**22,190**	**—**	**22,190**
Finance costs	**(161,284)**	**—**	**(161,284)**
Share of result of a jointly controlled entity	**17,298**	**—**	**17,298**
Share of results of associates	**158,797**	**—**	**158,797**
Profit before income tax	**857,565**	**1,713**	**859,278**
Income tax expense	**(133,839)**	**(378)**	**(134,217)**
Profit for the year	**723,726**	**1,335**	**725,061**
31 December 2010			
Revenue (from external customers)	1,252,665	—	1,252,665
Operating profit	657,034	22,690	679,724
Finance income	25,419	—	25,419
Finance costs	(60,183)	—	(60,183)
Share of result of a jointly controlled entity	17,047	—	17,047
Share of results of associates	186,048	—	186,048
Profit before income tax	825,365	22,690	848,055
Income tax expense	(146,072)	(247)	(146,319)
Profit for the year	679,293	22,443	701,736

5 REVENUES AND SEGMENT INFORMATION (continued)

Assets and liabilities	Toll roads operations RMB'000	Port and all other segments RMB'000	Total RMB'000
As at 31 December 2011			
Total segment assets	**15,503,947**	**643,456**	**16,147,403**
Total segment assets include:			
Investment in a jointly controlled entity	**324,436**	**—**	**324,436**
Investments in associates	**1,639,791**	**—**	**1,639,791**
Total segment liabilities	**5,873,365**	**314,632**	**6,187,997**
Total segment liabilities include:			
Amount due to a jointly controlled entity	**17,500**	**—**	**17,500**
As at 31 December 2010			
Total segment assets	13,676,888	166,078	13,842,966
Total segment assets include:			
Investment in a jointly controlled entity	307,138	—	307,138
Investments in associates	1,775,178	—	1,775,178
Total segment liabilities	4,127,307	28,841	4,156,148

The Group is domiciled in the PRC. All revenues of the Group from external customers are generated in the PRC. Besides, most of the assets of the Group are located in the PRC. Thus no geographic information is presented.

6 OTHER INCOME AND OTHER GAINS - NET

	2011 RMB'000	2010 RMB'000
Other income		
Dividend income from available-for-sale financial assets	—	21,600
Others	2,649	1,087
	2,649	22,687
Other gains - net		
Fair value gain on investment properties (note 17)	1,675	1,362
Fair value loss on derivative financial instrument	(5,659)	—
Exchange gain/(loss) - net (note)	90,432	(27,373)
Waiver of amounts due to non-controlling interests of subsidiaries	—	8,649
Loss on Compensation Arrangement (note 23(b))	—	(400)
Gain on disposal of a subsidiary (note 33(b))	—	38,184
Loss on disposal of property, plant and equipment	(295)	(143)
Others	7,027	7,054
	93,180	27,333

Note:

In 2011, certain subsidiaries of the Group repaid their shareholder's loans subsequent to their surrender of toll stations to the GZ Government (note 23(b)), the corresponding cumulative exchange differences of RMB89.7 million arising from the shareholder's loans previously recognised in exchange fluctuation reserve were recognised in the consolidated income statement upon repayments.

7 EXPENSES BY NATURE

Expenses included in cost of services and general and administrative expenses are analysed as follows:

	2011 RMB'000	2010 RMB'000
Business tax	45,699	41,911
Amortisation of intangible operating rights (note 14)	229,776	228,521
Impairment losses on goodwill (note 15)	3,685	4,557
Depreciation of property, plant and equipment (note 16)	20,793	12,386
Toll highways and bridges maintenance expenses	39,681	109,618
Toll highways and bridges operating expenses	37,584	34,969
Staff costs (including Directors' emoluments) (note)		
- Wages and salaries	113,790	93,512
- Pension costs (defined contribution plan)	11,084	7,588
- Social security costs	10,198	10,282
- Staff welfare and other benefits	28,399	44,505
Auditor's remuneration		
- Audit services	2,127	2,005
- Non-audit services	2,644	397
Legal and professional fee	6,960	5,627
Transportation expenses	8,359	5,391
Entertainment expenses	6,003	3,412
Others	28,767	15,101
Total cost of services and general and administrative expenses	595,549	619,782

Note:

The Group operates a defined contribution scheme ("ORSO Scheme") for certain Hong Kong employees as defined in the Occupational Retirement Schemes Ordinance. Contributions to the scheme by the employer and employees are calculated at 12% and 5% respectively of basic salaries of the employees.

The Group's contributions to the ORSO Scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. There were no forfeited contributions for the year ended 31 December 2011.

The Group also participates in the Mandatory Provident Fund Scheme ("MPF Scheme") for other Hong Kong employees. The Group's MPF Scheme contributions are at 5% of the employees' relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK$1,000 (equivalent to RMB831) per employee per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK$5,000 per month (equivalent to RMB4,155). The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

Subsidiaries of the Company in the PRC are required to participate in defined contribution retirement plans organised by the respective Provincial or Municipal People's Government, and make monthly contributions to the retirement plans equivalent to 20% of the monthly salaries of the employees in the preceding year or three times the preceding year's local annual average wage, whichever is lower.

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) The remuneration of every Director

For the year ended 31 December 2011

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
ZHANG Zhaoxing	—	645	2,055	2,700
LI Xinmin	—	645	2,055	2,700
QIAN Shangning	—	601	1,918	2,519
LIANG Ningguang	—	513	1,638	2,151
WANG, Shuhui	—	513	1,638	2,151
LIU Yongjie (a)	—	81	139	220
LIANG Youpan (b)	—	318	1,014	1,332
	—	3,316	10,457	13,773
Non-executive directors				
FUNG Ka Pun[1]	180	—	—	180
LAU Hon Chuen Ambrose[1]	180	—	—	180
CHEUNG Doi Shu[1]	180	—	—	180
	540	—	—	540
	540	3,316	10,457	14,313

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (continued)

(a) The remuneration of every Director (continued)

For the year ended 31 December 2010

Name of directors	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive directors				
ZHANG Zhaoxing	—	666	2,147	2,813
LI Xinmin	—	666	2,147	2,813
QIAN Shangning	—	621	2,003	2,624
LIANG Ningguang	—	530	1,708	2,238
WANG, Shuhui	—	530	1,708	2,238
LIU Yongjie	—	166	274	440
	—	3,179	9,987	13,166
Non-executive directors				
FUNG Ka Pun[1]	180	—	—	180
LAU Hon Chuen Ambrose[1]	180	—	—	180
CHEUNG Doi Shu[1]	180	—	—	180
	540	—	—	540
	540	3,179	9,987	13,706

[1] independent non-executive director

Notes:

(a) Resigned on 13 June 2011.

(b) Appointed on 13 June 2011.

No Directors waived emoluments in respect of the years ended 31 December 2011 and 2010. No emoluments were paid or payable by the Group to any Directors as an inducement to join or upon joining the Group, or as compensation for loss of office for both years presented.

(b) The five individuals whose emoluments were the highest in the Group for the years ended 31 December 2011 and 2010 are also Directors whose emoluments are reflected in the analysis presented above.

9 FINANCE INCOME/COSTS

	2011 RMB'000	2010 RMB'000
Bank interest income	13,014	15,124
Interest income on other non-current receivables	9,176	9,566
Interest income on a loan to an associate	—	729
Finance income	22,190	25,419
Interest expenses:		
- Bank borrowings	(175,183)	(58,384)
- Loans from non-controlling interests of certain subsidiaries	(14,658)	(14,036)
- Fair value adjustment on non-interest bearing loans from non-controlling interests of certain subsidiaries	14,107	12,237
- Other loans	(1,252)	—
	(176,986)	(60,183)
Less: amount capitalized in construction in progress	15,702	—
Finance costs incurred	(161,284)	(60,183)

The capitalization rate used to determine the amounts of borrowing costs eligible for capitalization is 6.59% for the year.

10 INCOME TAX EXPENSE

(a) No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group had no income assessable to Hong Kong profits tax during the year (2010: Nil).

(b) During the year ended 31 December 2011, PRC enterprises income tax was provided on the profits of the Group's subsidiaries, associates and a jointly controlled entity in the PRC in accordance with the Income Tax Law of China for Enterprises with Foreign Investment and Foreign Enterprises.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "New CIT Law"), under which all domestic-invested enterprises and foreign-invested enterprises are subject to a standard corporate income tax rate of 25% with effect from 1 January 2008. The Group's principal income tax rate is gradually increased to the standard rate of 25% over a period of 5 years starting from 1 January 2008. The applicable principal income tax rate for the year ended 31 December 2011 is 24% (2010: 22%). The effective tax rate is relatively lower than the applicable principal income tax rate which primarily due to the fact that a subsidiary (Guangzhou Northern Second Ring Expressway Company Limited) of the Group enjoyed a preferential rate of 12% in 2011 (2010: 11%) (note (a)).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to withholding income tax at a tax rate of 5% or 10%. During the year, withholding income tax was provided for undistributed profits of the Group's subsidiaries and associates in the PRC at tax rates of 5% or 10% (2010: 5% or 10%).

10 INCOME TAX EXPENSE (continued)

(c) The amount of income tax charged to the consolidated income statement represents:

	2011 RMB'000	2010 RMB'000
Current income tax		
PRC enterprise income tax		
- current year	**106,166**	103,542
- under-provision in prior years	**499**	289
Deferred income tax (note 28)	**27,552**	42,488
	134,217	146,319

The tax on the Group's profit before income tax less share of results of associates and a jointly controlled entity differs from the theoretical amount that would arise using the principal applicable tax rate as follows:

	2011 RMB'000	2010 RMB'000
Profit before income tax	**859,278**	848,055
Less: share of results of associates	**(158,797)**	(186,048)
Less: share of result of a jointly controlled entity	**(17,298)**	(17,047)
	683,183	644,960
Calculated at a tax rate of 24% (2010: 22%)	**163,964**	141,891
Income not subject to tax	**(24,946)**	(25,682)
Expenses not deductible for tax purposes	**18,381**	26,765
Profit of a subsidiary with preferential tax treatment (note (a))	**(55,668)**	(52,560)
Unrecognised temporary differences	**378**	247
Recognition of previously unrecognised temporary differences	**(8,686)**	—
Tax loss not recognised (note (b))	**21,212**	13,823
Utilisation of previously unrecognised tax losses	**(21,704)**	—
Under-provision in prior year	**499**	289
Withholding tax on undistributed profits of subsidiaries and associates	**40,787**	41,546
Income tax expense	**134,217**	146,319

Note:

(a) A subsidiary (Guangzhou Northern Second Ring Expressway Company Limited) of the Group enjoyed two years' exemption of income tax for 2007 and 2008 and the income for 2011 is subject to a preferential rate of 12% (2010: 11%).

(b) Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB120,818,000 (2010: RMB69,437,000) in respect of unused losses amounting to RMB483,273,000 (2010: RMB277,749,000) that can be carried forward for offsetting against future taxable income. Unused tax losses will expire in 2016.

11 PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY

The profit attributable to shareholders of the Company is dealt with in the financial statements of the Company to the extent of RMB211,803,000 (2010: RMB192,804,000).

12 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2011	2010
Profit attributable to shareholders of the Company (RMB'000)	**558,212**	534,544
Weighted average number of ordinary shares in issue ('000)	**1,673,162**	1,673,162
Basic and diluted earnings per share (RMB)	**0.3336**	0.3195

The diluted earnings per share for the year ended 31 December 2011 equals to the basic earnings per share as there are no potential dilative ordinary shares in issue during the year.

13 DIVIDENDS

Company

	2011 **RMB'000**	2010 RMB'000
Interim, paid, of HK$0.10 equivalent to RMB0.0825196 (2010: HK$0.10 equivalent to RMB0.085278) per share	**138,069**	142,684
Final, proposed, of HK$0.14 equivalent to RMB0.1139866 (2010: HK$0.12 equivalent to RMB0.101237) per share	**190,718**	169,386
	328,787	312,070

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

14 INTANGIBLE OPERATING RIGHTS

	RMB'000
Year ended 31 December 2011	
Opening net book amount	**7,740,035**
Acquisition of a subsidiary (note 31(a))	**3,083,366**
Additions (note)	**310,871**
Amortisation	**(229,776)**
Closing net book amount	**10,904,496**
At 31 December 2011	
Cost	**11,843,792**
Accumulated amortisation	**(939,296)**
Net book amount	**10,904,496**
Year ended 31 December 2010	
Opening net book amount	7,193,211
Acquisition of a subsidiary (note 31(b))	1,669,215
Disposal under Compensation Arrangement (note 23(b))	(988,617)
Additions	94,747
Amortisation	(228,521)
Closing net book amount	7,740,035
At 31 December 2010	
Cost	8,449,555
Accumulated amortisation	(709,520)
Net book amount	7,740,035

At 31 December 2011, toll highway operating rights with net book amount of RMB10,772,592,692 (2010: RMB7,614,324,000) were pledged to secure the Group's bank borrowings.

Note:

Additions for the year mainly represented the upgrade of Guangzhou Northern Second Ring Expressway and the construction of Hubei Han Xiao Expressway.

15 GOODWILL

	2011 **RMB'000**	2010 RMB'000
At 1 January	**302,352**	187,334
Acquisition of subsidiaries (note 31)	**9,428**	119,575
Impairment losses	**(3,685)**	(4,557)
At 31 December	**308,095**	302,352

Goodwill is mainly attributable to the recognition of deferred tax liabilities on fair value gain arising from the acquisitions of interests in subsidiaries.

Goodwill is allocated to the Group's five cash-generating units including the operations of Guangzhou Northern Second Ring Expressway, Cangyu Expressway, Tianjin Jinbao Expressway, Hubei Han Xiao Highway and Hunan Changzhu Expressway.

The recoverable amounts of the above cash-generating units are determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five-year period are extrapolated by using the estimated growth rates ranging from 0% to 5.2%.

Key assumptions and considerations used for the value-in-use calculations included estimated traffic flow growth, vehicle types of the toll expressways and highway operation and expected gross domestic product growth rate. Toll fee charging rates of the expressways or highway were regulated by the relevant government authorities in the PRC.

Management determined the above key assumptions and considerations based on past performance and its expectations for the market development. Both internal and external factors are considered, independent professional traffic studies on traffic flow growth will be obtained where appropriate. Discount rates adopted are ranging from 10.8% to 13.3%. The discount rates used are pre-tax and reflect specific risks relating to the respective toll highways operator industry.

16 PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold land RMB'000	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2011						
Opening net book amount	**536**	**25,109**	**53,449**	**10,390**	**—**	**89,484**
Exchange differences	**19**	**284**	**1**	**—**	**—**	**304**
Additions	**—**	**—**	**92,641**	**5,801**	**368,808**	**467,250**
Acquisition of a subsidiary (Note 31(b))	**—**	**—**	**794**	**794**	**—**	**1,588**
Disposals	**—**	**—**	**(301)**	**(99)**	**—**	**(400)**
Depreciation	**(16)**	**(1,100)**	**(16,566)**	**(3,111)**	**—**	**(20,793)**
Closing net book amount	**539**	**24,293**	**130,018**	**13,775**	**368,808**	**537,433**
At 31 December 2011						
Cost	**570**	**38,241**	**163,829**	**20,924**	**368,808**	**592,372**
Accumulated depreciation	**(31)**	**(13,948)**	**(33,811)**	**(7,149)**	**—**	**(54,939)**
Net book amount	**539**	**24,293**	**130,018**	**13,775**	**368,808**	**537,433**
Year ended 31 December 2010						
Opening net book amount	—	26,861	46,432	7,931	—	81,224
Effect of adoption of HKAS 17 (amendment)	570	—	—	—	—	570
Opening net book amount, as restated	570	26,861	46,432	7,931	—	81,794
Exchange differences	(19)	(281)	(28)	—	—	(328)
Additions	—	59	7,653	4,550	—	12,262
Acquisition of a subsidiary (Note 31(a))	—	—	11,321	871	—	12,192
Disposals	—	—	(3,471)	(579)	—	(4,050)
Depreciation	(15)	(1,530)	(8,458)	(2,383)	—	(12,386)
Closing net book amount	536	25,109	53,449	10,390	—	89,484
At 31 December 2010						
Cost	570	34,022	77,919	15,290	—	127,801
Accumulated depreciation	(34)	(8,913)	(24,470)	(4,900)	—	(38,317)
Net book amount	536	25,109	53,449	10,390	—	89,484

At 31 December 2011, property, plant and equipment with the net book amount of RMB292,480,000 (2010: nil) were pledged to secure bank borrowing of RMB195,560,000.

Construction in progress as at 31 December 2011 represented a port under construction located in Wuzhou, the PRC.

16 PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2011			
Opening net book amount	**880**	**1,679**	**2,559**
Additions	**19**	**—**	**19**
Disposal	**(85)**	**—**	**(85)**
Depreciation	**(135)**	**(194)**	**(329)**
Closing net book amount	**679**	**1,485**	**2,164**
At 31 December 2011			
Cost	**1,816**	**2,932**	**4,748**
Accumulated depreciation	**(1,137)**	**(1,447)**	**(2,584)**
Net book amount	**679**	**1,485**	**2,164**
Year ended 31 December 2010			
Opening net book amount	795	1,872	2,667
Exchange difference	(25)	—	(25)
Additions	240	—	240
Depreciation	(130)	(193)	(323)
Closing net book amount	880	1,679	2,559
At 31 December 2010			
Cost	2,159	2,932	5,091
Accumulated depreciation	(1,279)	(1,253)	(2,532)
Net book amount	880	1,679	2,559

17 INVESTMENT PROPERTIES

	2011 RMB'000	2010 RMB'000
At 1 January	**9,918**	8,849
Fair value gain	**1,675**	1,362
Exchange rate difference	**—**	(293)
At 31 December	**11,593**	9,918

The investment properties of the Group were revalued at 31 December 2011 on the basis of their open market values as determined by an independent firm of professional surveyor, appointed by the Group. The fair value of each investment property is individually determined at the end of each reporting period by independent valuer based on a market value assessment.

The Group's investment properties are held on leases of between 10 to 50 years in Hong Kong.

18 INVESTMENTS IN SUBSIDIARIES AND AMOUNTS DUE FROM SUBSIDIARIES

(a) Investments in subsidiaries

	31 December 2011 RMB'000	31 December 2010 RMB'000
Unlisted shares, at cost	**2,744,457**	2,328,602

Details of the principal subsidiaries of the Company are set out in note 38.

(b) The amounts due from/to subsidiaries are unsecured, interest free and repayable on demand and denominated in RMB.

The carrying amounts of the amounts due from/to subsidiaries approximate their fair values.

19 INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	Share of net assets	
	2011	2010
	RMB'000	RMB'000
At 1 January	**307,138**	290,091
Share of results for the year		
– profit before income tax	**23,033**	22,099
– income tax expense	**(5,735)**	(5,052)
	17,298	17,047
At 31 December	**324,436**	307,138

There is no contingent liability arising from Group's interest in jointly controlled entity.

The Group's interests in its jointly controlled entity were as follows:

	Guangzhou Western Second Ring Expressway Co., Ltd. ("GWSR Expressway Co., Ltd.")	
	2011	2010
	RMB'000	RMB'000
Revenue	**91,006**	83,020
Expenses	**(73,708)**	(65,973)
Profit	**17,298**	17,047

	31 December 2011 RMB'000	31 December 2010 RMB'000
Assets:		
Non-current assets	**882,899**	899,996
Current assets	**41,132**	27,143
	924,031	927,139
Liabilities:		
Non-current liabilities	**(404,517)**	(419,782)
Current liabilities	**(195,078)**	(200,219)
	(599,595)	(620,001)
Net assets	**324,436**	307,138

Details of the Group's jointly controlled entity are set out in note 38.

20 INVESTMENTS IN ASSOCIATES

	Share of net assets RMB'000	Loans receivable RMB'000	Total RMB'000
At 1 January 2011	**1,724,434**	**50,744**	**1,775,178**
Share of results for the year			
– profit before income tax	**222,245**	**—**	**222,245**
– income tax	**(63,448)**	**—**	**(63,448)**
	158,797	**—**	**158,797**
Dividends	**(306,002)**	**—**	**(306,002)**
Repayment of shareholders' loan	**—**	**(50,744)**	**(50,744)**
Capital injection (note (a))	**62,562**	**—**	**62,562**
At 31 December 2011	**1,639,791**	**—**	**1,639,791**
At 1 January 2010	1,765,575	—	1,765,575
Share of results for the year			
– profit before income tax	231,013	—	231,013
– income tax	(44,965)	—	(44,965)
	186,048	—	186,048
Dividends	(260,271)	—	(260,271)
Loan advanced to an associate	—	50,015	50,015
Interest income	—	729	729
Capital injection (note (a))	33,082	—	33,082
At 31 December 2010	1,724,434	50,744	1,775,178

Note:

(a) Proportional capital contribution of RMB62,562,000 (2010: RMB33,082,000) was injected to Guangdong Qinglian Highway Development Co., Ltd. during the year. The carrying amounts of the loan receivable are denominated in RMB.

20 INVESTMENTS IN ASSOCIATES (continued)

The Group's interests in its associates were as follows:

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Freeway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.	
	2011 RMB'000	2010 RMB'000	**2011 RMB'000**	2010 RMB'000	**2011 RMB'000**	2010 RMB'000	**2011 RMB'000**	2010 RMB'000
Revenue	**186,157**	180,745	**107,389**	89,726	**147,238**	137,902	**59,612**	54,503
Expenses	**(75,952)**	(55,489)	**(154,064)**	(119,489)	**(83,245)**	(77,249)	**(28,338)**	(24,601)
Profit/(loss)	**110,205**	125,256	**(46,675)**	(29,763)	**63,993**	60,653	**31,274**	29,902

	Guangdong Humen Bridge Co., Ltd.		Guangdong Qinglian Highway Development Co., Ltd.		Guangzhou Northring Freeway Co., Ltd.		Guangdong Shantou Bay Bridge Co., Ltd.	
	31 December 2011 RMB'000	31 December 2010 RMB'000	**31 December 2011 RMB'000**	31 December 2010 RMB'000	**31 December 2011 RMB'000**	31 December 2010 RMB'000	**31 December 2011 RMB'000**	31 December 2010 RMB'000
Assets:								
Non-current assets	**800,502**	826,044	**2,067,777**	2,005,038	**283,520**	312,486	**249,573**	276,574
Current assets	**28,538**	70,456	**54,163**	25,642	**25,443**	35,664	**55,401**	21,880
	829,040	896,500	**2,121,940**	2,030,680	**308,963**	348,150	**304,974**	298,454
Liabilities:								
Non-current liabilities	**(196,015)**	(124,702)	**(1,362,151)**	(1,207,123)	**(96,607)**	(150,736)	**(16,677)**	(14,947)
Current liabilities	**(23,516)**	(21,863)	**(198,387)**	(278,042)	**(11,960)**	(30,412)	**(19,813)**	(21,525)
	(219,531)	(146,565)	**(1,560,538)**	(1,485,165)	**(108,567)**	(181,148)	**(36,490)**	(36,472)
Net assets	**609,509**	749,935	**561,402**	545,515	**200,396**	167,002	**268,484**	261,982

Details of the Group's associates are set out in note 38.

21 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2011 RMB'000	2010 RMB'000
At 1 January	147,823	146,656
Fair value (losses)/gains recognised in other comprehensive income	(8,884)	1,167
At 31 December	138,939	147,823

The balance represents unlisted equity securities stated at fair value, which was valued based on market comparison approach.

22 OTHER NON-CURRENT RECEIVABLES

Non-current receivable represents the non-current portion of present value of consideration receivable, discounted at rate of 5.32% in relation to the disposal of the Group's toll operating rights of Xiang Jiang Bridge II completed in 2009.

As at 31 December 2011, the total remaining balance of the consideration receivable is RMB151.1 million (2010: RMB158.7 million) which will be settled by 20 half yearly installments until the end of concessionary period, i.e. 30 November 2021. RMB 142.0 million (2010: RMB151.1 million) will be received after 2012 according to the receipt schedule.

The fair value of the consideration receivable is approximately RMB162.1 million (2010: RMB165.4 million).

23 TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Group

	31 December 2011 RMB'000	31 December 2010 RMB'000
Trade receivables (note a)	**20,963**	19,789
Other receivables, deposits and prepayments (note b)	**817,702**	1,154,101
	838,665	1,173,890

Company

	31 December 2011 RMB'000	31 December 2010 RMB'000
Deposit and prepayments	**742**	717

Note:

(a) As at 31 December 2011, trade receivables were all aged below 30 days (2010: 30 days).

The Group's revenue is generally settled in cash and it usually does not maintain any accounts balances owing. Accordingly, the Group does not have any specified credit period for its customers.

As at 31 December 2011 and 2010, trade receivables were neither past due nor impaired and no provision for impairment loss has been provided for trade receivables.

(b) In 2010, the toll stations of Guangshen Highway, Guangshan Highway, Guanghua Highway, Guangcong Highway Section II and Provincial Highway 355, which were Class I highways held by the Group, were surrendered to the GZ Government with cash compensation of RMB1,313.3 million and a loss of RMB0.4 million was incurred by the Group as a result of the arrangement.

As at 31 December 2011, the Group's other receivable included a remaining compensation balance due from the GZ Government of RMB701.6 million (2010: RMB1,059.3 million) for its closure of four Class I Highways. Before 31 December 2011, the Group and GZ Government entered into a supplemental agreement, where GZ Government agreed to repay the remaining balance on or before 30 September 2012 along with the interests (based on bank's benchmark lending rate) during the period between 1 January 2012 and the date of payment.

As at 31 December 2011 and 2010, all other receivables and deposits were performing.

The Group and the Company do not hold any collateral as security. The maximum exposure to credit risk at the reporting date is the carrying value of the receivables as stated in the balance sheets.

The carrying amounts of trade and other receivables and deposits approximate their fair values and are mainly denominated in RMB.

24 CASH AND CASH EQUIVALENTS

	Group		Company	
	31 December 2011 RMB'000	31 December 2010 RMB'000	**31 December 2011 RMB'000**	31 December 2010 RMB'000
Cash at bank and in hand	**1,094,815**	641,059	**121,466**	405,587
Short-term bank deposits	**203,661**	1,470,870	**185,307**	74,367
	1,298,476	2,111,929	**306,773**	479,954
Maximum exposure to credit risk	**1,297,616**	2,111,453	**306,713**	479,890

Bank balances and cash are denominated in the following currencies:

	Group		Company	
	31 December 2011 RMB'000	31 December 2010 RMB'000	**31 December 2011 RMB'000**	31 December 2010 RMB'000
HK dollars	**321,955**	589,912	**159,634**	84,136
US dollars	**35,525**	26	**5,666**	7
Renminbi	**940,996**	1,521,991	**141,473**	395,811
	1,298,476	2,111,929	**306,773**	479,954

25 SHARE CAPITAL

	Ordinary shares of RMB0.08805 each	
	Number of shares	**RMB'000**
Authorised:		
At 31 December 2010 and 2011	**2,000,000,000**	**176,100**
Issued and fully paid:		
At 31 December 2010 and 2011	**1,673,162,295**	**147,322**

26 RESERVES

Group

	Share Premium RMB'000	Capital reserve (note (a)) RMB'000	Exchange fluctuation reserve RMB'000	Statutory reserves (note (b)) RMB'000	Available-for-sale financial assets fair value reserve RMB'000	Retained profits (note (c)) RMB'000	Asset revaluation reserve (note (d)) RMB'000	Transaction with non-controlling interests reserve (note 36) RMB'000	Total RMB'000
Balance at 1 January 2011	2,375,743	1,501,711	580,593	58,036	50,273	2,541,656	558,250	—	7,666,262
Profit for the year	—	—	—	—	—	558,212	—	—	558,212
Currency translation differences									
– Subsidiaries	—	—	(89,110)	—	—	—	—	—	(89,110)
Decrease in fair value of available-for-sale financial assets	—	—	—	—	(8,884)	—	—	—	(8,884)
Deferred tax on decrease in fair value of available-for-sale financial assets	—	—	—	—	2,221	—	—	—	2,221
Transfers	—	—	—	1,580	—	(1,580)	—	—	—
Acquisition of additional interests in a subsidiary (note 36)	—	—	—	—	—	—	—	(34,715)	(34,715)
Dividends	—	—	—	—	—	(307,455)	—	—	(307,455)
– 2010 Final dividend (note 13)	—	—	—	—	—	(169,386)	—	—	(169,386)
– 2011 Interim dividend (note 13)	—	—	—	—	—	(138,069)	—	—	(138,069)
Balance at 31 December 2011	2,375,743	1,501,711	491,483	59,616	43,610	2,790,833	558,250	(34,715)	7,786,531
Representing:									
Retained profits						2,600,115			
2011 Final dividend proposed (note 13)						190,718			
						2,790,833			

26 RESERVES (continued)

Group (continued)

	Share Premium RMB'000	Capital reserve (note (a)) RMB'000	Exchange fluctuation reserve RMB'000	Statutory reserves (note (b)) RMB'000	Available-for-sale financial assets fair value reserve RMB'000	Retained profits (note (c)) RMB'000	Asset revaluation reserve (note (d)) RMB'000	Total RMB'000
Balance at 1 January 2010	2,375,743	1,501,711	602,819	45,020	49,398	2,339,598	558,250	7,472,539
Profit for the year	—	—	—	—	—	534,544	—	534,544
Currency translation differences	—	—	(22,226)	—	—	—	—	(22,226)
– Subsidiaries	—	—	(609)	—	—	—	—	(609)
– Disposal of a subsidiary (note 33(b))	—	—	(21,617)	—	—	—	—	(21,617)
Increase in fair value of available -for-sale financial assets	—	—	—	—	1,167	—	—	1,167
Deferred tax on increase in fair value of available-for-sale financial assets	—	—	—	—	(292)	—	—	(292)
Transfers	—	—	—	13,016	—	(13,016)	—	—
Dividends	—	—	—	—	—	(319,470)	—	(319,470)
– 2009 Final dividend	—	—	—	—	—	(176,786)	—	(176,786)
– 2010 Interim dividend (note 13)	—	—	—	—	—	(142,684)	—	(142,684)
Balance at 31 December 2010	2,375,743	1,501,711	580,593	58,036	50,273	2,541,656	558,250	7,666,262
Representing:								
Retained profits						2,372,270		
2010 Final dividend proposed (note 13)						169,386		
						2,541,656		

(a) Capital reserve represents the difference between the nominal value of the shares/registered capital of the subsidiaries acquired and the nominal value of the shares issued by Kiu Fung Limited, a subsidiary of the Company, as consideration of the acquisition in 1996.

(b) Statutory reserves represent enterprise expansion and general reserve funds set up by the operating subsidiaries, associates and a jointly controlled entity in the PRC. As stipulated by regulations in the PRC, the Company's subsidiaries, associates and a jointly controlled entity established and operated in the PRC are required to appropriate a portion of their after-tax profits (after offsetting prior year losses) to the enterprise expansion and general reserve funds, at rates determined by their respective Boards of Directors. According to the Foreign Investment Enterprises Accounting Standards in the PRC, upon approval by the Board, the general reserve funds may be used for making up losses and increasing capital while the enterprise expansion fund may be used for increasing capital.

(c) Included in the Group's retained profits are accumulated losses of RMB23,108,000 (2010: RMB40,406,000) and retained profits of RMB521,083,000 (2010: RMB668,288,000) attributable to a jointly controlled entity and associates respectively.

(d) The asset revaluation reserve represents the fair value gain attributable to the 40% equity interest in GNSR Expressway Co., Ltd. previously held by the Group relating to the acquisition of 20% additional equity interest in GNSR Expressway Co., Ltd in 2007.

26 RESERVES (continued)

Company

	Share premium RMB'000	Contributed surplus (note) RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2011	**2,375,743**	**1,561,564**	**548,323**	**4,485,630**
Profit for the year	**—**	**—**	**211,803**	**211,803**
Dividends:				
2010 Final dividend (note 13)	**—**	**—**	**(169,386)**	**(169,386)**
2011 Interim dividend (note 13)	**—**	**—**	**(138,069)**	**(138,069)**
At 31 December 2011	**2,375,743**	**1,561,564**	**452,671**	**4,389,978**
Representing:				
Retained profits			**261,953**	
2011 Final dividend proposed (note 13)			**190,718**	
			452,671	
At 1 January 2010	2,375,743	1,561,564	674,989	4,612,296
Profit for the year	—	—	192,804	192,804
Dividends:				
2009 Final dividend	—	—	(176,786)	(176,786)
2010 Interim dividend (note 13)	—	—	(142,684)	(142,684)
At 31 December 2010	2,375,743	1,561,564	548,323	4,485,630
Representing:				
Retained profits			378,937	
2010 Final dividend proposed (note 13)			169,386	
			548,323	

Note: The contributed surplus represents the difference between the nominal value of the shares issued by the Company in exchange for all the issued ordinary shares of Kiu Fung Limited and the value of net assets of the underlying subsidiaries acquired by the Company as at 30 November 1996. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders.

27 BORROWINGS

	Group		Company	
	31 December 2011 RMB'000	31 December 2010 RMB'000	**31 December 2011 RMB'000**	31 December 2010 RMB'000
Long-term bank borrowings	**4,028,118**	1,844,300	**252,938**	—
Loans from non-controlling interests of certain subsidiaries	**293,052**	210,622	**—**	—
Other loans	**42,680**	—	**—**	—
Total borrowings	**4,363,850**	2,054,922	**252,938**	—
Less: Amounts due within one year as shown under current liabilities	**(598,186)**	(582,560)	**—**	—
Total non-current borrowings	**3,765,664**	1,472,362	**252,938**	—

(a) As at 31 December 2011, the Group's borrowings were repayable as follows:

	Group		Company	
	31 December 2011 RMB'000	31 December 2010 RMB'000	**31 December 2011 RMB'000**	31 December 2010 RMB'000
Within one year	**598,186**	582,560	**—**	—
Between one to two years	**341,901**	112,390	**37,941**	—
Between two and five years	**1,357,143**	552,972	**214,997**	—
Later than five years	**2,066,620**	807,000	**—**	—
	4,363,850	2,054,922	**252,938**	—

(b) Bank borrowings are secured by intangible operating rights of the Group (note 14). The borrowings are interest bearing in the range of 3.20% to 7.05% (2010: 5.30% to 5.60%). The effective interest rate of bank borrowings at 31 December 2011 was 5.89% (2010: 5.34%).

(c) Loans from non-controlling interests of certain subsidiaries are unsecured and interest bearing in the range of 6.31% to 7.05% except for loans of RMB215,052,000 (2010: RMB210,622,000) which are interest-free. The carrying amounts of these interest-free loans approximate their fair values which are calculated based on cash flows discounted at a rate of 6.56% (2010: 5.81%) per annum.

Loans from non-controlling interests of certain subsidiaries of RMB175,676,000 (2010: nil) are repayable within one year.

27 BORROWINGS (continued)

(d) The borrowings are denominated in RMB, except for a bank borrowing of RMB252,938,000 which is denominated in USD.

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are within one year (2010: within one year).

(e) The other loans represent the short-term borrowings from two third parties of the Group which are unsecured and except for the loan of RMB25,800,000 which is secured by intangible operating rights of the Group (note 14). The borrowings are interest bearing in the range of 6.80% to 7.05%

28 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the applicable income tax rate.

The analysis of the deferred tax assets and deferred tax liabilities is as follow:

	31 December 2011 RMB'000	31 December 2010 RMB'000
Deferred tax assets:		
Deferred income tax assets to be recovered after more than 12 months	**(8,481)**	—
Deferred income tax assets to be recovered within 12 months	**(13,223)**	—
	(21,704)	—
Deferred tax liabilities:		
Deferred income tax liabilities to be recovered after more than 12 months	**1,129,543**	1,072,277
Deferred income tax liabilities to be recovered within 12 months	**65,881**	28,392
	1,195,424	1,100,669
Deferred tax liabilities (net)	**1,173,720**	1,100,669

The gross movement on the deferred income tax account is as follows:

	2011 RMB'000	2010 RMB'000
At 1 January	**1,100,669**	943,312
Acquisition of subsidiaries (note 31)	**96,831**	153,090
Exchange differences	**(14)**	—
Disposal of intangible operating rights	**—**	(6,358)
Transferred to current income tax for dividends declared (note 10)	**(49,097)**	(32,155)
Charged to consolidated income statement (note 10)	**27,552**	42,488
Credit to reserves	**(2,221)**	292
At 31 December	**1,173,720**	1,100,669

28 DEFERRED INCOME TAX (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Withholding tax on undistributed profits of subsidiaries and associates RMB'000	Fair value gain on interest in a toll highway arising from acquisition of subsidiaries RMB'000	Accelerated amortisation of intangible operating rights RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
At 1 January 2011	65,352	873,559	145,000	16,758	1,100,669
Acquisition of subsidiary	—	96,831	—	—	96,831
Charged/(credited) to consolidated income statement	40,787	(22,006)	30,475	—	49,256
Charged to reserve	—	—	—	(2,221)	(2,221)
Transferred to current income tax for dividends declared	(49,097)	—	—	—	(49,097)
Exchange differences	—	(14)	—	—	(14)
At 31 December 2011	57,042	948,370	175,475	14,537	1,195,424

28 DEFERRED INCOME TAX (continued)

Deferred tax liabilities (continued)

	Withholding tax on undistributed profits of subsidiaries and associates RMB'000	Fair value gain on interest in a toll highway arising from acquisition of subsidiaries RMB'000	Accelerated amortisation of intangible operating rights RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
At 1 January 2010	55,961	739,587	131,298	16,466	943,312
Acquisition of subsidiary	—	153,090	—	—	153,090
Disposal of intangible operating rights	—	—	(6,358)	—	(6,358)
Transferred to current income tax for dividends declared	41,546	(19,118)	20,060	—	42,488
Charged to reserve	—	—	—	292	292
Transferred to current income tax	(32,155)	—	—	—	(32,155)
At 31 December 2010	65,352	873,559	145,000	16,758	1,100,669

Deferred tax assets

	Tax losses RMB'000
At 1 January 2011	**—**
Credited to consolidated income statement	**(21,704)**
At 31 December 2011	**(21,704)**

29 BALANCES WITH NON-CONTROLLING INTERESTS OF SUBSIDIARIES, A JOINTLY CONTROLLED ENTITY AND HOLDING COMPANIES

The amounts are unsecured, interest free, repayable on demand and denominated in RMB.

30 TRADE AND OTHER PAYABLE AND ACCRUED CHARGES

Group

	31 December 2011 RMB'000	31 December 2010 RMB'000
Trade payables	70,087	49,732
Other payables and accrued charges	340,305	137,745
	410,392	187,477

Company

	31 December 2011 RMB'000	31 December 2010 RMB'000
Other payables and accrued charges	30,383	20,146

Trade payables mainly represent construction costs payable to contractors.

The ageing analysis of trade payables is as follows:

	31 December 2011 RMB'000	31 December 2010 RMB'000
0 - 30 days	22,977	4,675
31 - 90 days	1,153	1,027
Over 90 days	45,957	44,030
	70,087	49,732

Trade and other payable and accrued charges are mainly denominated in RMB and the carrying amounts approximate their fair values.

31 BUSINESS COMBINATIONS

(a) Business combinations in 2011

On 21 December 2010, the Group entered into an agreement with 湖南中和威特投資有限公司 (Hunan Zhonghe Weite Investment Company Limited[1]) and 武漢奧深科技集團有限公司 (Wuhan Aoshen Technology Group Company Limited[1]), each an independent third party to the Group, whereby the Group has conditionally agreed to acquire 90% of the equity interest in 湖南長株高速公路開發有限責任公司 (Hunan Changzhu Expressway Development Company Limited[1]) at cash consideration of approximately RMB925.3 million. This transaction was completed on 27 June 2011.

1 For identification purpose only

Details of the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
Cash paid and payable	925,330
Fair value of net identifiable assets acquired (see below)	(915,902)
Goodwill	9,428

The purchase consideration would be settled by the Group in 2011 and 2012 in three installments, where RMB800,787,000 was paid by end of 2011.

The goodwill is mainly attributable to the recognition of deferred tax liabilities on fair value gain arising from the acquisition of 90% equity interest in 湖南長株高速公路開發有限責任公司 (Hunan Changzhu Expressway Development Company Limited[1]).

Recognised amounts of identifiable assets acquired and liabilities assumed were as follows:

	RMB'000
Cash and cash equivalents	5,049
Property, plant and equipment (note 16)	1,588
Intangible operating rights (note 14)	3,083,366
Other receivables, deposits and prepayments	103,660
Trade payables and accrued charges	(249,547)
Amount due to a non-controlling interest	(46,742)
Interest payable	(10,874)
Borrowings	(1,772,000)
Deferred income tax liabilities (note 28)	(96,831)
Total net identifiable assets acquired	1,017,669
Non-controlling interests	(101,767)
Net identifiable assets attributable to the 90% equity interest acquired by the Group	915,902

31 BUSINESS COMBINATIONS (continued)

(a) Business combinations in 2011 (continued)

The transaction was completed on 27 June 2011. Based on the Group's best estimates and as disclosed in the Group's financial information as at 30 June 2011, the provisional purchase consideration, fair value of total net identifiable assets acquired and goodwill were RMB1,093.0 million, RMB1,134.1 million and RMB72.3million respectively. Additional information was subsequently obtained by the Group in respective of the purchase consideration and fair value of total net identifiable assets acquired, the Group has adjusted the provisional amounts recognised at the acquisition completion date accordingly. The purchase consideration, fair value of net identifiable assets acquired and goodwill have been adjusted to RMB925.3 million, RMB1,017.7 million and RMB9.4 million respectively. The decrease in fair value of total net identifiable assets acquired was mainly attributable to the increase in trade payables and accrued charges by RMB127.8 million.

Analysis of net outflow of cash and cash equivalents in respect of acquisition of a subsidiary

	RMB'000
Cash paid	(800,787)
Cash and bank balances acquired	5,049
	(795,738)

(b) Business combinations in 2010

On 20 October 2010, the Group entered into an equity transfer agreement with independent third parties in connection with the acquisition of 90% equity interest in 湖北漢孝高速公路建設經營有限公司 (Hubei Han-Xiao Highway Construction and Operations Company Limited[1]) ("Hubei Han-Xiao"), whose principal asset is the toll operating rights of Han-Xiao Expressway. In accordance with the aforesaid agreement, the consideration for the acquisition amounted to HK$893.1 million (equivalent to RMB770.3 million as at completion date 29 December 2010) and the Group has been granted with an irrevocable call option to acquire the remaining 10% equity interest in the Hubei Han-Xiao within 3 years after completion. The call option has been classified as a derivative financial instrument. The acquisition was completed on 29 December 2010.

[1] For identification purpose only

Details of the net assets acquired and goodwill are as follows:

	RMB'000
Purchase consideration:	
Cash paid in 2011 (note)	770,334
Fair value of net identifiable assets acquired (see below)	(641,619)
Fair value of the irrevocable call option	(9,140)
Goodwill	119,575

The goodwill is mainly attributable to the recognition of deferred tax liabilities on fair value gain arising from the acquisition of 90% equity interest in Hubei Han-Xiao.

31 BUSINESS COMBINATIONS *(continued)*

(b) Business combinations in 2010 *(continued)*

The assets and liabilities arising from the acquisition are as follows:

	RMB'000
Cash and cash equivalents	25,377
Interests in toll highways and bridges (note 14)	1,669,215
Property, plant and equipment (note 16)	12,192
Amount due from a non-controlling interest	24,942
Other receivables, deposits and prepayments	345
Trade payables and accrued charges	(2,474)
Interest payable	(6,597)
Borrowings	(857,000)
Deferred income tax liabilities (note 28)	(153,090)
Net identifiable assets acquired	712,910
Net identifiable assets attributable to the 90% equity interest acquired by the Group	641,619

Note:

The consideration payable amount is denominated in HK$, amounting to HK$893,141,000 (equivalent to RMB770,334,000 as of completion date 29 December 2010) which has been fully settled in 2011.

32 DISPOSAL GROUP

The Taihe toll station of Guangcong Highway Section I, a class I highway held by Guangzhou Taihe Highways Development Company Limited ("Taihe Highways Limited"), was closed down in January 2009 for relocation at the request of the GZ Government. On 1 December 2009, the PRC joint venture partner of Taihe Highways Limited, namely Guangzhou Highways Development Company ("GHDC") and the Group entered into compensation agreements whereby GHDC would acquire the Group's entire 80% equity interest in and net receivable from Taihe Highways Limited with consideration of additional equity interests of 35% and 39% in Guangzhou Xinguang Highways Development Company Limited ("Xinguang") and Guangzhou Tailong Highways Development Company Limited ("Tailong") respectively and assignment of debts of RMB107.4 million (approximately HK$121.8 million) and RMB65.1 million (approximately HK$73.8 million) due from Xinguang and Tailong respectively to the Group.

The results of Taihe Highways Limited for 2010 since it was classified as a disposal group and up to the completion date were as follows:

	2010 RMB'000
Revenue	116
Expenses	(3,295)
Loss for the year of disposal group	(3,179)

The disposal was completed on 28 October 2010. Gain of RMB38.2 million was incurred by the Group as a result of the disposal (note 33(b)).

33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOW

(a) Reconciliation of operating profit to cash generated from operations:

	Note	2011 RMB'000	2010 RMB'000
Operating profit		**822,277**	679,724
Amortisation of intangible operating rights	14	**229,776**	228,521
Depreciation of property, plant and equipment	16	**20,793**	12,386
Fair value gains on investment properties	17	**(1,675)**	(1,362)
Impairment loss on goodwill	15	**3,685**	4,557
Fair value loss on derivative financial instrument		**5,659**	—
Gain on disposal of a subsidiary		**—**	(38,184)
Loss on Compensation Arrangement	31(b)	**—**	400
Dividend income	6	**—**	(21,600)
Exchange (gain)/loss - net		**(90,432)**	27,373
Loss on disposal of property, plant and equipment		**295**	143
Operating profit before working capital changes		**990,378**	891,958
Changes in working capital:			
– trade and other receivables, deposits and prepayments		**104,194**	3,823
– trade and other payables and accrued charges		**(40,561)**	(51,136)
– Increase/(decrease) in amounts due to non-controlling interest		**23,871**	(31,164)
– amounts due to holding companies		**4**	(1,904)
Cash generated from operations		**1,077,886**	811,577

33 NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOW (continued)

(b) The Group disposed of its 80% interest in Taihe Highways Limited in 2010

	RMB'000	RMB'000
Total consideration satisfied by:		
Equity interests of 35% and 39% in Xinguang and Tailong		47,382
Loan receivables due from Xinguang and Tailong		172,256
		219,638
Net assets of Taihe Highways Limited		
Cash and cash equivalents	6,494	
Interests in toll highways and bridges	244,611	
Property, plant and equipment	82	
Other receivables, deposits and prepayments	41	
Amount due to the Group	(93,871)	
Borrowings	(15,967)	
Deferred income tax liabilities	(4,890)	
Net assets of Taihe Highways Limited	136,500	
80% of net assets of Taihe Highways Limited		109,200
Other item disposed with pursuant to the agreement		
Amount due to the Group		93,871
Total net assets disposed		203,071
Gain on disposal before release of exchange reserve		16,567
Add: exchange reserve released to profit and loss upon disposal		21,617
Gain on disposal of 80% interest in Taihe Highway Limited (note 6)		38,184
Net cash outflow arising from the disposal:		
Cash and cash equivalents disposed		(6,494)

34 CONSTRUCTION INCOME/COST UNDER SERVICE CONCESSION UPGRADE SERVICES

The construction income/cost associated with the construction and upgrade services provided under the service concessions recognised for the year are as follows:

	2011 RMB'000	2010 RMB'000
Construction income under service concession upgrade services (note 14)	310,871	94,747
Construction cost under service concession upgrade services	(310,871)	(94,747)

35 COMMITMENTS

(a) Lease commitment

The Group's future aggregate minimum lease payments/receipts under non-cancellable operating leases of premises are as follows:

	2011 RMB'000	2010 RMB'000
Lease payments		
Not later than one year	530	456
Later than one year and not later than five years	530	—
	1,060	456
Lease receipts		
Not later than one year	362	23
Later than one year and not later than five years	103	—
	465	23

The Company had no commitments at 31 December 2011 and 2010.

35 COMMITMENTS (continued)

(b) Capital commitment

Group

	As at	
	31 December 2011 RMB'000	31 December 2010 RMB'000
Authorised but not contracted for		
Upgrade and construction of toll expressways under concession arrangements	**180,332**	170,000
Property, plant and equipment	**201**	—
	180,533	170,000
Contracted but not provided for		
Upgrade and construction of toll expressways under concession arrangements	**224,186**	93,570
Property, plant and equipment	**1,104**	5,860
	225,290	99,430

On 29 October 2011, the Group entered into an agreement with two independent third parties to the Group, whereas the Group conditionally agreed to acquire 100% equity interest in certain companies which operates an expressway in Henan, the PRC (the "Targets"). Considerations included cash consideration of approximately RMB1,061.5 million and certain debts of the Targets due to their shareholders which would be assumed by the Group. This transaction is conditional upon issuance of the new business licence of the Targets by the relevant registration authority, as it is not yet completed as of the date of directors' approval of this set of consolidated financial statements.

36 CHANGES IN OWNERSHIP INTEREST IN A SUBSIDIARY WITHOUT CHANGE OF CONTROL

Acquisition of additional interest in a subsidiary

On 11 March 2011, the Group acquired an additional 10% equity interest in Cangwu Guihai Cangyu Expressway Co. Ltd ("Cangyu") at a total consideration of RMB54 million. Cangyu became a wholly owned subsidiary of the Group upon completion of this acquisition. The carrying amount of the non-controlling interest in Cangyu on the date of acquisition was RMB19.3 million. The Group recognised a decrease in non-controlling interests of RMB19.3 million and a decrease in equity attributable to shareholders of the Company amounted to RMB34.7 million. The effect of changes in the ownership interest in Cangyu on the equity attributable to the shareholders of the Company during the year is summarised as follows:

	As at 31 December 2011 RMB'000
Carrying amount of non-controlling interests acquired	19,285
Consideration paid to non-controlling interests	(54,000)
Excess of consideration paid recognised in equity (note 26)	(34,715)

There was no other change in ownership interest in the subsidiary without change of control in 2010.

37 RELATED PARTY TRANSACTIONS

(a) Related parties

The Company's Directors regard 廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited) (incorporated in the PRC) as its ultimate holding company and the GZ Government as its ultimate controlling party.

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. The table set forth below summarises the names of related parties, with whom the Group has significant transaction during the period, and their relationship with the Company as at 31 December 2011:

Significant related party	Relationship with the Company
Yue Xiu Enterprises (Holdings) Limited ("Yue Xiu")	A wholly-owned subsidiary of ultimate holding company
Yuexiu Property Company Limited ("Yuexiu Property")	An associate of ultimate holding company
Blow Light Investments Limited	A fellow subsidiary
GWSR Expressway Co., Ltd.	A jointly controlled entity of a subsidiary
Guangdong Humen Bridge Co., Ltd.	An associate of a subsidiary
Guangdong Qinglian Highway Development Co., Ltd.	An associate of a subsidiary
Guangdong Shantou Bay Bridge Co., Ltd.	An associate of a subsidiary
Guangzhou Northring Freeway Co., Ltd.	An associate of a subsidiary

(b) Transactions with related parties

		2011 RMB'000	2010 RMB'000
(i)	Administrative service fees paid to Yuexiu Property	1,086	1,121
(ii)	Interest expense paid to a non-controlling interest of a subsidiary	2,421	—
(iii)	Rental expenses paid to a fellow subsidiary	448	456
		3,955	1,577

(c) Key management compensation

	2011 RMB'000	2010 RMB'000
Salaries and other short-term benefits	14,313	13,706

38 GROUP STRUCTURE

As at 31 December 2011, the Company held shares/interest in the following principal subsidiaries, a jointly controlled entity and associates.

	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Principal subsidiaries					
Asian East Worldwide Limited	British Virgin Islands	50,000 Ordinary shares of US$1 each	—	100	Investment holding in Guangzhou Northring Freeway Co., Ltd.
Bentfield Limited	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guangzhou Northern Second Ring Expressway Co., Limited
Choice Tone Limited	Hong Kong	1 Ordinary share of HK$1.00 each	—	100	Investment holding in Tianjin Jinfu Expressway Co., Ltd.
Fortune Success Group Ltd.	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guangzhou Tailong Highways Development Company Limited
Frame Bridge Enterprises Ltd.	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Grand Speed Limited	Hong Kong	1 Ordinary share of HK$1.00 each	—	100	Investment holding in Cangwu Guihai Cangyu Expressway Co., Ltd.
Guangzhou Nanxin Highways Development Company Limited	PRC, limited liability company	Rmb141,463,000	—	80	Development and management of Guangshen Highway linking Guangzhou and Shenzhen (note a)
Guangzhou Northern Second Ring Expressway Co., Ltd.	PRC, limited liability company	Rmb900,000,000	—	60	Development and management of Guangzhou Northern Second Ring Expressway in Guangzhou

38 GROUP STRUCTURE (continued)

	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company Direct	Indirect	Principal activities
Principal subsidiaries (continued)					
Guangzhou Suiqiao Development Company Limited	PRC, limited liability company	Rmb1,000,000	—	100	Investment holding in Guangdong Humen Bridge Co., Ltd.
Guangzhou Tailong Highways Development Company Limited	PRC, limited liability company	Rmb116,667,000	—	90	Development and management of Guangcong Highway Section II linking Guangzhou and Conghua, and Provincial Highway 355 linking Conghua and Longtan (note a)
Guangzhou Weian Highways Development Company Limited	PRC, limited liability company	Rmb175,750,000	—	80	Development and management of Guangshan Highway linking Guangzhou and Shantou (note a)
Guangzhou Xinguang Highways Development Company Limited	PRC, limited liability company	Rmb143,333,000	—	90	Development and management of Guanghua Highway linking Guangzhou and Huadu (note a)
Guangzhou Yue Peng Information Ltd.	PRC, limited liability company	Rmb260,000,000	—	100	Investment holding
Cangwu Guihai Cangyu Expressway Co., Ltd.	PRC, limited liability company	Rmb190,925,000	—	100	Development and management of Cangyu Expressway in Guangxi
Hunan Yue Tung Highway and Bridge Development Company Limited	PRC, limited liability company	Rmb21,000,000	—	75	Development and management of Xiang Jiang Bridge II in Hunan Province (note 22)

38 GROUP STRUCTURE (continued)

	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company Direct	Percentage of attributable interest held by the Company Indirect	Principal activities
Principal subsidiaries (continued)					
Hunan Changzhu Expressway Development Company Limited (note b)	PRC, limited liability company	Rmb929,328,460	—	90	Development and management of Changzhu Expressway in Hunan Province
Ickleton Limited	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guangzhou Taihe Highways Development Company Limited
Kam Cheong Limited	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding
Kinleader Co., Ltd.	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding
Kiu Fung Limited	British Virgin Islands	2 Ordinary shares of HK$1 each	100	—	Investment holding
Onwell Enterprises Limited	British Virgin Islands	100 Ordinary shares of US$1 each	—	100	Investment holding in Guangdong Qinglian Highway Development Co., Ltd.
Pioneer Business Limited	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guandong Humen Bridge Co., Ltd.
Profit Optima Ltd.	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding
Shaanxi Jinxiu Transport Co., Limited	PRC, limited liability company	Rmb100,000,000	—	100	Development and management of Xian-Lintong Expressway in Shaanxi Province
Smart Top Enterprises Limited	Hong Kong	2 Ordinary shares of HK$1 each	—	100	Property holding
Sparco Development Limited	British Virgin Islands	100 Ordinary shares of US$1 each	—	100	Investment holding in Shaanxi Jinxiu Transport Co., Limited

38 GROUP STRUCTURE (continued)

	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company Direct	Percentage of attributable interest held by the Company Indirect	Principal activities
Principal subsidiaries (continued)					
Super Praise Ltd.	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guangdong Shantou Bay Bridge Co., Ltd.
Superfield Limited	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guangzhou Nanxin Highways Development Company Limited
Teckstar Limited	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guangzhou Weian Highways Development Company Limited
Top Global Holdings Ltd.	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding in Guangzhou Xinguang Highways Development Company Limited
Unionwin Investment Limited	British Virgin Islands	1 Ordinary share of US$1	—	100	Investment holding
Unique Wealth Investment Ltd	British Virgin Islands	1 Ordinary share of US$1.00 each	—	100	Investment holding
Yan Tung Investment Limited	British Virgin Islands	10,000 Ordinary shares of US$1 each	—	83.3	Investment holding in Hunan Yue Tung Highway and Bridge Development Company Limited
Tianjin Jinfu Expressway Co., Ltd.	PRC, limited liability company	Rmb265,200,000	—	60 (note c)	Development and management of Jinbao Expressway in Tianjin
Wuzhou Yue Xin Chishui Terminal Co., Ltd. (note d)	PRC, limited liability company	Rmb171,000,000	—	51	Development and management of Wuzhou Port in Guangxi
Hubei Han Xiao Highway Construction and Operations Company Limited	PRC, limited liability company	Rmb369,411,000	—	90	Development and management of Hubei Han Xiao Expressway

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38 GROUP STRUCTURE (continued)

	Place of incorporation, establishment and operation and kind of legal entity	Issued and fully paid up share capital/ registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Principal subsidiaries (continued)					
Guangzhou Yue Tong Expressway Operations and Management Company Limited	PRC, limited liability company	Rmb1,000,000	100	—	Investment holding
Yuexiu (China) Transport Infrastructure Investment Company Limited	PRC, limited liability company	Rmb1,115,854,875	100	—	Investment holding

	Place of incorporation/ establishment and operation and kind of legal entity	Registered capital	Percentage of Interest in ownership/voting power/profit sharing indirectly held by the Company			Principal activities
			Ownership	Voting power	Profit sharing	
Jointly controlled entity						
Guangzhou Western Second Ring Expressway Co., Ltd.	PRC, limited liability company	Rmb 1,000,000,000	35	33	35	Development and management of Guangzhou Western Second Ring Expressway in Guangzhou

38 GROUP STRUCTURE (continued)

	Place of incorporation/ establishment and operation and kind of legal entity	Registered capital	Percentage of attributable interest held by the Company		Principal activities
			Direct	Indirect	
Associates					
Guangdong Humen Bridge Co., Ltd.	PRC, limited liability company	Rmb273,900,000	—	27.78 (note e)	Development and management of Humen Bridge in Humen
Guangdong Qinglian Highway Development Co., Ltd.	PRC, limited liability company	Rmb2,820,098,486	—	23.63	Development and management of Qinglin Expressway and National Highway 107 linking Qingyuan and Lianzhou
Guangdong Shantou Bay Bridge Co., Ltd.	PRC, limited liability company	Rmb75,000,000	—	30	Development and management of Shantou Bay Bridge in Shantou
Guangzhou Northring Freeway Co., Ltd.	PRC, limited liability company	US$19,255,000	—	24.3	Development and management of Guangzhou City Northern Ring Road

Note

(a) Operations ceased on 31 October 2010

(b) Newly acquired in 2011.

(c) The profit sharing ratio is 90% up to 2012, 40% from 2013 to 2015 and 60% from 2016 onwards.

(d) Newly setup in 2011.

(e) The profit sharing ratio is 27.78% up to 2009 and 18.446% from 2010 onwards.

CORPORATE AND INVESTOR RELATIONS INFORMATION

BOARD OF DIRECTORS

Executive directors

Mr Zhang Zhaoxing *(Chairman)*
Mr Liang Youpan
Mr Li Xinmin
Mr Liang Ningguang
Mr Wang Shuhui
Mr Qian Shangning

Independent non-executive directors & audit committee members

Mr Fung Ka Pun
Mr Lau Hon Chuen Ambrose
Mr Cheung Doi Shu

COMPANY SECRETARY

Mr Yu Tat Fung

QUALIFIED ACCOUNTANT

Ms Chan Kam Ting Sharon

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

HONG KONG LEGAL ADVISER

Minter Ellison

REGISTERED OFFICE

Canon's Court
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Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

23rd Floor
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160 Lockhart Road
Wanchai
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

Tricor Abacus Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

SHARE LISTING

The Company's shares are listed on
The Stock Exchange of Hong Kong Limited

The stock codes are:
The Stock Exchange of Hong Kong Limited-1052
Reuters-1052.HK
Bloomberg-1052 HK

INVESTOR RELATIONS

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WEBSITES TO ACCESS COMPANY INFORMATION

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http://www.irasia.com/listco/hk/yuexiutransport
http://www.hkexnews.hk