

INTERIM REPORT
2014



廣東粵運交通股份有限公司
Guangdong Yueyun Transportation Company Limited

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03399)

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CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS

The report may contain certain forward-looking information and/or information that is not based on historical data and uses forward-looking expressions such as “anticipate”, “believe”, “intend”, “could”, “expect”, “estimate”, “may”, “ought to”, “should” or “will”. Readers are cautioned that reliance on any forward-looking statements involves risks and uncertainties and that, although the Group believes that assumptions on which the forward-looking statements are based are reasonable, any or all of those assumptions could prove to be incorrect and as a result, the inclusion of forward-looking statements in this report should not be regarded as representations by the Group concerning future performance of the Group and readers should not place undue reliance on such forward-looking statements. In addition, the Group undertakes no obligation to publicly update or revise any forward-looking statements contained in this report as a result of new information, future events or otherwise.



Company Profile

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

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

LEGAL NAME OF THE COMPANY

Guangdong Yueyun Transportation
Company Limited

STOCK CODE

03399

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BOARD OF DIRECTORS

Executive Directors

Xuan Zongmin
Tang Yinghai
Yao Hanxiong
Fei Dachuan
Guo Junfa

Non-Executive Directors

Liu Hong
Li Bin

Independent Non-Executive Directors

Gui Shouping
Liu Shaobo
Peng Xiaolei
Jin Wenzhou

JOINT COMPANY SECRETARIES

Zhang Li
Kwok Siu Man

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Financial Highlights

For the six months ended 30 June

	2014 RMB'000	2013 RMB'000	Change
Results highlights			
Revenue			
Motor vehicle transportation and auxiliary services	1,144,399	1,067,655	7%
Material logistics services	2,846,982	1,180,497	141%
Expressway service zones	312,510	306,993	2%
Tai Ping Interchange	82,933	75,112	10%
Others	1,545	1,963	-21%
Total revenue	4,388,369	2,632,220	67%
Gross Profit			
Motor vehicle transportation and auxiliary services	262,892	251,229	5%
Material logistics services	91,424	55,071	66%
Expressway service zones	67,994	66,665	2%
Tai Ping Interchange	72,178	62,442	16%
Others	943	1,462	-35%
Total gross profit	495,431	436,869	13%
Business tax and levies	(33,919)	(22,404)	51%
Selling and administrative expenses	(285,024)	(268,403)	6%
Finance expenses	(32,439)	(17,297)	88%
Impairment losses on assets	(3,669)	(4,783)	-23%
Investment income	2,438	3,389	-28%
Operating profit	142,818	127,371	12%
Non-operating income and expenses	60,505	27,891	117%
Total profit	203,323	155,262	31%
Income tax expenses	(53,144)	(49,906)	6%
Net profit	150,178	105,356	43%
Profit and loss attributable to minority interests	(46,492)	(36,715)	27%
Net profit attributable to Shareholders of the Company	103,686	68,641	51%
Basic earnings per share (RMB)	0.24	0.16	50%

Financial Highlights

	30 June 2014 RMB'000	31 December 2013 RMB'000	Change
Results highlights			
Total assets	6,293,469	6,176,936	2%
Total net assets	2,314,107	2,210,890	5%
Equity attributable to Shareholders of the Company	1,560,644	1,495,582	4%
Net assets per share attributable to Shareholders of the Company (RMB)	3.74	3.58	4%

For the six months ended

		30 June 2014	2013
Ratios			
Gross profit margin (%)	Note	11.29%	16.60%
Interest coverage ratio (times)		6.88	7.42

		As at 30 June 2014	31 December 2013
Gearing ratio (%)		63.23%	64.21%
Current ratio (times)		1.00	0.98

Gross profit margin = Gross profit/Revenue

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

Gearing ratio = Total liabilities/Total assets

Current ratio = Total current assets/Total current liabilities

Note The decrease in gross profit margin from last period was mainly attributable to the higher percentage contribution of material logistics business with a low gross profit margin.

Chairman's Statement

2014 is the first year where the Company began carrying out its 2014-2018 five-year development strategy. In the first six months of 2014, under the complex and ever changing economic environment, the Group will leverage on the superior resources of transportation, take effective measures positively and continue optimizing the Group's portfolio of businesses, to facilitate the synergetic development of motor vehicle transportation operations segment and other business segments, the regular and orderly internal managements of the Group, the significant growth of operation performance, and further improvement of its core competitiveness and the ability of sustainable development.

I hereby present the review of the operations of the Group for the first six months of 2014 and the outlook of our future development.

BUSINESS OVERVIEW

Through strengthening the integration of self-operated road transportation routes, shifting its operating models, carrying forward the performance of "five unifications" ("Five unifications" means unified technical standards, unified management procedures, unified procurement, unified vehicle maintenance, and unified driving security inspection management model) management models positively, reducing the operating costs, reacting to the impact of railway positively, the Group's motor vehicle transportation and ancillary services recorded a stable increase of operating results. During the first six months of this year, 28.565 million passengers were carried for domestic road passenger transportation, representing an increase of 3% as compared with the same period last year; the passenger turnover is 3.84 billion passenger-kilometres, representing an increase of 6.6% as compared with the same period last year. In respect of cross-border transportation between Hong Kong and the Guangdong Province, through scientific deployment, planning in advance, focusing on key points, innovating new business models positively, and strengthening the development and management of major customers, the routes resources integration and adjustment by the Group demonstrated initial effectiveness, realizing the improvement of the actual loading rate of routes.

With the focus on the objective of building "great logistics and great transportation (大物流、大交通)", the Group firmly grasped the development opportunity brought by the new round of highway construction in the Guangdong Province, well arranged the materials supply of the projects of GCGC, and expanded market business positively, to realize the breakthrough growth of its operating results. In the first half of 2014, the Group participated in the material supply for 9 projects of GCGC and 11 projects not within GCGC in total, with an accumulative supply of 419,700 tons of steel, 2,115,800 tons of cement, 22,100 tons of steel strands and 126,100 tons of asphalt.

The Group realized the improvement of the service zone value as well as results, through rationalizing of the resources deployment, innovating operating model, maximizing the commercial value of service zone, increasing the efforts to attract investment of new service zone, regulating the management of gas stations and expanding convenience stores market and advertisement business on the highways. In the first half of 2014, the Group operated and managed 66.5 pairs of service zones and 101 gas stations. Based on its operation and management of the outdoor media resources of 40 expressways in the Guangdong Province, the Group sought to integrate the advertising media of long distance routes, urban public transport, passenger terminals to further enhance space for advertising value.

The toll amounts of the Group's Tai Ping Interchange maintained a stable growth, continuing to bring the Group with good cash flow.

OUTLOOK AND PROSPECTS

Although there is market downturn in the PRC macroeconomy and economy growth slowdown, the fundamental trend of the PRC economy towards growth and expansion has not changed. The PRC government has made significant development to increase reform comprehensively and determined the direction and objective for the increasing reform in many ways to accelerate the improvement of modern market system, with a particular emphasis on the decisive effect of market on resources deployment. The central and local governments successively introduced a series of policy measures to deepen the reform of state-owned enterprises, which will build a better policy environment for the Group's "acquisition-consolidation-growth" operation development model, and help facilitate the improvement of the Group's scale, streamlining, network and branding. Meanwhile, GCGC's new round of highway construction will provide significant business opportunities for the development of various business segments of the Group.

The main business objectives for the Group in the second half of the year are as follows:

Motor transportation and auxiliary service business

1. To understand the dynamic status of the transportation market proactively, improve sensitivity to the market, and adjust operating strategies in time;
2. To facilitate the building of the "Yueyun" brand, and complete the supervision and evaluation of the service quality of the Yueyun brand;
3. To accelerate information construction and complete preliminary market research and organization and performance work for the fleet's information management system;
4. To innovate the business model, promote the instalment of on-board WiFi for self-operated vehicles and passenger terminals above level 3, to realize the full coverage of the wireless network on "Yueyun" brand vehicles and passage terminals, and establish the customer service server of Yueyun;
5. To promote the performance of major acquisition projects as planned, and facilitate the preliminary work of, among others, He Yuan Chengnan Freight Station and Meizhou Yueyun central hub terminal projects;
6. To promote "Guangdong-to-Hong Kong Direct Link Terminal" model vigorously; increase communication with companies in the industry to seek cooperation in the bridge surface transportation of the Hong Kong-Zhuhai-Macau Bridge; and speed up the application and promotion of e-commerce to broaden the sales channel for passenger transportation products.

Chairman's Statement

Material logistics services

1. To further promote the monitor of risks, enhance the refined management and risks management, and strengthen the supervision over the performing process of contracts to ensure stable growth of materials business;
2. To deeply exploit existing logistics properties and resources, shift the operating model and seek new profit growth opportunities;
3. To seek breakthrough in development for logistics business and speed up the formation of transformation and upgrading proposal for logistics business.

Expressway service zones

1. To increase the efforts for attracting investments for service zones, promote the upgrading of cooperative brands of vehicle repair business and complete the business planning, decoration and entry of new investment projects for newly opened service zones;
2. To speed up the expansion of convenience stores along expressways, realize the fully entry of "LOYEE" convenience stores to passenger terminal outlets, and enhance the influence and profitability of "LOYEE" brand;
3. To promote the construction of new gas stations, in particular, the construction work of the gas station in service zones along the Guangzhou-Lechang Expressway;
4. To promote the transformation and expansion of key service zones and gas station trial project;
5. To speed up the exploitation of advertising resources along, among others, the Guangshao Expressway, Jiangzhao Expressway, South 2nd Ring Expressway and West 2nd Ring Expressway, such as gantries, overpass bridges and billboards at toll stations, promote the two-dimensional code advertising product, "Kuaipai" brand project and increase the obtaining and marketing efforts for advertising resources.

Xuan Zongmin

Chairman

Guangzhou, China

22 August 2014

BUSINESS REVIEW

During the first half of 2014, the Group started from a new point, implementing new measures. Therefore, each business segment experienced improved development. The Group's motor vehicle transportation and auxiliary services recorded stable growth in results, the material logistics service business achieved new breakthrough, the value and results of expressway service zones increased, and the Tai Ping Interchange operated stably.

The particular situation of each segment as of 30 June 2014 was as follows:

Motor vehicle transportation and auxiliary services

(i) *Domestic transportation business*

The Group increased efforts to integrate self-operated road transportation routes, shift operating models, in order to promote efficiency and scale. The Group also improved cost control, actively promoted the implementation of the "Five Unifications" ("Five Unifications" means unified technical standards, unified management procedures, unified procurement, unified vehicle maintenance and unified traffic insurance management model), reduced operating costs, further improved the control over the provincial road passenger transportation market and realized a stable increase of results for its motor vehicle transportation business.

During the six months ended 30 June 2014, the Group had carried 28.565 million road passengers, representing an increase of 3% as compared with the same period last year, the passenger volume of which was 3.84 billion passenger-kilometres, representing an increase of 6.6% as compared with the same period last year.

The Group actively innovated its business management model for traffic rescue on expressways with information construction as the core management method, fully putting into use of control platform system and mobile phone applications in each expressway section, to improve the rescue speed and the utilization of resources significantly and achieved a mileage of 2,190 kilometers of the self-operated expressway vehicle rescue service.

In order to expand the routes and terminals network of passenger transportation business in the Guangdong Province and continue to improve the Group's market advantage in the motor vehicle transportation market of the Guangdong Province, the Group continued to speed up its acquisition and integration steps, according to the development thinking of "acquisition-consolidation-growth", and has achieved progress.

Management Discussion and Analysis

(ii) Cross-border transportation business

The Group strengthened its domestic transportation business cooperation, actively innovated existing business model, and established the "Guangdong-to-Hong Kong Direct Link Terminal" in Heyuan Yueyun terminals, which attracted industry peers to join. The Hong Kong-to-Heyuan routes achieved cooperation instead of competition, and the actual loading rate of routes achieved year-to-year growth. The Group actively innovated the new cross-border school children business and achieved new progress.

Through accelerating the information construction, the Group became the first cross-border transportation enterprise to install on-board WiFi, which were provided for passengers to use free of charge, improved the service quality and through installing passenger seat video system, the Group fully exploited the advertising resources in cross-border buses, which increased its advertising income.

Through overall consideration and scientific deployment, the Group improved the development and management of major customers, its cross-border resources deployment became more reasonable and effective and its market share was further enhanced.

Material logistics service

This year has witnessed a minor peak of expressway construction in the Guangdong Province. GCGC is targeting to complete a RMB47.36 billion investment on a 565-kilometer expressway construction and open to traffic this year. The Group focused on completing the task of ensuring supply of materials and meanwhile, expanded the material supply market to parties other than GCGC, and has achieved good results.

During the first half of the year, the Group participated in 20 material supply projects in total, including 9 projects with GCGC (including Guangzhou-Lechang Expressway, the expansion project of the Guangzhou-Qingyuan Expressway, Zhaoqing-Huadu Expressway, Baotou-Maoming Expressway, Luoding-Yangjiang Expressway, Jiangmen-Luoding Expressway, Pingyuan-Xingning Expressway, Chaozhou-Huilai Expressway and Jieyang-Boluo Expressway) and 11 projects with parties other than GCGC including Dongguan-Huizhou Intercity Rail Transit, Guangzhou Subway Lines, Guangzhou-Gaoming Expressway and Dongjiang grand bridge. The Group increased its efforts to expand market business and won a bid to supply 456,000 tons of steel in the first half of 2014 with the bidding amounts of RMB1.74 billion; a bid to supply 5,190 tons of asphalt with the bidding amounts of RMB26.02 million; and a bid to supply 90,000 tons of cement, with the bidding amounts of RMB 29 million.

Asphalt warehousing and terminal business developed steadily. In the first half of the year, the Group accumulated 128,200 tons of basic asphalt in warehouse and 93,400 tons of basic asphalt out warehouse, produced 1,400 tons modified PG76 asphalt and accepted 22 asphalt vessels. The Group actively promoted the acceptance of the second phase of the terminal project and put it into use with an overall objective of "completing as early as possible and producing efficiency as early as possible".

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

Expressway service zone service

The Group actively promoted and planned the construction of new, expansion and commercialized projects in the expressway service zones, standardized the construction and management of gas stations, put more effort into business partner solicitation, expanded offline outlets and developed advertisement in respect of convenience stores, with an aim to fully enhance commercial value of the expressway service zones.

New expressway service zones constructed in the first half of 2014 included those service zones located along Guangzhou-Lechang Expressway, Zhao-Hua Expressway, Meizhou-Dabu Expressway and Erenhot-Guangzhou Expressway. Houmen Service Zone and Dahuai Parking Lot expansion projects are being carried out as planned.

The Group accelerated the application process of permits and licenses in respect of the construction of new gas stations. So far, the Group has finished tendering and contracting process for Chayang Gas Station, Huacheng Gas Station and Yuantan Gas Station, and also cooperated with state-owned oil companies such as Nanshan Petroleum and CNOOC. Shaxi Gas Station has commenced operation.

In order to enhance overall operating efficiency of the service zones, the Group increased its efforts to cooperate with well-known brands, attract other high-quality project proposals for investment and gradually eliminate those project proposals for investment with lower yield. In the first half of 2014, the Group completed a total of 68 project proposals for investment by way of agreement on contracted management, of which there were 11 A-class projects with annual contract fees of above RMB1 million.

The Group actively promoted convenience stores to enter into passenger terminals by fully relying on synergies generated from logistics and transportation resources. In 2013, convenience stores located in Zhaoqing Chengdong Terminal, Sihui Terminal and Heyuan Zhongxin Terminal commenced operation. Another one located in Heyuan Xincheng Terminal also commenced operation in the first half of 2014. Meanwhile, the Group put more effort into developing its advertisement business in respect of convenience stores and launched various advertisement for brands such as Evergrande Spring (恒大冰泉), Watsons, Wanglaoji (王老吉) and Jianlibao (健力寶). The Group actively explored online business model for convenience stores and perfected the promotion plan in respect of the internal management contract responsibility system model for six outlets including those in Leizhou.

The Group continued to enhance the recovery of advertising resources and the integration and utilization of media resources over passenger transportation so as to create an innovative business development model. In the first half of year, the Group obtained entrustment management right for a total of 40 highway sections and has currently constructed and developed 322 advertising columns. The number of columns available for effective development is expected to increase by 40% after the Guangdong Highway Bureau completes the replanning of approximately 1,155 advertising columns along 43 highway sections under GCGC. The Group integrated and utilized advertisement resources generated from 27 bus terminals, 1,078 long-distance buses and 215 city buses in the first half of the year. By capitalizing on the Group's passengers resources, it has created an advertisement product in two-dimensional code, i.e. "Kuaipai" brand. Such projects as "Kuaipai" and vehicle-mounted WiFi has achieved innovations for the existing advertisement business model.

Management Discussion and Analysis

Tai Ping Interchange toll business

As of 30 June 2014, the Tai Ping Interchange recorded revenue of approximately RMB83 million, representing an increase of approximately 10% over the same period last year.

Development of land held by Guangdong Province Transportation Engineering Company Limited

In 2009, Guangzhou Government announced the “Three Olds” policy, which mainly addressed the renovation of old towns, old villages and old plants. The use of the land parcel of Guangdong Province Transportation Engineering Company Limited, a wholly-subsiary of the Company, would be changed to commercial purposes through the “Three Olds” renovation after obtaining the approval of government department. Thus the Group was able to obtain the land use right of such land parcel after its conversion to commercial purposes in the absence of public auction, in order to obtain the potential return for the Group from land appreciation.

In view of the fact that Guangzhou has not yet issued implementation rules for the “Three Olds” policy, the Group closely followed upon the issuance of new regulations relating to the “Three Olds” policy, enhanced communication and coordination with governments at both municipal and district levels to strive for support for the project from relevant government authorities and actively carried out research and analysis on land acquisition model, acquisition cost and selection of main body in land acquisition so as to promote the preliminary negotiation for investment attraction for the project. Subject to the implementation rules for the “Three Olds” policy and the detailed regulatory plan for the extension of western Baiyun New Town in Guangzhou duly issued and implemented by the Guangzhou government, the Group will actively promote the application and development process for the project.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the first half of the year mainly derived from three business segments, namely motor vehicle transportation and auxiliary services, material logistics services and expressway service zones operation. Revenue of Tai Ping Interchange was included in the revenue of the Group. The revenue of the Group for the first half of the year was RMB4,388 million (same period in 2013: RMB2,632 million), representing an increase of RMB1,756 million or approximately 67% over the same period last year. Such increase was mainly attributable to (i) improved performance of motor vehicle transportation and auxiliary services as a result of the strengthened business development; and (ii) the increase in the number of projects for supply of material logistics services.

Revenue by business segments:

	For the six months ended 30 June			
	2014		2013	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	1,144,399	26.08%	1,067,655	40.56%
Material logistics services	2,846,982	64.88%	1,180,497	44.85%
Expressway service zones	312,510	7.12%	306,993	11.66%
Tai Ping Interchange	82,933	1.89%	75,112	2.85%
Others	1,545	0.03%	1,963	0.08%
Total	<u>4,388,369</u>	<u>100.00%</u>	<u>2,632,220</u>	<u>100.00%</u>

Motor transportation and auxiliary services

Motor transportation and auxiliary services are one of the major sources of the Group's revenue. Such business recorded revenue of RMB1,144 million (same period in 2013: RMB1,068 million) for the first half of the year, representing an increase of RMB76 million, or approximately 7%, over the same period last year, and accounted for approximately 26.08% (same period in 2013: 40.56%) of the Group's total revenue. The increase in revenue was mainly due to the increase in consolidated benefits from merger and acquisition and restructuring by the Group through the "merger and acquisition — consolidation — growth" development model and by the regional companies through the increase of the recovery of proprietary routes, expansion of the scope of operation and the addition of new routes and customer sources.

Material logistics services

Material logistics service is one of the major sources of the Group's revenue. During the first half of the year, our revenue amounted to RMB2,847 million (same period in 2013: RMB1,180 million), representing an increase of RMB1,667 million or approximately 141% over the same period last year and accounting for approximately 64.88% (same period in 2013: 44.85%) of the Group's total revenue. The increase in revenue was mainly due to the increase in supply.

Management Discussion and Analysis

Expressway service zones

As of 30 June 2014, the Group had 66.5 pairs (30 June 2013: 63.5 pairs) of operating expressway service zones. The revenue of expressway service zones amounted to RMB313 million (same period in 2013: RMB307 million), representing an increase of RMB6 million, or increased by approximately 2%, as compared with the same period last year, and accounting for approximately 7.12% (same period in 2013: 11.66%) of the Group's total revenue. The increase in revenue was mainly due to an increase in the number of service zones resulting in an increase in operating income, however such increase was partially offset by a decrease in revenue from one-off admission fees at gas stations when compared with the same period last year.

Tai Ping Interchange

Revenue from Tai Ping Interchange amounted to RMB83 million (same period in 2013: RMB75 million) for the first half of the year, representing an increase of RMB8 million, or approximately 10% over the same period last year. Such change was mainly due to organic growth in vehicle traffic during the period.

Gross profit

Gross profit of the Group for the first half of the year amounted to RMB495 million (same period in 2013: RMB437 million), representing an increase of RMB58 million, or approximately 13% as compared to the same period last year. Such increase was mainly due to the year-on-year increase in gross profit of material logistics, motor vehicle transportation and auxiliary services and Tai Ping Interchange. Gross profit margin for the first half of the year was 11.29% (same period in 2013: 16.60%), representing a decrease of 5.31 percentage points as compared to the same period last year, which was mainly attributed to the higher percentage contribution of material logistics business with a low gross profit margin.

Gross profit by business segments:

	For the six months ended 30 June			
	2014		2013	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	262,892	53.06%	251,229	57.51%
Material logistics services	91,424	18.46%	55,071	12.61%
Expressway service zones	67,994	13.72%	66,665	15.26%
Tai Ping Interchange	72,178	14.57%	62,442	14.29%
Others	943	0.19%	1,462	0.33%
Total	<u>495,431</u>	<u>100.00%</u>	<u>436,869</u>	<u>100.00%</u>

Motor vehicle transportation and auxiliary services

Motor vehicle transportation and auxiliary services attained gross profit of RMB263 million in the first half of the year (same period in 2013: RMB251 million), representing an increase of RMB12 million, or approximately 5%, with a gross profit margin of 22.97% (same period in 2013: 23.53%). The increase in gross profit was mainly attributable to the increase in revenue, while the year-on-year decrease in gross profit margin was mainly attributable to the increase in labor costs.

Material logistics services

Gross profit from material logistics services business amounted to RMB91 million in the first half of the year (same period in 2013: RMB55 million), representing an increase of RMB36 million, or approximately 66% as compared to the same period last year. Gross profit margin was 3.21% (same period in 2013: 4.67%). The increase in gross profit was mainly attributable to the increase in revenue, while the decrease in gross profit margin was mainly attributable to the higher percentage contribution of items with low gross profit margin.

Expressway service zones

Expressway service zone business attained gross profit of RMB68 million in the first half of the year (same period in 2013: RMB67 million), representing an increase of RMB1 million or approximately 2%, with gross profit margin of 21.76% (same period in 2013: 21.72%), basically in line with the same period of last year.

Tai Ping Interchange

Gross profit of Tai Ping Interchange amounted to RMB72 million in the first half of the year (same period in 2013: RMB62 million), representing an increase of RMB10 million, or approximately 16%. Gross profit margin was 87.03% (same period in 2013: 83.13%). The increase in gross profit margin was mainly attributed to a slight decrease in the maintenance cost as compared to the same period last year.

Business tax and other surcharges

In the first half of the year, business taxes and other surcharges increased to RMB33.9 million from RMB22.4 million for the same period last year, representing an increase of RMB11.5 million, or 51%. Such increase was mainly attributable to the increase in revenue from material logistics business, leading to the significant increase in the relevant surcharges on value-added tax paid.

Selling and administrative expenses

In the first half of the year, selling and administrative expenses of the Group amounted to RMB285 million (same period in 2013: RMB268 million), representing an increase of RMB17 million, or approximately 6%, over the same period last year. Such increase was mainly attributable to the increase in labor costs.

Management Discussion and Analysis

Finance costs

Finance costs for the Group in the first half of the year amounted to RMB32 million (same period in 2013: RMB17 million), representing an increase of RMB15 million or approximately 88% as compared to the same period last year. Such increase was mainly attributable to (i) the year-on-year increase in borrowings; and (ii) the year-on-year decrease in interest income from advances.

Net profit

The Group recorded net profit of RMB150 million for the six months ended 30 June 2014 (same period in 2013: RMB105 million), representing an increase of RMB45 million or approximately 43% over the same period last year. Net profit attributable to shareholders of the Company for the first half of 2014 amounted to RMB104 million (same period in 2013: RMB69 million), representing an increase of RMB35 million or approximately 51%. Such increase was mainly attributable to (i) the increase in profit from road transportation business of the Group compared to the same period of 2013 as a result of optimised resources allocation; (ii) the increase in profit from material logistics services of the Group compared to the same period of 2013 resulting from increased revenue; and (iii) the increase in profit from Tai Ping Interchange of the Group compared to the same period of 2013 arising from the increase in vehicle traffic.

Liquidity and capital structure

As at 30 June 2014, cash and cash equivalents amounted to RMB1,553 million (31 December 2013: RMB1,710 million). As of 30 June 2014, balance of bills payable amounted to RMB321 million (31 December 2013: RMB453 million); net current liabilities amounted to RMB1 million (31 December 2013: RMB68 million); current ratio was 1.00 times (31 December 2013: 0.98 times); gearing ratio was 63.23% (31 December 2013: 64.21%).

Cash flow

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

For the first half of the year, the movement of cash and cash equivalents (after deducting the effect of foreign exchange) were as follows:

	For the six months ended 30 June		
	2014 RMB'000	2013 RMB'000	Change RMB'000
Cash from/(used in)			
Operating activities	107,840	(517,249)	625,089
Investing activities	(173,946)	(174,328)	382
Financing activities	(92,123)	282,814	(374,937)
Decrease in cash and cash equivalents	<u>(158,229)</u>	<u>(408,763)</u>	<u>250,534</u>

Operating activities

The net cash inflow from operating activities amounted to RMB108 million in the first half of the year (same period in 2013: net cash outflow of RMB517 million), representing an increase in net inflow of RMB625 million. It was mainly attributable to (i) the year-on-year increase in gross profit; and (ii) the fact that the Company strengthened money management and control to speed up collection of receivables.

Investing activities

The net cash used in investing activities in the first half of the year amounted to RMB174 million (same period in 2013: net cash outflow of RMB174 million), mainly attributable to the utilisation of RMB189 million on purchase of fixed assets.

Financing activities

The net outflow from financing activities in the first half of the year amounted to RMB92 million (same period in 2013: net inflow of RMB283 million), which was mainly attributable to the repayment of borrowings upon maturity.

Borrowings

As of 30 June 2014, outstanding borrowings of the Group was RMB982 million, comprising (i) unsecured short-term loans of RMB538 million (31 December 2013: RMB617 million); (ii) secured short-term loans of RMB11 million (31 December 2013: RMB10 million); (iii) letter of credit mortgaged loans of RMB14 million (31 December 2013: Nil); (iv) secured long-term loans of RMB118 million (31 December 2013: RMB114 million); (v) unsecured long-term loans is nil (31 December 2013: RMB12 million); (vi) finance lease payables of RMB2 million (31 December 2013: RMB2 million); and (vii) bonds payable of RMB299 million (31 December 2013: RMB298 million). Gearing ratio (total liabilities over total assets) as at 30 June 2014 remained steady at 63.23%, compared to 64.21% as at 31 December 2013.

Acquisitions

As of 30 June 2014, the Group had no acquisitions pending for completion.

Post balance sheet date events

On 19 August 2014, GVTG Yueyun Traffic Technical Service (Guangzhou) Co., Limited ("Yueyun Traffic Technical") (both of which are wholly-owned subsidiaries of the Company) and the Management and Employees of Qingyuan City Vehicles Transportation Group Company Limited ("Qingyuan Vehicles Transportation") entered into the Capital Increase Agreement. Pursuant to which GVTG and Yueyun Traffic Technical will make capital contribution of RMB219 million and RMB46 million in cash, respectively, to acquire 51% and 10.7535% equity interests in Qingyuan Vehicles Transportation.

Pledge of assets

As at 30 June 2014, fixed assets at the net value of RMB154 million (31 December 2013: RMB136 million) and land use right at the net value of RMB21 million (31 December 2013: RMB39 million) of the Group were pledged as security for bank borrowings.

Management Discussion and Analysis

Foreign exchange risk and hedging

Most of the revenue and expenditure of the Group are settled or denominated in Renminbi, except for the revenue and expenditure that relate to cross-border transportation services. In the first half of 2014, the working capital and liquidity of the Group were slightly affected by the fluctuations in currency exchange rate. The Directors believe that the Group will have sufficient foreign currency to meet its demand. Meanwhile, the Group will continue to pay close attention to the currency fluctuations of Renminbi, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

Contingent liabilities

As of 30 June 2014, the Group had no material contingent liabilities.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

The Company and its subsidiaries had not purchased, sold or redeemed any of the listed shares of the Company during the six months ended 30 June 2014.

INTERESTS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2014, the interests (or long positions) and short positions of the Directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") as notified to the Company and to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have under such provisions of the SFO), or as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules, were as follows:

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

As at 30 June 2014, none of the Directors, the supervisors or the chief executive of the Company held any interests in the shares, underlying shares and debentures of the Company.

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

Name of associated corporation	Name of Directors/ Supervisors	Type of interests	Number of shares held	Percentage in the relevant class of share capital
Guangdong Provincial Expressway Development Co. Ltd. ("Guangdong Expressway")	Liu Hong	Personal	11,972	0.0013
Guangdong Expressway	Yao Hanxiong	Personal	2,393	0.00026
Guangdong Expressway	Zhen Jianhui	Personal	9,209	0.0010

Except as disclosed above, as at 30 June 2014, none of the Directors, the supervisors or the chief executive of the Company had any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required to be recorded in the register required to be kept under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Other Information

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

So far as it was known to the Directors, as at 30 June 2014, the following persons (excluding the Directors, the supervisors and the chief executive of the Company) had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital (approx.%)	Percentage in total share capital (approx.%)
GCGC	Domestic shares	279,641,867	Beneficial owner	100%	66.96%
Sinopec (Hong Kong) Limited	H shares	22,100,000	Beneficial owner	16.01%	5.29%
Pope Asset Management, LLC	H shares	20,524,624	Investment manager	14.87%	4.91%
Shah Capital Management	H shares	12,209,000	Investment manager	8.85%	2.92%

Save as disclosed above, on 30 June 2014, the Company had not been notified of any other interests or short positions in the shares or underlying shares of the Company owned by any other persons which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

As at 30 June 2014, GCGC directly held 279,641,867 domestic shares of the Company, representing 100% of the issued share capital in respect of domestic shares of the Company and approximately 66.96% the total issued share capital of the Company.

GCGC is a controlling shareholder of the Company. Its legal representative is Li Jing and its registered capital as at 30 June 2014 was RMB26,800,000,000. It is principally engaged in investment, construction and management of the expressways in the Guangdong province.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance in the Group and the Board considers that effective corporate governance is crucial to the success of a company and to enhance shareholder's value.

The Company fully complied with the requirements of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the period from 1 January 2014 to 30 June 2014.

The Company considers that sufficient measures have been taken to ensure that corporate governance practices of the Company were in line with the Corporate Governance Code during the six months ended 30 June 2014.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct ("Code of Conduct") regarding securities transactions by the Directors and Supervisors. Having made specific enquiry of all Directors and Supervisors, each of the Directors and Supervisors confirmed that they complied with the requirements set out in the Model Code and the Code of Conduct for the six months ended 30 June 2014.

Other Information

BOARD OF DIRECTORS

As at 30 June 2014, the Board consisted of eleven members, including five executive Directors, Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Fei Dachuan and Mr. Guo Junfa; two non-executive Directors, Mr. Liu Hong and Mr. Li Bin; and four independent non-executive Directors, Mr. Gui Shouping, Mr. Liu Shaobo, Mr. Peng Xiaolei and Mr. Jin Wenzhou.

Directors in office as of 30 June 2014 and the date of this report were as follows:

Name	Effective date of appointment as a director	Date of resignation as a director
Executive director		
Mr. Xuan Zongmin	6 June 2012	N/A
Mr. Tang Yinghai	6 June 2012	N/A
Mr. Yao Hanxiong	18 December 2012	N/A
Mr. Fei Dachuan (Note 1)	4 April 2014	N/A
Mr. Guo Junfa	18 December 2012	N/A
Non-executive director		
Mr. Liu Wei (Note 2)	6 June 2012	26 June 2014
Mr. Liu Hong (Note 2)	26 June 2014	N/A
Mr. Li Bin	18 December 2012	N/A
Independent non-executive director		
Mr. Gui Shouping	2 February 2004	N/A
Mr. Liu Shaobo	2 February 2004	N/A
Mr. Peng Xiaolei	2 February 2004	N/A
Mr. Jin Wenzhou (Note 1)	4 April 2014	N/A

Note (1): For the details about the appointment of Mr. Fei Dachuan and Mr. Jin Wenzhou, please refer to the announcements published on 28 October 2013, 31 December 2013 and 4 April 2014 and the circular published on 13 November 2013 of the Company.

Note (2): For the details about the resignation of Mr. Liu Wei and the appointment of Mr. Liu Hong, please refer to the announcement published on 19 March 2014, the circular published on 29 April 2014 and the announcement published on 26 June 2014 of the Company.

On 19 March 2014, Mr. Liu Wei resigned as chairman of the Board, member of the nomination committee and chairman of the nomination committee.

On 19 March 2014, Mr. Xuan Zongmin, an executive director, resigned as general manager of the Company and member of the remuneration committee and was appointed by the Board as chairman of the Board, member of the nomination committee and chairman of the nomination committee to replace Mr. Liu Wei.

On 19 March 2014, Mr. Tang Yinghai, an executive director, was appointed as general manager of the Company and member of the remuneration committee by the Board to replace Mr. Xuan Zongmin.

For the relevant details, please refer to the announcement published on 19 March 2014, the circular published on 29 April 2014 and the announcement published on 26 June 2014 of the Company.

REVIEW BY AUDIT AND CORPORATE GOVERNANCE COMMITTEES

The Company has established the Audit and Corporate Governance Committee in compliance with the Listing Rules.

The primary duties of the Audit and Corporate Governance Committee are, among other things, to appoint external auditors, review and supervise the financial reporting process, review interim and annual results and internal control system of the Group, provide advice and comments to the Board and monitor the corporate governance of the Company. As at 30 June 2014, the Audit and Corporate Governance Committee consisted of three members, Mr. Peng Xiaolei (Chairman) and Mr. Liu Shaobo, independent non-executive directors, and Mr. Li Bin, a non-executive director. The committee has reviewed the unaudited interim financial report of the Company for the six months ended 30 June 2014 and recommended its adoption by the Board. The auditor of the Company, KPMG Huazhen (special general partnership), has also reviewed the unaudited interim financial report for the period in accordance with Chinese Standards on Review No. 2101-Engagements to Review Financial statements issued by the Chinese Institute of Certified Public Accountants.

SUPERVISORY COMMITTEE

As at 30 June 2014, the supervisory committee consisted of seven members, two of whom were independent Supervisors (namely Mr. Bai Hua and Ms. Lu Zhenghua), two of whom were shareholder Supervisors (namely Mr. You Xiaocong and Ms. Li Haihong) and three of whom were Supervisors representing the staff of the Group (namely Ms. Li Hui, Ms. Zhang Anli and Mr. Zhen Jianhui).

Supervisors in office as of 30 June 2014 and the date of this report were as follows:

Name	Effective date of appointment as a supervisor	Date of resignation as a supervisor
Mr. You Xiaocong	18 December 2012	N/A
Ms. Li Haihong	18 December 2012	N/A
Ms. Lu Zhenghua	6 June 2012	N/A
Mr. Bai Hua	6 June 2012	N/A
Ms. Li Hui	2 February 2004	N/A
Ms. Zhang Anli (Note)	15 April 2014	N/A
Mr. Zhen Jianhui (Note)	15 April 2014	N/A
Ms. Ke Lin (Note)	30 May 2013	15 April 2014
Mr. Lei Jian (Note)	30 May 2013	15 April 2014

Note: For the details about the resignation of Ms. Ke Lin and Mr. Lei Jian and the appointment of Ms. Zhang Anli and Mr. Zhen Jianhui, please refer to the announcement published on 15 April 2014 of the Company.

Other Information

EMPLOYEES AND REMUNERATION POLICIES

The Group had 13,895 employees as at 30 June 2014. Total staff cost for the Group for the six months ended 30 June 2014, including remuneration of the Directors, amounted to approximately RMB490 million.

The remuneration of the employees of the Group (including the executive Directors) comprises of basic salary, allowance, subsidies and performance bonus. The basic salary is determined according to the position, work experience, education backgrounds, abilities and contributions of the employees. The performance bonus is determined according to the performance assessment results of the employees.

The remuneration of the independent non-executive Directors is determined with reference to the remuneration standards in the capital market for independent non-executive directors with similar business scope and scale.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.

On 19 March 2014, the Board recommended the payment of the final dividend of 2013 of RMB0.10 per ordinary share (tax included). Such proposal was approved by the shareholders of the Company at the annual general meeting of the Company held on 26 June 2014 (the "AGM"). Please refer to the announcement dated 19 March 2014, the circular dated 29 April 2014 and the announcement dated 26 June 2014 of the Company for details.

On 19 March 2014, the Board of the Company also proposed issue of Bonus Shares to the Shareholders on the basis of four Bonus Shares for every ten existing Shares held on the Record Date ("Bonus Shares Issue"). As less than two-thirds of the votes were cast in favour of the above special resolution at the H Shares Class Meeting, the special resolution was not passed as a special resolution of the Company. Please refer to the announcement dated 19 March 2014, the circular dated 29 April 2014 and the announcement dated 26 June 2014 of the Company for details.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Shareholders considered and approved certain amendments to the articles of association of the Company (the "Articles of Association") at the AGM. The amendments to the Articles of Association are for the purposes of amending the content relating to the business scope in the Articles of Association by adding "inter-provincial passenger transportation coach service, inter-city passenger transportation coach service; inter-provincial passenger transportation chartered coach service, inter-city passenger transportation chartered coach service (the above items are operated under valid operation licenses)" to the scope of business. Please refer to the announcement dated 1 April 2014, the circular dated 29 April 2014 and the announcement dated 26 June 2014 of the Company for details.

The Shareholders also considered and approved that conditional on the Bonus Shares Issue becoming unconditional upon the satisfaction of the conditions stated under the “Conditions for the Bonus Shares Issue” of the circular dated 29 April 2014, the registered share capital of the Company will be increased upon completion of the Bonus Shares Issue and the Articles of Association will be required to be amended accordingly. As less than two-thirds of the votes were cast in favour of the special resolution in respect of Bonus Shares Issue at the H Shares Class Meeting, the special resolution in respect of Bonus Shares Issue was not passed as a special resolution of the Company and the Articles of Association was not required to be amended. Please refer to the circular dated 29 April 2014 and the announcement dated 26 June 2014 of the Company for details.

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

CHANGE OF AUDITORS OF THE COMPANY

Deloitte Touche Tohmatsu CPA LLP (“Deloitte”) has retired as the external auditors of the Company due to expiry of contract, with effect from the close of the current AGM of the Company.

The Company’s audit was put out to public tender and KPMG Huazhen (Special General Partnership) (“KPMG”) successful won the bidding. Accordingly, on 1 April 2014, the Board resolved to propose the appointment of KPMG as the new auditors of the Company to fill the vacancy following the retirement of Deloitte and to hold office until the next annual general meeting of the Company, subject to approval of the shareholders of the Company (the “Shareholders”) at the AGM.

Deloitte has confirmed that there are no circumstances in connection with its retirement which should be brought to the attention of the Shareholders. The Board also confirms that there are no circumstances in respect of the proposed change of auditors or the retirement of Deloitte that needs to be brought to the attention of the Shareholders.

The ordinary resolution in respect of the proposed appointment of KPMG as the new auditors of the Company was considered and approved by the Shareholders at the AGM.

Please refer to the announcement dated 1 April 2014, the circular dated 29 April 2014 and the announcement dated 26 June 2014 of the Company for details of the change of auditors of the Company.

Other Information

MATERIAL LITIGATION AND ARBITRATION

As at the latest practicable date, the Board was aware of the following material litigation involving the Company:

The Company brought a legal proceeding before Guangzhou Intermediate People's Court against Tangshanshi Shuihou Zhagang Yi Chang (唐山市稅後軋鋼一廠), Tangshan Xingye Gongmao Jituan Co., Ltd (唐山興業工貿集團有限公司) and Tangshanshi Kaipingqu Xingye Zhazhichang (唐山市開平區興業軋製廠) to recover the sum paid in advance by the Company for purchase of steel products in the amount of RMB472,397,000 and a compensation for breach of contracts by the defendants. The Company has applied to the Court for a charging order against the defendants' assets. The Guangzhou Intermediate People's Court has given its judgement on 7 June 2011, pursuant to which the defendants had to repay the prepayments of the Company and the compensation for breach of contract. On 12 July 2011, Guangzhou Intermediate People's Court issued a "certificate of judgement" to confirm the judgement came into effect on 30 June 2011. The Company has applied to the court for filing and executing the certificate which is currently being executed by the court. On 28 February 2014, Tangshan Kaiping People's Court has accepted the bankruptcy petition filed by Tangshan Xingye Gongmao Jituan Co., Ltd, and thus the case related to Tangshan Xingye Gongmao Jituan Co., Ltd has been suspended, but the cases related to other parties is still being executed by the court.

Consolidated balance sheet (unaudited)

As at 30 June 2014

(Expressed in Renminbi Yuan)

	Note V	As at 30 June 2014	As at 31 December 2013 (Restated)
Assets			
Current Assets			
Cash at bank and on hand		1,575,800,287.58	1,717,993,999.71
Bills receivable		50,025,897.50	5,000,000.00
Accounts receivable	1	1,102,167,974.81	752,645,715.22
Prepayments		256,452,124.46	524,893,262.66
Other receivables		237,003,978.46	210,531,999.01
Inventories		233,063,474.28	175,705,590.22
Non-current assets due within one year		—	734,786.40
Other current assets		7,837,478.22	9,341,397.14
Total current assets		3,462,351,215.31	3,396,846,750.36
Non-current assets			
Long-term equity investments	2	193,569,386.15	204,614,480.91
Available-for-sale financial assets	3	563,228.22	563,228.22
Investment properties		64,917,111.10	65,511,714.03
Fixed assets	4	1,434,672,895.42	1,367,390,427.02
Construction in progress		102,417,020.43	147,438,556.91
Intangible assets	5	666,306,626.04	614,492,984.64
Goodwill		61,206,135.90	61,206,135.90
Long-term deferred expenses		31,716,046.32	37,430,177.90
Deferred tax assets		174,980,231.47	170,269,350.37
Other non-current assets		100,768,781.15	111,171,889.92
Total non-current assets		2,831,117,462.20	2,780,088,945.82
Total assets		6,293,468,677.51	6,176,935,696.18

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated balance sheet (unaudited)

As at 30 June 2014

(Expressed in Renminbi Yuan)

	Note V	As at 30 June 2014	As at 31 December 2013 (Restated)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	6	563,830,303.24	626,554,858.03
Bills payable		320,507,828.48	453,403,442.66
Accounts payable	7	1,177,202,581.75	917,633,504.96
Advances from customers		627,196,859.27	830,345,917.82
Employee benefits payable		119,685,952.28	114,595,310.23
Taxes payable		193,346,029.16	130,080,294.75
Interest payable		10,757,188.34	2,535,638.24
Dividends payable		66,093,724.00	27,108,564.15
Other payables		313,559,006.80	312,163,240.48
Non-current liabilities due within one year	8	71,259,077.01	50,521,566.26
Total current liabilities		3,463,438,550.33	3,464,942,337.58
Non-current liabilities			
Long-term loans	9	62,635,749.93	87,916,694.66
Bonds payable	10	298,540,487.41	298,024,078.94
Long-term payables		123,056,356.57	85,091,801.16
Deferred tax liabilities		7,979,466.07	7,894,283.45
Other non-current liabilities		23,710,648.30	22,176,218.23
Total non-current liabilities		515,922,708.28	501,103,076.44
Total liabilities		3,979,361,258.61	3,966,045,414.02

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated balance sheet (unaudited)

As at 30 June 2014

(Expressed in Renminbi Yuan)

	Note V	As at 30 June 2014	As at 31 December 2013 (Restated)
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		417,641,867.00	417,641,867.00
Other equity instrument	12	281,810,000.00	281,810,000.00
Capital reserve		170,451,076.51	172,076,352.20
Special reserve		18,041,234.44	14,833,820.53
Surplus reserve		130,421,930.77	130,421,930.77
Retained earnings	13	579,606,400.55	517,684,409.50
Translation differences of financial statements denominated in foreign currency		(37,328,584.96)	(38,886,623.71)
Total equity attributable to shareholders of the Company	14	1,560,643,924.31	1,495,581,756.29
Minority interests		753,463,494.59	715,308,525.87
Total shareholders' equity		2,314,107,418.90	2,210,890,282.16
Total liabilities and shareholders' equity		6,293,468,677.51	6,176,935,696.18

This interim financial report was approved by the Board of Directors of the Company on 22 August 2014.

Xuan Zongmin
Legal Representative
(Signature and stamp)

Wei Hengdong
The person in charge
of accounting affairs
(Signature and stamp)

Leng Xuelin
The head of the
accounting department
(Signature and stamp)

(Company Stamp)

The notes on pages 44 to 140 form part of this interim financial report.

Balance sheet (unaudited)

As at 30 June 2014

(Expressed in Renminbi Yuan)

	Note V	As at 30 June 2014	As at 31 December 2013 (Restated)
Assets			
Current assets			
Cash at bank and on hand		695,634,745.99	1,204,812,278.53
Bills receivable		50,000,000.00	5,000,000.00
Accounts receivable	1	611,575,324.94	448,979,488.81
Prepayments		56,911,990.18	203,441,882.37
Other receivables		242,669,856.86	245,627,902.06
Inventories		128,009,502.65	83,582,043.31
Total current assets		1,784,801,420.62	2,191,443,595.08
Non-current assets			
Long-term equity investments	2	792,629,764.17	799,918,167.66
Fixed assets	4	5,662,855.26	3,867,674.12
Construction in progress		3,217,523.95	10,365,330.46
Intangible assets	5	183,974,963.18	191,690,587.40
Long-term deferred expenses		15,044,177.95	8,205,738.45
Deferred tax assets		135,404,942.08	135,404,942.08
Total non-current assets		1,135,934,226.59	1,149,452,440.17
Total assets		2,920,735,647.21	3,340,896,035.25

The notes on pages 44 to 140 form part of this interim financial report.

Balance sheet (unaudited)

As at 30 June 2014

(Expressed in Renminbi Yuan)

	Note V	As at 30 June 2014	As at 31 December 2013 (Restated)
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	6	380,000,000.00	480,000,000.00
Bills payable		160,884,844.37	327,477,270.09
Accounts payable	7	382,424,966.50	438,870,540.68
Advances from customers		56,811,016.31	128,566,243.07
Employee benefits payable		17,816,548.61	17,998,637.25
Taxes payable		32,501,318.10	40,483,968.20
Interest payable		645,833.27	896,111.08
Dividends payable		41,764,186.70	—
Other payables		548,490,716.64	598,110,193.25
Total current liabilities		1,621,339,430.50	2,032,402,963.62
Total liabilities		1,621,339,430.50	2,032,402,963.62

The notes on pages 44 to 140 form part of this interim financial report.

Balance sheet (unaudited)

As at 30 June 2014

(Expressed in Renminbi Yuan)

	Note V	As at 30 June 2014	As at 31 December 2013 (Restated)
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		417,641,867.00	417,641,867.00
Other equity instrument	12	281,810,000.00	281,810,000.00
Capital reserve		262,889,247.11	263,284,147.15
Surplus reserve		127,943,841.91	127,943,841.91
Retained earnings		209,111,260.69	217,813,215.57
Total shareholders' equity		1,299,396,216.71	1,308,493,071.63
Total liabilities and shareholders' equity		2,920,735,647.21	3,340,896,035.25

This interim financial report was approved by the Board of Directors of the Company on 22 August 2014.

Xuan Zongmin
Legal Representative
(Signature and stamp)

Wei Hengdong
The person in charge
of accounting affairs
(Signature and stamp)

Leng Xuelin
The head of the
accounting department
(Signature and stamp)

(Company Stamp)

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated income statement (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2014	2013
I. Operating income		4,388,368,620.00	2,632,219,549.13
II. Less: Operating costs		3,892,937,456.97	2,195,350,935.30
Business taxes and surcharges		33,919,025.74	22,403,838.39
Selling and distribution expenses		29,696,569.56	28,476,055.54
General and administrative expenses		255,327,884.00	239,927,659.98
Financial expenses	15	32,438,704.98	17,296,627.85
Impairment losses		3,669,402.12	4,782,666.51
Add: Investment income	16	2,438,358.94	3,388,818.37
Including: Income from investment in associates and jointly controlled enterprises		1,305,996.12	3,025,120.80
III. Operating profit		142,817,935.57	127,370,583.93
Add: Non-operating income	17	62,459,954.24	29,638,828.21
Including: Gains from disposal of non-current assets		2,758,707.49	1,417,834.97
Less: Non-operating expenses		1,955,056.37	1,747,608.88
Including: Losses from disposal of non-current assets		989,036.24	603,049.20
IV. Profit before income tax	19	203,322,833.44	155,261,803.26
Less: Income tax expenses	18	53,144,359.65	49,905,621.88
V. Net profit for the period		150,178,473.79	105,356,181.38
Attributable to:			
Shareholders of the Company		103,686,177.75	68,641,396.45
Minority interests		46,492,296.04	36,714,784.93

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated income statement (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2014	2013
VI. Earnings per share			
(I) Basic earnings per share	20(1)	0.24	0.16
(II) Diluted earnings per share	20(2)	0.20	0.13
VII. Other comprehensive income for the period			
(I) Items that could not be reclassified to profit and loss (net of income tax effect):		—	—
(II) Items that may be reclassified subsequently to profit and loss on certain conditions (net of income tax effect):			
Differences on translation of foreign currency financial statements		2,451,416.07	(6,805,490.66)
VIII. Total comprehensive income for the period		152,629,889.86	98,550,690.72
Attributable to:			
Shareholders of the Company		105,244,216.50	64,345,159.74
Minority interests		47,385,673.36	34,205,530.98

The notes on pages 44 to 140 form part of this interim financial report.

Income statement (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2014	2013
I. Operation income		1,034,546,732.56	1,154,731,629.31
II. Less: Operating costs		931,866,605.27	1,049,513,424.14
Business taxes and surcharges		5,604,827.24	4,152,786.96
Selling and distribution expenses		8,609,724.36	16,417,358.70
General and administrative expenses		31,601,377.21	38,641,503.01
Financial expenses/(net financial income)	15	10,958,471.99	(160,387.26)
Impairment losses		3,707,839.35	5,242,666.51
Add: Investment income	16	2,473,406.30	1,844,385.50
Including: Income from investment in associates and jointly controlled enterprises		1,111,352.79	1,825,812.96
III. Operating profit		44,671,293.44	42,768,662.75
Add: Non-operating income		20,000.01	58,609.94
Less: Non-operating expenses		8,040.00	10,735.73
Including: Losses from disposal of non-current assets		8,040.00	—
IV. Profit before income tax		44,683,253.45	42,816,536.96
Less: Income tax expenses	18	11,621,021.63	12,128,342.70
V. Net profit for the period		33,062,231.82	30,688,194.26
VI. Other comprehensive income for the period		—	—
VII. Total comprehensive income for the period		33,062,231.82	30,688,194.26

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated cash flow statement (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2014	2013
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		4,386,075,709.16	2,811,289,160.95
Cash received relating to other operating activities		66,846,927.88	33,378,309.84
Sub-total of cash inflows		4,452,922,637.04	2,844,667,470.79
Cash paid for goods and services		3,562,856,653.69	2,567,550,996.13
Cash paid to and for employees		508,300,426.08	447,417,992.02
Cash paid for all types of taxes		136,547,960.16	132,888,510.80
Cash paid relating to other operating activities		137,377,869.52	214,059,231.91
Sub-total of cash outflows		4,345,082,909.45	3,361,916,730.86
Net cash inflow/(outflow) from operating activities	21(a)	107,839,727.59	(517,249,260.07)
II. Cash flows from investing activities:			
Cash received from disposal of investments		12,542,166.17	16,000,000.00
Cash received from return on investments		776,078.20	610,081.48
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,135,701.41	4,197,011.14
Cash received relating to other investing activities		—	5,401,156.87
Sub-total of cash inflows		15,453,945.78	26,208,249.49
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		189,400,113.16	192,313,564.61
Cash paid for acquisition of investments		—	4,800,000.00
Net cash paid for acquisition of subsidiaries and other business units		—	3,422,644.17
Sub-total of cash outflows		189,400,113.16	200,536,208.78
Net cash outflow from investing activities		(173,946,167.38)	(174,327,959.29)

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated cash flow statement (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2014	2013
III. Cash flows from financing activities:			
Cash received from capital contributions		5,690,900.00	5,341,000.00
Cash received from borrowings		309,187,369.90	352,879,564.22
Cash received relating to other financing activities		—	39,510,446.49
Sub-total of cash inflows		314,878,269.90	397,731,010.71
Cash repayments of borrowings		379,643,498.60	39,994,107.34
Cash paid for dividends, profit distributions or interest		27,358,238.05	45,350,077.95
Cash paid relating to other financing activities		—	29,572,464.46
Sub-total of cash outflows		407,001,736.65	114,916,649.75
Net cash (outflow)/inflow from financing activities		(92,123,446.75)	282,814,360.96
IV. Effect of foreign exchange rate changes on cash and cash equivalents		708,004.73	326,391.60
V. Net decrease in cash and cash equivalents	21(c)	(157,521,901.81)	(408,436,466.80)
Add: Cash and cash equivalents at the beginning of the period		1,710,089,275.02	1,253,888,037.55
VI. Cash and cash equivalents at the end of the period	21(d)	1,552,567,373.21	845,451,570.75

The notes on pages 44 to 140 form part of this interim financial report.

Cash flow statement (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2014	2013
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		916,970,073.06	1,320,729,923.18
Cash received relating to other operating activities		6,877,934.88	1,417,454.94
Sub-total of cash inflows		923,848,007.94	1,322,147,378.12
Cash paid for goods and services		1,265,951,764.63	1,743,395,222.75
Cash paid to and for employees		15,360,891.13	20,842,108.72
Cash paid for all types of taxes		17,088,379.65	33,692,784.33
Cash paid relating to other operating activities		36,299,329.34	76,356,199.40
Sub-total of cash outflows		1,334,700,364.75	1,874,286,315.20
Net cash outflow from operating activities	21(a)	(410,852,356.81)	(552,138,937.08)
II. Cash flows from investing activities:			
Cash received from disposal of investments		12,542,166.17	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,200.00	25,961.54
Cash received relating to other investing activities		—	7,254,039.18
Sub-total of cash inflows		12,543,366.17	7,280,000.72
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,613,541.90	2,713,551.00
Cash paid relating to other investing activities		—	4,264,103.00
Sub-total of cash outflows		2,613,541.90	6,977,654.00
Net cash inflow from investing activities		9,929,824.27	302,346.72

The notes on pages 44 to 140 form part of this interim financial report.

Cash flow statement (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2014	2013
III. Cash flows from financing activities:			
Cash received from borrowings		200,000,000.00	200,000,000.00
Cash received relating to other financing activities		—	36,084,782.19
Sub-total of cash inflows		200,000,000.00	236,084,782.19
Cash repayments of borrowings		300,000,000.00	—
Cash paid for dividends, profit distributions or interest		8,255,000.00	7,623,661.65
Cash paid relating to other financing activities		—	375,147.72
Sub-total of cash outflows		308,255,000.00	7,998,809.37
Net cash (outflow)/inflow from financing activities		(108,255,000.00)	228,085,972.82
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	—
V. Net decrease in cash and cash equivalents	21(c)	(509,177,532.54)	(323,750,617.54)
Add: cash and cash equivalents at the beginning of the period		1,204,812,278.53	768,274,457.86
VI. Cash and cash equivalents at the end of the period	21(d)	695,634,745.99	444,523,840.32

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated statement of changes in shareholders' equity (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

Note	Attributable to shareholders of the Company									
	Share capital	Other equity instrument	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Differences on translation of foreign currency financial statements	Total	Minority interests	Total shareholders' equity
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
I. Balance as at 31 December 2013	417,641,867.00	—	453,886,352.20	14,833,820.53	130,421,930.77	517,684,409.50	(38,886,623.71)	1,495,581,756.29	715,308,525.87	2,210,890,282.16
Add: Changes in accounting policies	—	281,810,000.00	(281,810,000.00)	—	—	—	—	—	—	—
II. Balance as at 1 January 2014	417,641,867.00	281,810,000.00	172,076,352.20	14,833,820.53	130,421,930.77	517,684,409.50	(38,886,623.71)	1,495,581,756.29	715,308,525.87	2,210,890,282.16
III. Changes in equity for the period										
1. Net profit for the period	—	—	—	—	—	103,686,177.75	—	103,686,177.75	46,492,296.04	150,178,473.79
2. Other comprehensive income	—	—	—	—	—	—	1,558,038.75	1,558,038.75	893,377.32	2,451,416.07
Sub-total of 1&2	—	—	—	—	—	103,686,177.75	1,558,038.75	105,244,216.50	47,385,673.36	152,629,889.86
3. Shareholders' contributions of capital										
(1) Capital contribution	—	—	—	—	—	—	—	—	5,690,900.00	5,690,900.00
(2) Buy out of minority interests	—	—	(1,230,375.65)	—	—	—	—	(1,230,375.65)	(1,944,880.75)	(3,175,256.40)
4. Appropriation of profits										
(1) Distributions to shareholders	—	—	—	—	—	(41,764,186.70)	—	(41,764,186.70)	(14,724,500.94)	(56,488,687.64)
5. Special reserve										
(1) Accrued	—	—	—	10,374,979.45	—	—	—	10,374,979.45	8,087,574.11	18,462,553.56
(2) Utilised	—	—	—	(7,167,565.54)	—	—	—	(7,167,565.54)	(6,339,797.06)	(13,507,362.60)
6. Others	—	—	(394,900.04)	—	—	—	—	(394,900.04)	—	(394,900.04)
IV. Balance as at 30 June 2014	417,641,867.00	281,810,000.00	170,451,076.51	18,041,234.44	130,421,930.77	579,606,400.55	(37,328,584.96)	1,560,643,924.31	753,463,494.59	2,314,107,418.90

The notes on pages 44 to 140 form part of this interim financial report.

Consolidated statement of changes in shareholders' equity (unaudited)

For the six months ended 30 June 2013

(Expressed in Renminbi Yuan)

		Attributable to shareholders of the Company									Total shareholders' equity
Note	Share capital	Other equity instrument	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Differences on translation of foreign currency financial statements	Total	Minority interests	equity	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
I. Balance as at											
31 December 2012	417,641,867.00	—	453,534,816.70	9,771,609.17	122,766,499.46	411,164,608.79	(34,773,808.84)	1,380,105,592.28	578,102,490.47	1,958,208,082.75	
Add: Changes in accounting policies	II. 33 (iv)	281,810,000.00	(281,810,000.00)	—	—	—	—	—	—	—	
II. Balance as at 1 January 2013	417,641,867.00	281,810,000.00	171,724,816.70	9,771,609.17	122,766,499.46	411,164,608.79	(34,773,808.84)	1,380,105,592.28	578,102,490.47	1,958,208,082.75	
III. Changes in equity for the period											
1. Net profit for the period	—	—	—	—	—	68,641,396.45	—	68,641,396.45	36,714,784.93	105,356,181.38	
2. Other comprehensive income	—	—	—	—	—	—	(4,296,236.71)	(4,296,236.71)	(2,509,253.95)	(6,805,490.66)	
Sub-total of 1 & 2	—	—	—	—	—	68,641,396.45	(4,296,236.71)	64,345,159.74	34,205,530.98	98,550,690.72	
3. Shareholders' contributions of capital											
(1) Capital contribution	—	—	—	—	—	—	—	—	92,201,817.30	92,201,817.30	
(2) Others	—	—	—	—	—	—	—	—	(483,584.75)	(483,584.75)	
4. Appropriation of profits											
(1) Distributions to shareholders	V. 13	—	—	—	—	(21,717,377.00)	—	(21,717,377.00)	(31,178,250.00)	(52,895,627.00)	
5. Special reserve											
(1) Accrued	—	—	—	8,526,508.29	—	—	—	8,526,508.29	6,892,171.96	15,418,680.25	
(2) Utilised	—	—	—	(6,290,699.20)	—	—	—	(6,290,699.20)	(4,649,854.96)	(10,940,554.16)	
6. Others	—	—	394,900.04	—	—	—	—	394,900.04	—	394,900.04	
IV. Balance as at 30 June 2013	417,641,867.00	281,810,000.00	172,119,716.74	12,007,418.26	122,766,499.46	458,088,628.24	(39,070,045.55)	1,425,364,084.15	675,090,321.00	2,100,454,405.15	

The notes on pages 44 to 140 form part of this interim financial report.

Statement of changes in shareholders' equity (unaudited)

For the six months ended 30 June 2014

(Expressed in Renminbi Yuan)

	Note	Other equity					Total equity RMB
		Share capital RMB	instrument RMB	Capital reserve RMB	Surplus reserve RMB	Retained earnings RMB	
I. Balance as at 31 December 2013		417,641,867.00	—	545,094,147.15	127,943,841.91	217,813,215.57	1,308,493,071.63
Add: Changes in accounting policies	II. 33 (iv)	—	281,810,000.00	(281,810,000.00)	—	—	—
II. Balance as at 1 January 2014		417,641,867.00	281,810,000.00	263,284,147.15	127,943,841.91	217,813,215.57	1,308,493,071.63
III. Changes in equity for the period							
1. Net profit for the period		—	—	—	—	33,062,231.82	33,062,231.82
2. Other comprehensive income		—	—	—	—	—	—
Sub-total of 1 & 2		—	—	—	—	33,062,231.82	33,062,231.82
3. Appropriation of profits							
(1) Distributions to shareholders	V. 13	—	—	—	—	(41,764,186.70)	(41,764,186.70)
4. Others		—	—	(394,900.04)	—	—	(394,900.04)
IV. Balance as at 30 June 2014		417,641,867.00	281,810,000.00	262,889,247.11	127,943,841.91	209,111,260.69	1,299,396,216.71

The notes on pages 44 to 140 form part of this interim financial report.

Statement of changes in shareholders' equity (unaudited)

For the six months ended 30 June 2013

(Expressed in Renminbi Yuan)

	Note	Share capital RMB	Other equity instrument RMB	Capital reserve RMB	Surplus reserve RMB	Retained earnings RMB	Total equity RMB
I. Balance as at 31 December 2012		417,641,867.00	—	544,699,247.11	120,288,410.60	170,631,710.75	1,253,261,235.46
Add: Changes in accounting policies	II. 33 (iv)	—	281,810,000.00	(281,810,000.00)	—	—	—
II. Balance as at 1 January 2013		417,641,867.00	281,810,000.00	262,889,247.11	120,288,410.60	170,631,710.75	1,253,261,235.46
III. Changes in equity for the period							
1. Net profit for the period		—	—	—	—	30,688,194.26	30,688,194.26
2. Other comprehensive income		—	—	—	—	—	—
Sub-total of 1 & 2		—	—	—	—	30,688,194.26	30,688,194.26
3. Shareholders' contributions of capital		—	—	—	—	—	—
4. Appropriation of profits							
(1) Distributions to shareholders	V. 13	—	—	—	—	(21,717,377.00)	(21,717,377.00)
5. Others		—	—	394,900.04	—	—	394,900.04
IV. Balance as at 30 June 2013		417,641,867.00	281,810,000.00	263,284,147.15	120,288,410.60	179,602,528.01	1,262,626,952.76

The notes on pages 44 to 140 form part of this interim financial report.

Notes to the interim financial report

For the six months ended 30 June 2014

I. COMPANY STATUS

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Basis of preparation of interim financial report

The interim financial report of the Group has been prepared on the basis of going concern.

The interim financial report of the Group has been prepared in accordance with the requirements of "Accounting Standard for Business Enterprises No.32 – Interim Financial Reporting" issued by the Ministry of Finance (MOF) of the PRC, and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on SEHK (the "Listing Rules"). In accordance with the requirements of "Accounting Standard for Business Enterprises No.32 – Interim Financial Reporting", the explanatory notes to the interim financial report have been simplified as appropriate compared with the notes to the annual financial statements.

(2) Statement of compliance

The Group's interim financial report prepared by the Company complies with the requirements of "Accounting Standard for Business Enterprises No.32 – Interim Financial Reporting", and presents truly and completely the consolidated financial position and financial position of the Company as at 30 June 2014, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the six months then ended. The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the changes in accounting policies as set out in Note II. (33).

(3) Basis of accounting and principle of measurement

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

(4) Accounting period

The Group has adopted the calendar year as its accounting year, from 1 January to 31 December. The accounting period of this interim financial report is from 1 January to 30 June.

(5) Functional currency

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

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

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

(a) Business combinations involving enterprises under common control

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

The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination is adjusted to share premium (or capital premium) in the capital reserve. If the balance of share premium (or capital premium) is insufficient, any excess is adjusted to retained earnings.

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

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

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

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

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

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

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

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

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

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. On disposal of an asset group or a set of asset groups, any attributable amount of the purchased goodwill is written off and included in the calculation of the profit or loss on disposal. Goodwill is tested for impairment at least at the end of each year.

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

(7) Preparation of consolidated financial statements

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

For the purpose of assessing power, only substantive rights (held by the Group and others) shall be considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

For the subsidiaries disposed by the Group, the financial performance and cash flows before the disposal date (the date that control ceased) are included in the consolidated financial statements.

Notes to the interim financial report

For the six months ended 30 June 2014

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

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

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

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

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

All significant intra-group balances and transactions are eliminated, and any unrealized profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

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

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

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

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

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

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

(8) Interests in a joint operation

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

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

(9) Cash and cash equivalents

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

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

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

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

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

The assets and liabilities of foreign operation are translated to RMB at the spot exchange rate at the balance sheet date. The equity items, excluding "Retained earnings", are translated to RMB at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to RMB at the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of shareholders' equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in shareholders' equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs.

(11) Financial instruments

Financial instruments include cash at bank and on hand, equity securities other than long-term equity investments, receivables, payables, loans and borrowings, bonds payable, other equity instrument and share capital.

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

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

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

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

(11) Financial instruments *(Continued)*

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

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

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

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

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

- Receivables

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

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

- Available-for-sale financial assets

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(11) Financial instruments *(Continued)*

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

- Other financial liabilities

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

(b) Presentation of financial assets and financial liabilities

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

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

(c) Derecognition of financial assets and financial liabilities

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

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

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

The Group derecognises a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged, cancelled or expired.

(d) Impairment of financial assets

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

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

(11) Financial instruments *(Continued)*

(d) Impairment of financial assets (Continued)

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

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

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

– Available-for-sale financial assets

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(11) Financial instruments *(Continued)*

(e) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Company.

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

Other equity instrument is the financial instrument issued by the Company that are classified as equity instrument other than ordinary shares. Other equity instrument held by the Company as at the period end represented the Perpetual Subordinated Convertible Securities ("PSCS") issued by the Company.

(12) Receivables and impairment

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

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

Judgment basis or criteria for receivables that are individually significant

The Group considers accounts receivable individually greater than RMB 10 million (including RMB 10 million) and other receivables individually greater than RMB 2 million (including RMB 2 million) are significant.

Method of provisioning for bad and doubtful debts for receivables that are individually significant and assessed individually

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

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

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

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

(13) Inventories

(a) Classification and initial recognition

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

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

Construction contracts are accounted for at actual cost, which comprise the direct and indirect costs attributable to the contract and incurred during the period from the date of entering into the contract to the final completion of the contract. The net amount of (a) costs incurred plus recognised profits (less recognised losses) and (b) progress billings is presented in the balance sheet as inventory when (a) exceeds (b), or as advance from customers when (b) exceeds (a).

(b) Cost of inventories transferred out

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

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

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

(d) Basis for determining the net realisable value of inventories and provisioning methods for decline in value of inventories

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

(e) Inventory system

The Group maintains a perpetual inventory system.

Notes to the interim financial report

For the six months ended 30 June 2014

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

(14) Long-term equity investments

(1) *Investment cost*

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

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

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

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

A long-term equity investment acquired other than through a business combination is initially recognised at the actual consideration paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by shareholders.

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

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

(2) *Subsequent measurement*

(a) Investments in subsidiaries

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

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

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

(b) Investment in joint ventures and associates

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

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

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

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

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

(2) *Subsequent measurement (Continued)*

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

- After the acquisition of the investment, the Group recognises its share of the investee's profit or loss, as investment income or losses, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by that amount attributable to the Group. The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses and other comprehensive income, and recognises the corresponding adjustment in shareholders' equity.
- The Group recognises its share of the investee's net profits or losses, other comprehensive income and other movements in shareholders' equity after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealised profits and losses resulting from transactions between the Group and its associates or joint venture are eliminated to the extent of the Group's interest in the associates or joint venture. Unrealised losses resulting from transactions between the Group and its associates or joint venture are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.
- The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the associate or the jointly controlled enterprise is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. Where net profits are subsequently made by the associate or jointly controlled enterprise, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

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

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

Joint control is the contractually agreed sharing of control of an arrangement. Joint control exists only when decisions about the relevant activities – those that significantly affect the returns of the arrangement – require the unanimous consent of the parties sharing control of the arrangement.

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

- Whether no single investor is in a position to control the investee's operating activities unilaterally;
- Whether decisions relating to the investee's relevant activities require the unanimous consent of the parties sharing control of the arrangement.

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

(4) Method of impairment testing and measurement

For the testing and measurement of impairment on investments in subsidiaries, joint venture and associates, please refer to Note II. (21).

(15) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Specifically exemplify as a land use right that is leased out; a land use right held for transfer upon capital appreciation and a building that is leased out.

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

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

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(16) Fixed assets

(a) *Recognition of fixed assets*

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

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

(b) *Depreciation of each category of fixed assets*

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

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

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

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

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

(16) Fixed assets *(Continued)*

(d) Identification basis and valuation methods for fixed assets acquired under finance leases

The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset. If there is reasonable certainty that the Group will obtain ownership of the leased asset at the end of the lease term, the leased asset is depreciated over its useful life, otherwise, the leased asset is depreciated over the shorter of the lease term and its useful life.

(e) Disposal of fixed assets

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

(17) Construction in progress

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

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

(18) Borrowing costs

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(18) Borrowing costs *(Continued)*

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

(19) Intangible assets

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

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

Estimated useful life of intangible assets are as follows:

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

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(19) Intangible assets *(Continued)*

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

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

(20) Long-term deferred expenses

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

Items	Amortisation period (years)
Expressway service zones operation costs	25
Renovation costs of station auxiliary facilities	5 - 10
Prepaid land use rights rental fee	2 - 23
Leasehold improvements	5 - 10

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

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

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

- fixed assets
- construction in progress
- intangible assets
- investment properties measured at cost model
- long-term deferred expenses
- long-term equity investments
- goodwill
- long-term equity investments in subsidiaries, joint ventures or associates

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

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

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

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

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

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

If the result of the recoverable amount calculation indicates the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is recognised as an impairment loss and charged to profit or loss for the current period. A provision for impairment of the asset is recognised accordingly. For impairment losses related to an asset group or a set of asset groups, first reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, the carrying amount of an impaired asset will not be lower than the greatest amount of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

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

(22) Measurement of fair values

Unless otherwise specified, fair values are measured based on the following principles:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group takes into account characteristics (the condition and location of the asset, and restrictions on the sale or use of the asset) of the asset or liability that market participants would take into account in a transaction for the asset or liability at the measurement date, and selects the valuation approaches and techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. Valuation techniques used to measure fair value contains market approach, income approach and cost approach.

(23) Provisions

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

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(24) Revenue recognition

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

(a) Sale of goods

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

(b) Rendering of services

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

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

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

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

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

(24) Revenue recognition *(Continued)*

(c) Revenue from construction contracts

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

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

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

(d) Interest income

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

(e) Royalties from intangible assets

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(25) Government grants

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

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

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

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

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

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

(26) Income tax

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

(a) Current income tax

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

(b) Deferred tax assets and deferred tax liabilities

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

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

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

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(26) Income tax *(Continued)*

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

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

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

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

(27) Operating leases and finance leases

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

(a) The Group as lessee under operating leases

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

(b) The Group as lessor under operating leases

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

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

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

(c) *The Group as lessee under finance leases*

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

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

(28) Employee benefits

(a) *Short-term employee benefits*

The Group makes social insurance contributions, including contributions to basic medical insurance, work-related injury insurance, maternity insurance, as well as contributions to housing fund, at the applicable benchmarks and rates stipulated by the government for the benefit of its employees. The social insurance and housing fund contributions are recognised as a liability and part of the cost of assets or charged to profit or loss on an accrual basis. When the short-term employee benefits are not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related services, and the financial impact is not immaterial, the obligation shall be measured on a discounted basis.

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

Pursuant to the relevant laws and regulations of the PRC, the Company and its domestic subsidiaries make contributions to basic pension insurance in the social insurance system established and managed by government organisations for the employees at the applicable benchmarks and rates stipulated by the government. The contributions are recognised as part of the cost of assets or charged to profit or loss on an accrual basis during service period, and recognised as a liability.

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(28) Employee benefits *(Continued)*

(c) Post-employment benefits - defined benefit plans

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

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

The Group attributes the obligation of defined benefit scheme to the corresponding service period. The service costs and interest expenses of the defined benefit liabilities are as part of the cost of assets or charged to profit or loss. The actuarial gains or losses of the defined benefit liabilities re-measurement is recognised into other comprehensive income.

(d) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits to be provided is recognised in profit or loss at the earlier of the following conditions:

- The Group is not allowed to withdraw the termination benefits arising from the termination plan or redundancy offer unilaterally;
- The Group recognises the costs and expenses related to the termination benefits for the restructuring.

(29) Profit distributions to shareholders

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

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

(30) Related parties

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

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(31) Segment reporting

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

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

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

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

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

(32) Significant accounting estimates and judgments

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

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

Impairment of receivables

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

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

(32) Significant accounting estimates and judgments *(continued)*

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

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

Deferred tax assets

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

Impairment of goodwill

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

Liabilities of retirement benefits

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

Notes to the interim financial report

For the six months ended 30 June 2014

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

(33) Changes in accounting policies

In March 2014, MOF issued amendments to China Accounting Standard ("CAS") No.2 "Long-term equity investment" ("CSA No.2 (2014)") and a new CAS No.41 "Disclosure of interests in other entities" with effect from 1 July 2014. The Group early adopted the above accounting standards from 1 January 2014 as permitted. On 17 March 2014, MOF also issued Caikuai [2014] No. 31 "Accounting rules on the classification and recognition of financial liabilities and equity instruments" with immediate effect. The revised accounting policies have been disclosed in Note II. (11) and (14).

The impacts of the adoption of the above accounting standards and regulations on the Group are as follows:

(i) Long-term equity investments

Before the adoption of CAS No.2 (2014), other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments that are not quoted in an active market and their fair value cannot be reliably measured. Other long-term equity investments are accounted for using cost method subsequent to the initial recognition. After the adoption of CAS No.2 (2014), such equity investments are accounted for in accordance with the accounting policies of financial instruments (Note II. (11)), and the relevant items of the comparative financial statements are retrospectively adjusted. As at 31 December 2013, the carrying amount of the equity investments held by the Group, where the Group does not have control, joint control or significant influence over the investees, and are not quoted in an active market and their fair value cannot be reliably measured was RMB563,228.22.

Apart from the above changes, CAS No.2 (2014) also makes amendments to the recognition of equity investments using equity method. The Group has modified relevant accounting policies according to these amendments (see Note II. (14)). Such amendments do not have significant impact on the Group's interim financial report for the six months ended 30 June 2014 and the financial statement for the year ended 31 December 2013 of the Group and the Company.

(ii) Disclosures of interests in other entities

CAS No.41 makes amendments to the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Early adoption of these disclosure requirements does not have significant impact on the Group's interim financial report for the six months ended 30 June 2014.

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

(33) Changes in accounting policies *(continued)*

(iii) Disclosures of equity instruments and calculation of earnings per share

Caikuai [2014] No.31 requires that the carrying amount of equity-classified financial instruments other than ordinary shares issued by an entity should be classified as "Other equity instrument" and separately presented as mezzanine item between share capital and capital reserve in the balance sheet. Accordingly, the PSCS issued on 31 December 2012 should be recognised as other equity instrument. Retrospective adjustment has been applied to reclassify the carrying amount of the PSCS of RMB281,810,000.00 as at 31 December 2013, which was previously recorded as capital reserve, as other equity instrument.

In addition, according to Caikuai [2014] No. 31, the dividends or interests of other equity instruments should be excluded from the numerator (the net profit attributable to ordinary shareholders) in the calculation of basic earnings per share. The dividends or interests of other equity instruments such as cumulative preference shares should be deducted from the numerator, whether it is declared or not. Before Caikuai [2014] No. 31 became effective, the earnings attributable to the holder of PSCS (see Note V. 12) which have not yet been declared were included in the numerator when calculating the basic earnings per share, even if they are of cumulative nature. After Caikuai [2014] No. 31 became effective, such earnings should be deducted from the numerator in the calculation of basic earnings per share in view of their cumulative nature. Upon adoption of Caikuai [2014] No. 31, the Group calculated the basic earnings per share for the current period, and retrospectively re-calculated the basic earnings per share for the comparative period and for the year ended 31 December 2013. The re-calculated basic earnings per share for the six months ended 30 June 2013 and for the year ended 31 December 2013 are reduced by RMB0.00 and RMB0.01 respectively. The calculation of the adjusted basic earnings per share for the comparative period is set out in Note V. 20 (1).

Notes to the interim financial report

For the six months ended 30 June 2014

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

(33) Changes in accounting policies *(continued)*

(iv) Impact of changes to the current interim financial report

The effect of changes in accounting policies on the consolidated balance sheet and the balance sheet of the Company as at 30 June 2014:

	Note II	Effect on the financial statement items Debit/(Credit)	
		the Group RMB	the Company RMB
Assets:			
Long-term equity investments	(33)(i)	(563,228.22)	—
Available-for-sale financial assets	(33)(i)	<u>563,228.22</u>	<u>—</u>
Equity:			
Capital reserve	(33)(ii)	(281,810,000.00)	(281,810,000.00)
Other equity instrument	(33)(ii)	<u>281,810,000.00</u>	<u>281,810,000.00</u>

The effect of changes in accounting policies on the consolidated balance sheet and the balance sheet of the Company as at 31 December 2013:

The Group

	Note II	Before adjustment RMB	Adjustment RMB	After adjustment RMB
Long-term equity investments	(33)(i)	205,177,709.13	(563,228.22)	204,614,480.91
Available-for-sale financial assets	(33)(i)	—	563,228.22	563,228.22
Capital reserve	(33)(ii)	453,886,352.20	(281,810,000.00)	172,076,352.20
Other equity instrument	(33)(ii)	—	<u>281,810,000.00</u>	<u>281,810,000.00</u>
Total			<u>—</u>	

Notes to the interim financial report

For the six months ended 30 June 2014

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

(33) Changes in accounting policies *(continued)*

(iv) Impact of changes to the current interim financial report (continued)

The Company

	Note II	Before adjustment RMB	Adjustment RMB	After adjustment RMB
Capital reserve	(33)(ii)	545,094,147.15	(281,810,000.00)	263,284,147.15
Other equity instrument	(33)(ii)	—	<u>281,810,000.00</u>	281,810,000.00
Total			<u>—</u>	

Notes to the interim financial report

For the six months ended 30 June 2014

III. TAXATION

(1) Main types of taxes and corresponding tax rates

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

Note: Since 1 November 2012, the Group's subsidiaries that meet the conditions of levying VAT instead of business tax pilot shall apply the VAT rates stipulated by "The Implementation Measures of the Pilot of Changing from Business Tax into Value-added Tax for Transportation Industry and Certain Modern Service Industries" (Cai Shui [2011] No. 111) and "The Announcement of the Pilot of Changing from Business Tax into Value-added Tax for Transportation Industry and Certain Modern Service Industries in Beijing and 8 other Provinces and cities" (Cai Shui [2012] No. 71). Accordingly, for domestic subsidiaries engaged in cross-border transportation, the cross-border transportation revenues from Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited is exempted from VAT and the cross-border transportation revenues from Guangdong Yue Li Jia Passenger Transport Company (Guangzhou) apply zero VAT rate. For the subsidiaries engaged in domestic transportation, part of them apply the simplified calculation method with tax levy rate of 3% for VAT calculation purpose and the rest apply the general calculation method with tax rate of 11%.

Notes to the interim financial report

For the six months ended 30 June 2014

IV. BUSINESS COMBINATIONS AND CONSOLIDATED INTERIM FINANCIAL REPORT

(1) New subsidiaries that have been established and consolidated during the period

Full name	Type	Registration Place	Business Nature	Registered Capital RMB	Actual capital contribution at the end of the period RMB	Share-holding percentage (%)	Direct and indirect proportion of holding (%)	Established or acquired
Lianping County Zhongxin Town								
Yueyun Property Leasing Company Limited	Domestic and non-financial	Guangdong China	Property management	500,000.00	—	51%	51%	Established
Heyuan City Yuancheng District								
Yueyun Transportation Company Limited	Domestic and non-financial	Guangdong China	Domestic transportation	500,000.00	500,000.00	51%	51%	Established

(2) Exchange rates used for translating major financial statement items of foreign operations

As at 30 June 2014, overseas subsidiaries translate all asset and liability items in their balance sheet by applying the spot exchange rate at the period end as HKD 1 against RMB 0.7938; and all items in the income statement and items reflecting the distributions of profits are translated by applying the average exchange rate during the period as HKD 1 against RMB 0.7900.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT

1 Accounts receivable

The Group assessed the credit worthiness of potential customers and set corresponding credit limits according to the internal credit assessment policies before accepting new customers. Apart from usually requiring new customers to make advance payments, various companies of the Group have different credit policies, depending on their business market and operation requirements. Credit period is generally 3 months, while the credit period to major customers can be extended to 6 months.

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

The Group

As at 30 June 2014

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 3 months	706,327,703.44	—	706,327,703.44
Over 3 months and within 6 months	99,783,399.97	—	99,783,399.97
Over 6 months and within 1 year	74,999,590.53	—	74,999,590.53
Over 1 year and within 2 years	40,509,705.12	295,065.17	40,214,639.95
Over 2 years and within 3 years	43,869,457.37	251.68	43,869,205.69
Over 3 years	161,508,863.91	24,535,428.68	136,973,435.23
Total	<u>1,126,998,720.34</u>	<u>24,830,745.53</u>	<u>1,102,167,974.81</u>

The Group

As at 31 December 2013

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

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

1 Accounts receivable *(Continued)*

The Company

As at 30 June 2014

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 3 months	295,035,873.72	—	295,035,873.72
Over 3 months and within 6 months	55,455,070.35	—	55,455,070.35
Over 6 months and within 1 year	58,400,153.98	—	58,400,153.98
Over 1 year and within 2 years	36,307,199.73	—	36,307,199.73
Over 2 years and within 3 years	42,287,080.28	—	42,287,080.28
Over 3 years	147,071,524.74	22,981,577.86	124,089,946.88
Total	<u>634,556,902.80</u>	<u>22,981,577.86</u>	<u>611,575,324.94</u>

The Company

As at 31 December 2013

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

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

2 Long-term equity investments

Changes in equity interest in subsidiaries

The Company acquired 1.6% minority interests in Guangdong South China Logistics Enterprise Company Limited at a consideration of RMB 3,175,256.40 during the period. The carrying amount of the minority interests as at the transaction date is RMB 1,944,880.75. The difference of RMB 1,230,375.65 between the consideration paid and the carrying amount of minority interests was debited to capital reserve. Guangdong South China Logistics Enterprise Company Limited became a wholly owned subsidiary of the Company thereafter.

3 Available-for-sale financial assets

As at 30 June 2014 and 31 December 2013, the available-for-sale financial assets of the Group were available-for-sale equity investments.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

4 Fixed assets

The Group

	Buildings	Building improvements	Transportation vehicles	Machinery and equipment	Electronic equipment, office equipment and others	Pier	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Original cost							
Balances as at 31 December 2013	589,738,031.53	113,992,901.56	1,527,194,054.46	103,470,106.50	160,848,823.90	60,228,941.19	2,555,472,859.14
Additions during the period	11,167,028.04	—	119,061,814.76	263,811.27	8,774,481.65	—	139,267,135.72
Transferred from construction in progress	191,000.00	440,938.58	97,796,030.46	1,585,253.90	4,589,976.46	—	104,603,199.40
Foreign currency financial statement translation differences	134,866.13	—	2,296,463.56	10,742.51	68,143.64	—	2,510,215.84
Disposals during the period	(1,426,592.98)	(8,087,646.21)	(73,313,917.31)	(232,894.00)	(3,739,909.02)	—	(86,800,959.52)
Others	(3,004,601.29)	(234,556.16)	(3,252,300.57)	(1,173,624.42)	3,615,331.60	—	(4,049,750.84)
Balances as at 30 June 2014	596,799,731.43	106,111,637.77	1,669,782,145.36	103,923,395.76	174,156,848.23	60,228,941.19	2,711,002,699.74
Accumulated depreciation							
Balances as at 31 December 2013	(136,510,438.34)	(80,943,381.04)	(826,818,168.82)	(39,454,945.89)	(99,734,753.95)	(3,744,892.08)	(1,187,206,580.12)
Charges during the period	(12,116,195.35)	(5,532,582.11)	(123,235,130.23)	(3,682,072.25)	(24,091,726.19)	(789,965.16)	(169,447,671.29)
Foreign currency financial statement translation differences	(100,598.36)	—	(1,746,452.34)	(10,686.35)	(43,747.47)	—	(1,901,484.52)
Disposals during the period	729,801.31	8,087,646.21	67,471,594.72	32,216.60	3,549,012.34	—	79,870,271.18
Others	(2,667,598.80)	301,024.13	4,566,165.82	255,549.24	776,372.04	—	3,231,512.43
Balances as at 30 June 2014	(150,665,029.54)	(78,087,292.81)	(879,761,990.85)	(42,859,938.65)	(119,544,843.23)	(4,534,857.24)	(1,275,453,952.32)
Provision for impairment losses							
Balances as at 31 December 2013 and 30 June 2014	—	—	—	(875,852.00)	—	—	(875,852.00)
Carrying amount							
As at 30 June 2014	446,134,701.89	28,024,344.96	790,020,154.51	60,187,605.11	54,612,005.00	55,694,083.95	1,434,672,895.42
As at 31 December 2013	453,227,593.19	33,049,520.52	700,375,885.64	63,139,308.61	61,114,069.95	56,484,049.11	1,367,390,427.02

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

4 Fixed assets (Continued)

As at 30 June 2014, the original cost of fixed assets that are fully depreciated but are still in use is RMB 518,966,604.75 (31 December 2013: RMB 427,921,660.76).

As at 30 June 2014, fixed assets with carrying amount of RMB 154,225,659.45 (31 December 2013: RMB 136,285,705.49) were pledged for bank borrowings. As at 30 June 2014, there are no other restricted fixed assets than those pledged for bank borrowings.

As at 30 June 2014, the carrying amount of buildings without certificate or title of which had not been officially transferred in the Group was RMB 163,590,481.06 (31 December 2013: RMB 218,748,550.73).

The Company

	Transportation vehicles RMB	Electronic equipment, Office equipment and others RMB	Total RMB
Original cost			
Balances as at 31 December 2013	16,025,429.66	8,164,669.97	24,190,099.63
Additions during the period	—	2,317,649.88	2,317,649.88
Disposals during the period	(308,000.00)	—	(308,000.00)
Balances as at 30 June 2014	15,717,429.66	10,482,319.85	26,199,749.51
Accumulated depreciation			
Balances as at 31 December 2013	(14,828,675.87)	(5,493,749.64)	(20,322,425.51)
Charges during the period	(164,422.56)	(348,806.18)	(513,228.74)
Disposals during the period	298,760.00	—	298,760.00
Balances as at 30 June 2014	(14,694,338.43)	(5,842,555.82)	(20,536,894.25)
Carrying amount			
As at 30 June 2014	1,023,091.23	4,639,764.03	5,662,855.26
As at 31 December 2013	1,196,753.79	2,670,920.33	3,867,674.12

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

5 Intangible assets

The Group

	Land use rights	Computer software	Coastline use right	Passenger service licenses	Toll bridge franchise operating rights	Route license use rights and route operation rights	Trademark rights and others	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Original cost								
Balances as at 31 December 2013	393,457,949.67	17,506,090.19	7,110,000.00	5,510,601.57	327,479,559.48	114,556,854.30	45,900.00	865,666,955.21
Additions during the period	51,938,385.52	1,609,382.50	—	—	—	13,245,083.58	3,361,842.10	70,154,693.70
Foreign currency financial statement translation differences								
	388,340.19	—	—	61,680.63	—	—	—	450,020.82
Disposals during the period	—	(21,000.04)	—	—	—	(120,000.00)	—	(141,000.04)
Balances as at 30 June 2014	445,784,675.38	19,094,472.65	7,110,000.00	5,572,282.20	327,479,559.48	127,681,937.88	3,407,742.10	936,130,669.69
Accumulated amortisation								
Balances as at 31 December 2013	(54,853,795.53)	(11,293,106.81)	(1,510,338.80)	—	(144,711,104.52)	(38,770,817.41)	(34,807.50)	(251,173,970.57)
Charges during the period	(6,239,628.46)	(1,451,300.78)	(77,633.10)	—	(6,944,081.64)	(3,856,192.12)	(2,295.00)	(18,571,131.10)
Foreign currency financial statement translation differences								
	(99,942.02)	—	—	—	—	—	—	(99,942.02)
Disposals during the period	—	21,000.04	—	—	—	—	—	21,000.04
Balances as at 30 June 2014	(61,193,366.01)	(12,723,407.55)	(1,587,971.90)	—	(151,655,186.16)	(42,627,009.53)	(37,102.50)	(269,824,043.65)
Carrying amount								
As at 30 June 2014	384,591,309.37	6,371,065.10	5,522,028.10	5,572,282.20	175,824,373.32	85,054,928.35	3,370,639.60	666,306,626.04
As at 31 December 2013	338,604,154.14	6,212,983.38	5,599,661.20	5,510,601.57	182,768,454.96	75,786,036.89	11,092.50	614,492,984.64

As at 30 June 2014, intangible assets with carrying amount of RMB 20,766,121.33 (31 December 2013: RMB 38,954,559.71) were pledged for bank borrowings. As at 30 June 2014, there were no other restricted intangible assets than those pledged for bank borrowings.

As at 30 June 2014, the carrying amount of the land use rights without certificate or title of which had not been officially transferred in the Group was RMB 9,007,000.00 (31 December 2013: RMB 2,418,829.95).

As at 30 June 2014, land use rights with carrying amount of RMB 6,914,177.27 (31 December 2013: RMB 6,914,177.27) were obtained through allocation. As the title document did not stipulate the corresponding useful lives, these land use rights had not been amortised.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

5 Intangible assets *(Continued)*

The Company

	Computer Software RMB	Toll bridge franchise operating rights RMB	Total RMB
Original cost			
Balances as at 31 December 2013	19,856,003.63	334,103,442.14	353,959,445.77
Additions during the period	154,358.97	—	154,358.97
Balances as at 30 June 2014	<u>20,010,362.60</u>	<u>334,103,442.14</u>	<u>354,113,804.74</u>
Accumulated amortisation			
Balances as at 31 December 2013	(15,769,661.64)	(146,499,196.73)	(162,268,858.37)
Charges during the period	(925,901.55)	(6,944,081.64)	(7,869,983.19)
Balances as at 30 June 2014	<u>(16,695,563.19)</u>	<u>(153,443,278.37)</u>	<u>(170,138,841.56)</u>
Carrying amount			
As at 30 June 2014	<u>3,314,799.41</u>	<u>180,660,163.77</u>	<u>183,974,963.18</u>
As at 31 December 2013	<u>4,086,341.99</u>	<u>187,604,245.41</u>	<u>191,690,587.40</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

6 Short-term loans

The Group

		As at 30 June 2014 RMB	As at 31 December 2013 RMB
Unsecured and non-guaranteed loans		538,000,000.00	617,054,858.03
Secured loans	Note 1	11,441,593.34	9,500,000.00
Letter of credit mortgaged loans	Note 2	14,388,709.90	—
Total	Note 3	<u>563,830,303.24</u>	<u>626,554,858.03</u>

Note 1: For the details of assets pledged for secured loans, please refer to Note V. 4 and 5.

Note 2: The loans were mortgaged by the letter of credit issued by the Company to its subsidiary, Guangdong Yueyun Transportation (HK) Company Limited.

Note 3: As at 30 June 2014, all the Group's short term loans are bank borrowings with loan period within 1 year and with fixed interest rates ranging from 1.98% - 8.00% per annum (31 December 2013: 1.71% - 6.00% per annum). The Group did not have any expired but outstanding short-term loans as at 30 June 2014.

The Company

	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Unsecured and non-guaranteed loans	<u>380,000,000.00</u>	<u>480,000,000.00</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

7 Accounts payable

The ageing analysis of the accounts payable based on the transaction dates is as follows:

The Group

	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Ageing		
Within 3 months	910,830,874.18	688,438,196.77
Over 3 months and within 6 months	47,642,608.83	56,829,583.78
Over 6 months and within 1 year	83,241,930.15	57,137,390.63
Over 1 year and within 2 years	90,019,024.69	64,204,270.98
Over 2 years and within 3 years	20,297,288.02	21,582,917.53
Over 3 years	25,170,855.88	29,441,145.27
Total	<u>1,177,202,581.75</u>	<u>917,633,504.96</u>

The Company

	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Ageing		
Within 3 months	318,735,947.60	368,594,332.27
Over 3 months and within 6 months	1,335,662.08	36,798,819.99
Over 6 months and within 1 year	48,824,787.64	15,769,031.95
Over 1 year and within 2 years	3,205,702.80	2,730,396.59
Over 2 years and within 3 years	3,876,984.67	4,962,088.18
Over 3 years	6,445,881.71	10,015,871.70
Total	<u>382,424,966.50</u>	<u>438,870,540.68</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

8 Non-current liabilities due within one year

The Group

		As at 30 June 2014 RMB	As at 31 December 2013 RMB
Long-term borrowings due within one year	(Note V. 9)	55,857,801.58	38,308,430.78
Long-term payables due within one year		12,175,172.11	9,009,821.03
Other non-current liabilities due within one year		3,226,103.32	3,203,314.45
Total		71,259,077.01	50,521,566.26

9 Long-term loans

The Group

		As at 30 June 2014 RMB	As at 31 December 2013 RMB
Unsecured and non-guaranteed loans		—	11,738,649.33
Secured loans	Note 1	118,493,551.51	114,486,476.11
Total	Note 2	118,493,551.51	126,225,125.44
Less: long-term loans due within one year			
Including: Unsecured and non-guaranteed loans		—	2,752,119.96
Secured loans		55,857,801.58	35,556,310.82
Sub-total	(Note V. 8)	55,857,801.58	38,308,430.78
Long-term loans due after 1 year		62,635,749.93	87,916,694.66
Including: Due after 1 year but within 2 years		46,437,736.39	48,249,439.52
Due after 2 years but within 5 years		16,198,013.54	39,667,255.14

Note 1: For the details of assets pledged for secured loans, please refer to Note V. 4 and 5.

Note 2: As at 30 June 2014, all the Group's long-term loans are bank borrowings with interest rates ranging from 5.10% - 7.69% per annum (31 December 2013: 5.54% - 7.04% per annum).

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

10 Bonds payable

The Group

Bond name	Period	Issue date	Face value RMB	Amount of discount RMB	Amortised discount at 1 January 2014 RMB	Amortisation for current period RMB	Carrying amount at 30 June 2014 RMB
Non-public directional debt financing	3 years	2012/11/30	300,000,000.00	(3,041,667.00)	1,065,745.94	516,408.47	298,540,487.41

In 2012, according to "Guangdong Vehicles Transportation Group Company Limited ("GVTG") non-public directional debt financing issuance agreement" and "GVTG underwriting of non-financial corporate debt financing instruments of inter-bank bond market agreement", GVTG entrusted the Bank of HuaXia as the underwriter to issue the non-public directional debt financing instrument for the first phase. The issued amount of first phase is RMB 300 million with a term of three years. The interest is calculated and paid annually at the coupon rate of 5.8% p.a. On the maturity, the principal will be returned. GCGC provides unconditional and irrevocable joint guarantee in full on the principal and interest of the bond.

11 Issuance, repurchase and repayment of securities

The Group did not issue, repurchase or repay any securities during the period.

12 Other equity instrument

The Group and the Company

	As at 30 June 2014 RMB	As at 31 December 2013 RMB (Restated)
PSCS	281,810,000.00	281,810,000.00

On 31 December 2012, the Company issued PSCS to GCGC, with a principal amount of RMB 281,810,000, which equals to the issue price. According to the PSCS Agreement, principal terms of the PSCS are as follows:

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

12 Other equity instruments *(Continued)*

(1) Conversion

The PSCS is perpetual without expiration date. GCGC may convert all or part of the PSCS into domestic shares at any time from the issue date, provided that such conversion complies with the terms of agreement and relevant laws and regulations. On or at any time 12 months after the date of issue of the PSCS, the Company may also, at its option, elect to convert the PSCS in whole or in part into domestic shares. The initial conversion price is RMB 2.74 per share. The number of domestic shares may be converted into is calculated by dividing the amount of principal by the conversion price. The conversion price is subject to adjustment in the event that the shares of the Company have been diluted.

(2) Distribution of earnings

GCGC is entitled to an annual earning calculated at 1% per annum on any outstanding principal amount of PSCS and on a time proportion of the actual days of holding PSCS in a year. Such earnings should be distributed before 30 September in the succeeding year. However, the Company may, at its sole discretion, elect to defer a distribution and the election by the Company to defer a distribution will not trigger any additional payment obligations on the Company. The number of optional deferrals of distributions by the Company is not restricted. The deferral of distribution is required to be informed GCGC in written no later than 10 days before the agreed date for distribution. In the event that all or part of the PSCS are converted into domestic shares, the Company may elect not to make any distribution of earnings that are attributable to those PSCS being converted.

(3) Status and claims

GCGC, as the holder of PSCS, is not entitled to shareholder's rights in the Company. In the event of winding-up of the Company, the rights and claims of GCGC, as the holder of PSCS, shall (i) rank ahead of those persons whose claims are in respect of any class of share capital of the Company; (ii) be subordinated in right of payment to claims of all other present and future preferential creditors of the Company, and (iii) rank pari passu with all the Company's other creditors.

As of 30 June 2014, no PSCS had been converted into domestic shares.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

13 Retained earnings

The Group

	For the six months ended	
	30 June 2014	30 June 2013
	RMB	RMB
		(Restated)
Retained earnings at the beginning of the period	517,684,409.50	411,164,608.79
Add: Net profit attributable to the shareholders of the Company for the period	103,686,177.75	68,641,396.45
Less: Final dividends in respect of the previous financial year, approved and declared during the interim period	Note 1 41,764,186.70	21,717,377.00
Retained earnings at the end of the period	Note 2 579,606,400.55	458,088,628.24
Including: Interim dividend approved and declared after the balance sheet date of the interim period	Note 3 —	—
Earnings attributable to the holder of PSCS	Note 4 4,227,150.00	1,409,050.00

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

13 Retained earnings *(Continued)*

The Company

		For the six months ended	
		30 June 2014	30 June 2013
		RMB	RMB
			(Restated)
Retained earnings at the beginning of the period		217,813,215.57	170,631,710.75
Add: Net profit attributable to the shareholders of the Company for the period		33,062,231.82	30,688,194.26
Less: Final dividends in respect of the previous financial year, approved and declared during the interim period	Note 1	41,764,186.70	21,717,377.00
Retained earnings at the end of the period	Note 5	209,111,260.69	179,602,528.01
Including: Dividends approved and declared after the balance sheet date of the interim period	Note 3	—	—
Earnings attributable to the holder of PSCS	Note 4	4,227,150.00	1,409,050.00

Note 1: A final dividend of RMB 0.10 (tax included) per share for year 2013 with an aggregate amount of RMB 41,764,186.70 were approved by shareholders in the annual general meeting held on 26 June 2014. Dividend payable was recorded in the Group's interim financial report (prior period in 2013: RMB 0.052 (tax included) per share, amounting to RMB 21,717,377.00 in total).

Note 2: As at 30 June 2014, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB 258,945,331.71 (31 December 2013: RMB 258,945,331.71).

Note 3: The Board does not recommend the distribution of an interim dividend for the period (prior period in 2013: RMB 0).

Note 4: As mentioned in Note V. 12, according to the PSCS agreement, the Company is required to distribute an annual earning to the holder of PSCS, which is calculated at 1% of the principal of RMB 281,810,000.00 and on a time proportion of the actual days of holding PSCS in a year.

Note 5: As at 30 June 2014, the Company's distributable profits, which represents the carrying amount of retained earnings less the accumulated earnings attributable to the holder of PSCS, amounted to RMB 204,884,110.69 (31 December 2013: RMB 214,995,115.57).

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

14 Equity attributable to the shareholders of the Company

The Group

	As at 30 June 2014/ For the six months ended 30 June 2014 RMB	As at 31 Dec 2013/ For the twelve months ended 31 Dec 2013 RMB (Restated)
(1) Equity attributable to the common share holders of the Company	<u>1,274,606,774.31</u>	<u>1,210,953,656.29</u>
(2) Equity attributable to holders of other equity instrument Including: principal	<u>281,810,000.00</u>	<u>281,810,000.00</u>
Accumulated undistributed earnings at the beginning of the period/year	2,818,100.00	—
Add: Earnings and comprehensive income attributable for the period/ year	1,409,050.00	2,818,100.00
Less: Earnings distributed during the period/ year	—	—
Accumulated undistributed earnings at the end of the period/year	<u>4,227,150.00</u>	<u>2,818,100.00</u>
Subtotal	<u>286,037,150.00</u>	<u>284,628,100.00</u>
Total equity attributable to the shareholders of the Company	<u>1,560,643,924.31</u>	<u>1,495,581,756.29</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

15 Financial expenses

The Group

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Interest expenses	34,591,333.43	24,197,922.76
Including: interest expenses on borrowings	32,264,577.18	19,786,673.16
Less: Interest income	6,635,551.68	6,678,026.81
Exchange losses/(gains)	1,138,783.97	(2,347,135.49)
Amortisation of unrecognized financial cost	464,915.98	530,000.00
Others	2,879,223.28	1,593,867.39
Total	32,438,704.98	17,296,627.85

The Company

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Interest expenses	16,293,522.06	8,614,517.91
Including: interest expenses on borrowings	13,560,555.53	4,166,666.66
Less: Interest income	6,857,934.88	8,962,544.65
Exchange losses/(gains)	1,126,171.59	(387,860.71)
Others	396,713.22	575,500.19
Total	10,958,471.99	(160,387.26)

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16 Investment income

The Group

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(Loss)/income from investments in associates under equity accounting	(673,116.06)	3,028,813.61
Income/(loss) from investments in joint ventures under equity accounting	1,979,112.18	(3,692.81)
Income from investments in available-for-sale financial assets	—	300,000.00
Gain on disposal of long-term equity investments	1,362,053.51	—
Income from investment products offered by banks	—	293,388.26
Others	(229,690.69)	(229,690.69)
Total	<u>2,438,358.94</u>	<u>3,388,818.37</u>
Including: (Loss)/income from investments in associates under equity accounting attributable to the shareholders of the Company	(641,343.32)	2,980,503.68
Income/(loss) from investments in joint ventures under equity accounting attributable to the shareholders of the Company	<u>1,940,583.67</u>	<u>(2,431.48)</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

16 Investment income (Continued)

The Company

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Income from investments in associates under equity accounting	1,111,352.79	1,825,812.96
Gain on disposal of long-term equity investments	1,362,053.51	—
Income from entrusted loans	—	18,572.54
Total	<u>2,473,406.30</u>	<u>1,844,385.50</u>
Including: Income from investments in associates under equity accounting attributable to the ordinary shareholders	<u>833,514.59</u>	<u>1,369,359.72</u>

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

17 Non-operating income

The Group

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Total gains on disposals of non-current assets	2,758,707.49	1,417,834.97
Including: gains on disposals of fixed assets	2,758,707.49	1,417,834.97
Government grants (Note)	58,653,978.32	22,803,193.29
Others	1,047,268.43	5,417,799.95
Total	<u>62,459,954.24</u>	<u>29,638,828.21</u>

Note: Government grants mainly consist of fuel subsidies received by GVTG in accordance with Cai Jian No.[2009] 1008 "Provisional Rules on the Special Funds Administration of Refined Oil Prices Subsidies for Urban and Rural Passenger Transportation" and other relevant regulations, and the subsidies for supporting rural passenger transportation and public transportation operation etc.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

18 Income tax expenses

The Group

	For the six months ended	
	30 June 2014	30 June 2013
	RMB	RMB
Current income tax	58,988,027.45	45,074,470.82
Including: Mainland China current income tax	58,552,445.70	45,054,070.70
Hong Kong profits tax	435,581.75	20,400.12
Tax filing differences	(1,209,977.32)	1,484,004.82
Changes in deferred taxation	(4,633,690.48)	3,347,146.24
Total	53,144,359.65	49,905,621.88

The Company

	For the six months ended	
	30 June 2014	30 June 2013
	RMB	RMB
Current income tax	11,621,021.63	12,128,342.70

For the details of the Company and its subsidiaries' applicable income tax rates, please refer to Note III.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

19 Profit before income tax

The Group

Profit before income tax for the period is arrived at after charging/(crediting) the following:

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Depreciation of fixed assets	169,447,671.29	115,993,986.06
Depreciation of investment properties	706,448.30	688,043.21
Amortisation of intangible assets	18,571,131.10	15,343,888.60
Amortisation of long-term deferred expenses	3,941,609.58	4,123,216.25
Impairment of long-term deferred expenses	—	5,242,666.51
Provision/(reversal) of bad debt provision	3,669,402.12	(460,000.00)
Rental expenses	20,177,959.00	15,307,304.34

20 Earnings per share

(1) *Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit attributable to the ordinary share holders of the Company by the weighted average number of ordinary shares in issue during the period. The calculation is as follows:

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB (Restated)
Net profit attributable to shareholders of the Company	103,686,177.75	68,641,396.45
Less: earnings attributable to the holder of PSCS	1,409,050.00	1,409,050.00
Net profit attributable to ordinary shareholders of the Company	102,277,127.75	67,232,346.45
Weighted average number of ordinary shares in issue during the period	417,641,867.00	417,641,867.00
Basic earnings per share (RMB/ share)	0.24	0.16

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

20 Earnings per share (Continued)

(2) Diluted earnings per share

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue (diluted) (as if all PSCS has been converted into ordinary shares). The calculation is as follows:

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Net profit attributable to the shareholders of the Company	103,686,177.75	68,641,396.45
Weighted average number of ordinary shares in issue during the period	417,641,867.00	417,641,867.00
Add: Diluted adjustment assuming that all PSCS have been converted into ordinary shares (Note)	102,850,364.00	102,850,364.00
Weighted average number of ordinary shares in issue (diluted)	520,492,231.00	520,492,231.00
Diluted earnings per share (RMB/share)	0.20	0.13

Note: The Company's potential diluted shares are PSCS. The number of ordinary shares could be converted into is calculated by dividing the principal amount of PSCS of RMB 281,810,000.00 by the initial conversion price of RMB 2.74 per share. The initial conversion price is subject to adjustment where the shares of the Company are diluted.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

21 Supplement to cash flow statement

(a) Reconciliation of net profit to cash flows from operating activities:

The Group

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB (Restated)
Net profit	150,178,473.79	105,356,181.38
Add: Impairment provisions for assets	3,669,402.12	4,782,666.51
Depreciation of fixed assets	169,447,671.29	115,993,986.06
Depreciation of investment properties	706,448.30	688,043.21
Amortisation of intangible assets	18,571,131.10	15,343,888.60
Amortisation of long-term deferred expenses	3,941,609.58	4,123,216.25
Gains on disposal of fixed assets, intangible assets, and other long-term assets	(1,769,671.25)	(814,785.77)
Financial expenses	32,264,577.18	24,401,531.17
Investment income	(2,438,358.94)	(3,388,818.37)
(Increase)/decrease in deferred tax assets	(4,710,881.10)	2,989,982.70
Increase in deferred tax liabilities	85,182.62	357,163.53
Increase in gross inventories	(57,357,884.06)	(3,117,590.13)
Increase in operating receivables	(192,367,818.85)	(137,185,987.16)
Decrease in operating payables	(10,052,206.47)	(623,755,034.20)
Changes in special reserve	4,955,190.96	4,478,126.09
Changes in restricted cash	(15,328,189.68)	(16,548,419.43)
Increase/(decrease) in long-term payables	8,045,051.00	(10,953,410.51)
Net cash flow from operating activities	<u>107,839,727.59</u>	<u>(517,249,260.07)</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

21 Supplement to cash flow statement *(Continued)*

(a) Reconciliation of net profit to cash flows from operating activities: (Continued)

The Company

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Net profit	33,062,231.82	30,688,194.26
Add: Impairment provisions for assets	3,707,839.35	5,242,666.51
Depreciation of fixed assets	513,228.74	503,414.62
Amortisation of intangible assets	7,869,983.19	7,867,377.64
Amortisation of long-term deferred expenses	76,296.78	317,023.42
Losses on disposal of fixed assets, intangible assets, and other long-term assets	8,040.00	9,737.50
Financial expenses	13,560,555.53	4,166,666.66
Investment income	(2,473,406.30)	(1,844,385.50)
Decrease in deferred tax assets	—	(1,661,757.50)
(Increase)/decrease in gross inventories	(44,427,459.34)	5,144,713.61
Increase in operating receivables	(57,733,295.46)	(87,777,023.50)
Decrease in operating payables	(365,016,371.12)	(514,795,564.80)
Net cash flow from operating activities	<u>(410,852,356.81)</u>	<u>(552,138,937.08)</u>

(b) Investing activities not requiring the use of cash or cash equivalents:

The Group

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Non-cash assets and liabilities injected from business acquisition	—	86,689,414.99

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

21 Supplement to cash flow statement *(Continued)*

(c) Change in cash and cash equivalents:

The Group

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Cash at the end of the period (Note)	1,552,567,373.21	845,451,570.75
Less: Cash at the beginning of the period (Note)	1,710,089,275.02	1,253,888,037.55
Add: Cash equivalents at the end of the period	—	—
Less: Cash equivalents at the beginning of the period	—	—
Net decrease in cash and cash equivalents	<u>(157,521,901.81)</u>	<u>(408,436,466.80)</u>

Note: As at 30 June 2014, the balance of cash at bank included customs deposits, deposits for bank acceptance bills, deposits for performance bonds, bid deposits and housing repairment fund in an aggregate amount of RMB 23,232,914.37 (31 December 2013: RMB 7,904,724.69), which was deducted from the balance of cash and cash equivalents.

The Company

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Cash at the end of the period	695,634,745.99	444,523,840.32
Less: Cash at the beginning of the period	1,204,812,278.53	768,274,457.86
Add: Cash equivalents at the end of the period	—	—
Less: Cash equivalents at the beginning of the period	—	—
Net decrease in cash and cash equivalents	<u>(509,177,532.54)</u>	<u>(323,750,617.54)</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

21 Supplement to cash flow statement *(Continued)*

(d) Details of cash and cash equivalents

The Group

	As at 30 June 2014 RMB	As at 30 June 2013 RMB
(a) Cash at bank and on hand		
- Cash on hand	10,450,533.84	10,182,747.40
- Bank deposits available on demand	1,542,116,839.37	835,268,823.35
- Restricted cash	23,232,914.37	25,508,823.24
	<hr/>	<hr/>
(b) Cash and cash equivalents at the end of the period	1,575,800,287.58	870,960,393.99
Less: Restricted cash	23,232,914.37	25,508,823.24
	<hr/>	<hr/>
(c) Cash and cash equivalents available on demand at the end of the period	<u>1,552,567,373.21</u>	<u>845,451,570.75</u>

The Company

	As at 30 June 2014 RMB	As at 30 June 2013 RMB
(a) Cash at bank and on hand		
- Cash on hand	5,020.42	3,169.33
- Bank deposits available on demand	695,629,725.57	444,520,670.99
	<hr/>	<hr/>
(b) Cash and cash equivalents at the end of the period	695,634,745.99	444,523,840.32
Less: Restricted cash	—	—
	<hr/>	<hr/>
(c) Cash and cash equivalents available on demand at the end of the period	<u>695,634,745.99</u>	<u>444,523,840.32</u>

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

22 Segment reporting

Based on the Group's internal organisation structure, management requirement and internal reporting policy, the operations of the Group are classified into four segments: motor vehicle transportation and auxiliary services, material logistics services, expressway service zones operation and Tai Ping Interchange.

(1) Segment results, assets and liabilities

	Motor vehicle transportation and auxiliary services RMB	Material logistics services RMB	Expressway service zones operation RMB	Tai Ping interchange RMB	Others RMB	Inter-segment elimination RMB	Total RMB
For the six months ended 30 June 2014							
Operating income							
External income	1,144,398,850.90	2,846,982,187.81	312,509,896.51	82,932,592.38	1,545,092.40	—	4,388,368,620.00
Inter-segment income	1,540,860.00	—	227,525.80	—	2,390,128.10	(4,158,513.90)	—
Total segment operating income	1,145,939,710.90	2,846,982,187.81	312,737,422.31	82,932,592.38	3,935,220.50	(4,158,513.90)	4,388,368,620.00
Total segment operating costs	881,506,757.29	2,755,558,705.60	244,515,686.29	10,754,467.96	601,839.83	—	3,892,937,456.97
Segment operating profit	51,489,123.01	20,763,562.47	25,139,476.23	45,942,324.22	368,581.71	(885,132.07)	142,817,935.57
For the six months ended 30 June 2013							
Operating income							
External income	1,067,654,611.36	1,180,496,620.51	306,992,837.12	75,112,761.04	1,962,719.10	—	2,632,219,549.13
Inter-segment income	647,430.00	—	359,596.74	—	2,446,010.70	(3,453,037.44)	—
Total segment operating income	1,068,302,041.36	1,180,496,620.51	307,352,433.86	75,112,761.04	4,408,729.80	(3,453,037.44)	2,632,219,549.13
Total segment operating costs	816,425,348.59	1,124,740,169.66	240,328,043.41	12,702,029.31	1,155,344.33	—	2,195,350,935.30
Segment operating profit	67,865,830.47	7,974,993.28	24,591,414.55	27,026,274.57	959,503.00	(1,047,431.94)	127,370,583.93

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT (Continued)

22 Segment reporting (continued)

(1) Segment results, assets and liabilities (continued)

	Motor vehicle transportation and auxiliary services RMB	Material logistics services RMB	Expressway service zones operation RMB	Tai Ping interchange RMB	Others RMB	Inter-segment elimination RMB	Total RMB
As at 30 June 2014							
Total segment assets	2,771,574,639.58	2,630,313,976.75	826,867,958.18	1,793,170,113.14	43,593,873.53	(1,772,051,883.67)	6,293,468,677.51
Total segment liabilities	1,377,693,244.90	2,777,915,501.78	514,518,325.56	205,508,129.33	57,354,021.26	(953,627,964.22)	3,979,361,258.61
As at 31 December 2013							
Total segment assets	2,564,588,781.92	2,677,964,136.39	790,677,139.20	1,932,930,714.57	39,772,961.55	(1,828,998,037.45)	6,176,935,696.18
Total segment liabilities	1,250,056,580.23	2,800,294,339.07	497,947,431.32	379,591,058.03	53,901,690.99	(1,015,745,685.62)	3,966,045,414.02

(2) Geographic information

The Group's operating income comes from mainland China and Hong Kong, among which, the income comes from Hong Kong amounted to RMB 115,571,064.72 in the current period (prior period in 2013: RMB 112,177,919.99). As at 30 June 2014, the Group's non-current assets held by the Hong Kong operations amounted to RMB 123,373,261.14 (31 December 2013: RMB 65,825,504.35).

(3) Major customers

Operating income from Guangdong Provincial Changda Highway Engineering Company Limited amounting to RMB 556,645,918.92 represents over 10% of the Group's total operating income for the current period. No operating income from one single customer of the Group is above 10% of the Group's total operating income for the comparative period of 2013.

Notes to the interim financial report

For the six months ended 30 June 2014

V. NOTES TO THE INTERIM FINANCIAL REPORT *(Continued)*

23 Net current liabilities

The Group

	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Current assets	3,462,351,215.31	3,396,846,750.36
Less: Current liabilities	<u>3,463,438,550.33</u>	<u>3,464,942,337.58</u>
Net current liabilities	<u><u>(1,087,335.02)</u></u>	<u><u>(68,095,587.22)</u></u>

The Company

	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Current assets	1,784,801,420.62	2,191,443,595.08
Less: Current liabilities	<u>1,621,339,430.50</u>	<u>2,032,402,963.62</u>
Net current assets	<u><u>163,461,990.12</u></u>	<u><u>159,040,631.46</u></u>

24 Total assets less current liabilities

The Group

	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Total assets	6,293,468,677.51	6,176,935,696.18
Less: Current liabilities	<u>3,463,438,550.33</u>	<u>3,464,942,337.58</u>
Total assets less current liabilities	<u><u>2,830,030,127.18</u></u>	<u><u>2,711,993,358.60</u></u>

The Company

	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Total assets	2,920,735,647.21	3,340,896,035.25
Less: Current liabilities	<u>1,621,339,430.50</u>	<u>2,032,402,963.62</u>
Total assets less current liabilities	<u><u>1,299,396,216.71</u></u>	<u><u>1,308,493,071.63</u></u>

Notes to the interim financial report

For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Related parties where a controlling relationship exists:

The Company's ultimate holding company is GCGC.

2 Information of subsidiaries:

Except for the subsidiaries newly established during the period as disclosed in Note IV. 1 to the interim financial report, there is no significant change on information of other group subsidiaries compared with that as at 31 December 2013.

3 The related parties which have transactions with the Group while no controlling relationship exists:

	Related party relationships
Guangdong Provincial Highway Construction Company Limited	Controlled by the ultimate holding company and holds 23.1% share of the Company
Guangdong Province Road & Bridge Construction Development Company Limited	Controlled by the ultimate holding company and holds 2.48% share of the Company
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	Joint venture
Guangdong Feida Traffic Engineering Company Limited	Associate (before 30 April 2014) Associate of a subsidiary of the ultimate holding company (since 1 May 2014)
Lufeng Shenshan Expressway Company Limited	Associate
Shenzhen Yueyun Investment Development Company Limited ("Shenzhen Yueyun")	Associate
Express Cross-Border Coach Management Company Limited	Associate
Guangdong Guangjiang Expressway Passenger Company Limited	Associate
Shantou City Chaonan Yueyun Sky Island Transportation Company Limited	Associate

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 The related parties which have transactions with the Group while no control relationship exists *(Continued)*:

	Related party relationships
Guangdong Province Guangshan Expressway Passenger Company Limited	Associate
Guangdong Guangye Shentong Natural Gas Company Limited	Associate
Guangdong Oriental Thought Technology Company Limited	Controlled by the ultimate holding company
Guangdong Nan Yue Logistics International Services Company Limited	Controlled by the ultimate holding company
Guangdong Xinyue Communications Investment Company Limited	Controlled by the ultimate holding company
Meizhou Yueyun Vehicles Transportation Company Limited ("Meizhou Yueyun")	Controlled by the ultimate holding company
Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management")	Controlled by the ultimate holding company
Guangdong Yangjiang Vehicles Transportation Group Company Limited ("Yangjiang Transportation")	Controlled by the ultimate holding company
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guangle Expressway Company Limited	Controlled by the ultimate holding company
Guangdong He-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Company Limited	Controlled by the ultimate holding company

Notes to the interim financial report

For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 The related parties which have transactions with the Group while no control relationship exists *(Continued)*:

	Related party relationships
Guangdong Kai Yang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Litong Properties Investment Company Limited	Controlled by the ultimate holding company
Guangdong Maozhan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Meihe Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Shanfen Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Freeway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Changda Highway Engineering Company Limited	Controlled by the ultimate holding company
Guangdong Taishan Coastal Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	Controlled by the ultimate holding company
Guangdong Yang-Mao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yu-Zhan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yue Dong Freeway Industry Development Company Limited	Controlled by the ultimate holding company

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 The related parties which have transactions with the Group while no control relationship exists *(Continued)*:

	Related party relationships
Guangdong Yue-Gan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yun-Wu Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Zhaoyang Expressway Company Limited	Controlled by the ultimate holding company
Guangfo Expressway Company Limited	Controlled by the ultimate holding company
Guang-Shen-Zhu Expressway Company Limited	Controlled by the ultimate holding company
Guangzhou Newsoft Technology Company Limited	Controlled by the ultimate holding company
Guangzhou Xin Yue Asphalt Company Limited	Controlled by the ultimate holding company
Heyuan He-Long Expressway Company Limited	Controlled by the ultimate holding company
Jingzhu Expressway Guangzhu Section Company Limited	Controlled by the ultimate holding company
Weisheng Transportation Enterprises Company Limited	Controlled by the ultimate holding company
Xinyue Company Limited	Controlled by the ultimate holding company
Yunfu City Guangyun Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Western Coastal Expressway Operation Company Limited	Controlled by the ultimate holding company

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 The related parties which have transactions with the Group while no control relationship exists *(Continued)*:

	Related party relationships
Guangdong Western Shen-Shan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Gao-Da Property Development Company Limited	Controlled by the ultimate holding company
Guangdong Province Gongbei Vehicles Transportation Company Limited	Controlled by the ultimate holding company
Kee Kwan Motor Road Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Coastal Expressway Xinhui Section Company Limited	Controlled by the ultimate holding company
Weisheng Freight Company Limited	Controlled by the ultimate holding company
Guangdong High Science and Technology Investment Company Limited	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Lulutong Company Limited	Controlled by the ultimate holding company
Guangdong Luo-Yang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Fokai Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Province Expressway Construction Materials Supply Station	Controlled by the ultimate holding company
Kwong Fat Transport Company Limited	Controlled by the ultimate holding company

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 The related parties which have transactions with the Group while no control relationship exists *(Continued)*:

	Related party relationships
Guangdong Ping-Xing Expressway Company Limited	Controlled by the ultimate holding company
Guangdong HuaLu Transport Technology Company Limited	Controlled by the ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Er-Guang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Communication Industrial Investment Co., Ltd	Controlled by the ultimate holding company
Guangdong Yuejia Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Baomao Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Gaintop Highway Engineering Construction Group Company Limited	Associate of the ultimate holding company
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited	Associate of a subsidiary of the ultimate holding company
Guangdong Humen Bridge Company Limited	Associate of a subsidiary of the ultimate holding company
Foshan Guang-San Expressway Company Limited	Associate of a subsidiary of the ultimate holding company

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

3 The related parties which have transactions with the Group while no control relationship exists *(Continued)*:

	Related party relationships
Zhaoqing City Guang-He Expressway Company Limited	Associate of a subsidiary of the ultimate holding company
Guangdong Shenzhen-Shantou (Eastern Section) Expressway Company Limited	Associate of a subsidiary of the ultimate holding company
Jiangmen City Jiang-He Expressway Company Limited	Associate of a subsidiary of the ultimate holding company
Shenzhen Huiyan Expressway Company Limited	Associate of a subsidiary of the ultimate holding company
Guangdong Communications Telecommunications Company Limited	Associate of a subsidiary of the ultimate holding company
Hui-Shen (Yantian) Expressway Huizhou Company Limited	Joint venture of a subsidiary of the ultimate holding company
Zhaoqing Yuezhao Expressway Company Limited	Joint venture of a subsidiary of the ultimate holding company
Guangdong Guangzhu Expressway West Section Company Limited	Joint venture of a subsidiary of the ultimate holding company

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties in current period

(a) Sales, rendering of services and purchases, receipt of services

Sales, rendering of services and purchases, receipt of services between the Group and its related parties were as follows:

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(1) Material logistics service income		
Guangdong Provincial Changda Highway Engineering Company Limited	557,497,287.08	243,938,354.35
Guangdong Gaintop Highway Engineering Construction Group Company Limited	212,620,102.92	35,582,119.77
Guangdong Ping-Xing Expressway Company Limited	—	6,871,476.84
Guangzhou Xin Yue Asphalt Company Limited	64,621,520.27	1,184,412.07
Total	834,738,910.27	287,576,363.03

The above material logistics service transactions have been conducted in accordance with the service contracts between the relevant companies of the Group and the above related parties, based on the *Material Logistics Services Master Agreement* signed between the Company and GCGC on 27 September 2005. The Group supplied materials to the construction projects in which GCGC and its subsidiaries, joint ventures and associates act as owners, and the selling price was determined by cost of materials or the purchase price cap, whichever is lower, plus a certain margin. While agreed with all the related parties and construction contractors, GCGC and its subsidiaries, joint ventures and associates, acting as owners, withheld contractors' payment for material purchase and remitted to the Group directly when they paid for project contracting to contractors.

During the process of the material logistics service, the transaction with related parties as contractors are disclosed as above, the amount due from GCGC and its subsidiaries, joint ventures and associates generated from the above withholding transactions for the Group refer to Note VI. 4(k).

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(2) Expressway service zones operation income		
Guangdong Provincial Freeway Company Limited	117,660.00	1,510,384.00
Guangdong Bo-Da Expressway Company Limited	688,880.00	746,088.00
Guangdong Jiangzhong Expressway Company Limited	287,513.46	113,890.30
Guang-Shen-Zhu Expressway Company Limited	426,133.57	—
Jingzhu Expressway Guangzhu Section Company Limited	373,227.58	—
Guangdong He-Hui Expressway Company Limited	175,019.00	—
Others	—	41,084.00
Total	<u>2,068,433.61</u>	<u>2,411,446.30</u>
(3) Cross-border transportation services income		
Express Cross-Border Coach Management Company Limited	<u>9,117,945.04</u>	<u>11,850,816.83</u>

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(4) Storage services income		
Guangzhou Xin Yue Asphalt Company Limited	8,603,263.26	841,089.57
(5) Repairing income		
Guangdong Province Guangshan Expressway Passenger Company Limited	605,956.93	841,564.70
Guangdong Guangjiang Expressway Passenger Company Limited	189,779.19	96,387.21
Shantou City Chaonan Yueyun Sky Island Transportation Company Limited	185,696.40	89,935.80
Guangdong Province Gongbei Vehicles Transportation Company Limited	—	62,819.11
Weisheng Freight Company Limited	32,789.54	46,209.75
Others	16,160.68	—
Total	1,030,382.74	1,136,916.57
(6) Rendering of other services income		
Guangdong Province Gongbei Vehicles Transportation Company Limited	498,889.85	—
Shenzhen Yueyun	177,379.10	—
Total	676,268.95	—

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(7) Road rescue service income		
Guangdong Province Road & Bridge Construction Development Company Limited	2,041,904.71	2,070,740.17
Guangdong Western Shen-Shan Expressway Company Limited	1,277,452.47	1,915,830.87
Guangdong Provincial Freeway Company Limited	949,241.67	960,383.83
Guangdong Meihe Expressway Company Limited	755,111.66	777,307.15
Guangdong Yue-Gan Expressway Company Limited	711,826.32	732,749.51
Guangdong Kai Yang Expressway Company Limited	659,486.18	678,870.87
Guangdong Maozhan Expressway Company Limited	280,188.67	568,920.73
Guangdong Yun-Wu Expressway Company Limited	853,527.36	528,640.78
Guangdong Yue Dong Freeway Industry Development Company Limited	452,465.82	465,764.69
Guangdong Taishan Coastal Expressway Company Limited	458,105.30	460,713.11
Guangdong He-Hui Expressway Company Limited	85,970.85	433,723.06
Guangdong Yang-Mao Expressway Company Limited	421,575.56	425,902.91
Guangdong Yu-Zhan Expressway Company Limited	73,560.37	371,013.71
Guangdong Shanfen Expressway Company Limited	344,675.74	354,807.01
Guangdong Bo-Da Expressway Company Limited	601,317.28	337,281.55
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	291,762.61	295,104.37
Guangdong Zhaoyang Expressway Company Limited	291,646.17	294,639.81
Heyuan He-Long Expressway Company Limited	220,299.76	226,775.20
Guangdong Yuejia Expressway Company Limited	154,680.90	157,807.28
Guangdong Provincial Coastal Expressway Xinhui Section Company Limited	82,653.59	83,600.00
Guangdong Er-Guang Expressway Company Limited	155,660.40	—
Total	11,163,113.39	12,140,576.61

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(8) Rental income		
Guangdong Xinyue Communications Investment Company Limited	1,020,958.80	1,647,543.00
Guangdong Nan Yue Logistics International Services Company Limited	89,433.60	89,433.60
Total	1,110,392.40	1,736,976.60

The above transactions under categories (2)-(8) have been conducted in accordance with the terms of pricing prescribed in relevant contracts.

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(9) Purchase of materials		
Guangzhou Xin Yue Asphalt Company Limited	631,333,450.98	42,342,768.96
Xinyue Company Limited	90,749,470.76	—
Guangdong Guangye Shentong Natural Gas Company Limited	18,462,186.84	1,330,765.30
Total	740,545,108.58	43,673,534.26

The above purchase of materials transactions have been conducted in accordance with the service contracts between the relevant companies within the Group and the above related parties, based on the *Material Purchase Master Agreement* signed between the Company and GCGC on 27 September 2005. Transaction price was negotiated between both parties.

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(10) Expressway service zones operation expenses		
Guang-Shen-Zhu Expressway Company Limited	9,761,601.70	8,230,120.93
Guangdong Yue-Gan Expressway Company Limited	4,269,643.84	4,313,837.71
Guangdong Province Road & Bridge Construction Development Company Limited	3,421,611.02	3,995,692.84
Guangdong Kai Yang Expressway Company Limited	3,605,939.57	3,190,824.45
Guangdong Guangzhu Expressway West Section Company Limited	5,786,415.78	3,150,477.98
Guangdong Provincial Freeway Company Limited	2,357,937.96	2,332,173.05
Guangdong Yang-Mao Expressway Company Limited	1,983,959.01	1,919,872.34
Guangdong Meihe Expressway Company Limited	2,338,728.38	1,894,229.42
Guangdong Yun-Wu Expressway Company Limited	1,995,250.91	1,661,207.55
Guangdong Maozhan Expressway Company Limited	1,419,269.88	1,414,334.55
Guangdong Jiangzhong Expressway Company Limited	1,432,896.21	1,409,374.99
Guangdong Western Shen-Shan expressway Company Limited	3,403,793.04	3,358,976.67
Guangdong Provincial Highway Construction Company Limited	1,334,118.25	1,331,789.28
Guangdong Yu-Zhan Expressway Company Limited	1,293,700.26	1,306,855.44
Guangdong Provincial Fokai Expressway Company Limited	1,009,000.02	1,177,166.67
Guangdong Shanfen Expressway Company Limited	1,088,558.24	1,174,945.52
Jingzhu Expressway Guangzhu Section Company Limited	1,214,290.90	985,928.65
Guangfo Expressway Company Limited	921,016.56	820,323.54

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and its related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (Continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(10) Expressway service zones operation expenses (Continued)		
Guangdong Zhaoyang Expressway Company Limited	879,919.97	750,000.00
Heyuan He-Long Expressway Company Limited	708,322.58	736,524.23
Zhaoqing Yuezhao Expressway Company Limited	600,000.00	651,338.58
Guangdong He-Hui Expressway Company Limited	708,412.72	643,320.50
Guangdong Western Coastal Expressway Zhuhai Section Company Limited	567,600.00	588,792.45
Yunfu City Guangyun Expressway Company Limited	569,319.23	559,156.96
Guangdong Yue Dong Freeway Industry Development Company Limited	375,735.37	405,867.07
Guangdong Taishan Coastal Expressway Company Limited	257,200.02	285,280.02
Guangdong Bo-Da Expressway Company Limited	810,598.62	268,250.00
Foshan Guang-San Expressway Company Limited	401,488.29	194,031.60
Guangdong Yuejia Expressway Company Limited	114,450.00	117,350.94

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(10) Expressway service zones operation expenses (continued)		
Guangdong Jingzhu Expressway		
Guangzhu North Section Company Limited	101,264.40	117,309.28
Guangdong Humen Bridge Company Limited	127,308.00	24,565.81
Others	46,250.00	14,134.74
Total	54,905,600.73	49,024,053.76

The above expressway service zones operation transactions have been conducted in accordance with the service contracts between the relevant companies within the Group and the above related parties, based on the *Priority Right of Operation Agreement* signed between the Company and GCGC on 15 September 2005. Transaction price was negotiated between both parties.

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(11) Rental expenses		
Yueyun Investment Management	850,908.00	865,830.00
Guangdong Gao-Da Property Development Company Limited	562,579.35	367,094.12
Guang-Shen-Zhu Expressway Company Limited	307,806.96	307,806.96
Total	1,721,294.31	1,540,731.08
(12) Repair and maintenance charges		
Guangdong Humen Bridge Company Limited	300,000.00	300,000.00

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(a) Sales, rendering of services and purchases, receipt of services (continued)

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
(13) Receipt of services		
Guangdong Humen Bridge Company Limited	2,982,916.32	2,948,338.99
Guangdong Provincial Freeway Company Limited	114,399.29	813,033.11
Guangdong Gao-Da Property Development Company Limited	243,357.98	414,446.62
Guangdong Hualu Transport Technology Company Limited	367,935.00	—
Guangdong Xinyue Communications Investment Company Limited	188,482.00	—
Guangzhou Newsoft Technology Company Limited	46,200.00	—
Others	—	59,800.00
Total	<u>3,943,290.59</u>	<u>4,235,618.72</u>

The above transactions under categories (11)-(13) have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(b) Lending to related parties

Related parties	Annual interest rate	Opening	Additions	Repayments	Ending	Period
		Balance as at 1 January 2014	during the period	during the period	balance as at 30 June 2014	
		RMB	RMB	RMB	RMB	
Shantou City Chaonan Yueyun Sky Island Transportation Company Limited	6.00%	1,400,000.00	—	—	1,400,000.00	24/5/2007-31/12/2014
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	5.40%	2,000,000.00	—	—	2,000,000.00	8/10/2013-7/10/2014
Lufeng Shenshan Expressway Company Limited	7.50%	398,458.89	—	—	398,458.89	1/4/2012-31/3/2015

For details of interest income arising from the above lending, please refer to Note VI. 4(d).

(c) Cash pool transaction

Pursuant to the relevant agreements, the Group centrally manages the funds from 8 relevant bank accounts (the "Cash Pool Accounts") of certain related party companies. The funds received are recorded as "other payables" and bear the same interest rate as demand deposit. Please refer to Note VI. 4 (k) "Other payables-Cash pool" regarding related parties' cash pool accounts information and Note VI. 4(d) "Interest income and interest expense with related parties" regarding relevant interest expense.

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(d) Interest income and interest expense with related parties

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Interest income		
Guangdong Xinyue Communications Investment Company Limited	—	3,183,616.42
Shantou City Chaonan Yueyun Sky Island Transportation Company Limited	42,706.21	52,727.82
Total	42,706.21	3,236,344.24

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Interest expenses		
GCGC	—	278,930.56
GVTG cash pool	—	11,353.16
	—	290,283.72

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(e) Receipt of information system development service

	For the six months ended	
	30 June 2014 RMB	30 June 2013 RMB
Guangdong Oriental Thought Technology Company Limited	124,000.00	387,613.21
Guangdong Feida Traffic Engineering Company Limited	330,294.85	464,000.00
Guangdong Xinyue Communications Investment Company Limited	—	346,660.96
Guangdong Gaintop Highway Engineering Construction Group Company Limited	1,156,779.03	—
	1,611,073.88	1,198,274.17

The above transactions have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

(f) Entrusted management

		For the six months ended	
		30 June 2014 RMB	30 June 2013 RMB
Management fee income			
Yueyun Investment Management	Note 1	3,831,000.00	3,831,000.00
GCGC	Note 2	300,000.00	—
Total		4,131,000.00	3,831,000.00

Note 1: According to the Entrusted Management Contract entered into between GVTG and Yueyun Investment Management in June 2012, Yueyun Investment Management fully entrusted GVTG to manage its equity interest in Shenzhen Yueyun, Yangjiang Transportation and Meizhou Yueyun and to operate these three companies. The entrusted management period will end on 31 December 2014. The annual management fees are RMB7,662,000.00 in total. If the number of days of the management period during the year is less than 365 days, the management fees will be determined based on the actual number of days of management. The management fee for the current period of GVTG was RMB 3,831,000.00.

Note 2: According to the Entrusted Management Contract entered into between GCGC and the Company on 17 September 2012, GCGC entrusted the Company to manage its equity interest in Guangdong Province Gongbei Vehicles Transportation Company Limited, Kee Kwan Motor Road Company Limited and Weicheng Transportation Enterprise Company Limited, and to operate these three companies. The entrusted management period will end on 31 December 2014. The annual management fees are RMB 600,000.00 in total. If the number of days of the management period during the year is less than 365 days, the management fees will be determined based on the actual number of days of management. The management fee for the current period was RMB 300,000.00.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(g) Trademark and route operation licenses

During the current period and corresponding period of last year, GVTG granted Shenzhen Yueyun, Yangjiang Transportation, Meizhou Yueyun and some associates with the trademark use right of "Yueyun" and certain route operation licenses at nil consideration.

(h) Road and bridge tolls

The Group's subsidiaries which are engaged in transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services.

(i) Property management services

On 19 June 2012, Yueyun Investment Management entered into an agreement with Guangdong Yunxing Property Management Company Limited ("Guangdong Yunxing"), a subsidiary of the Group, whereby Yueyun Investment Management engaged Guangdong Yunxing to provide property management services on Yueyun Building for a period from 1 June 2012 to 31 May 2015. Guangdong Yunxing has the right to receive management fee and other relevant charges from the tenants of the building as property management service fees.

(j) Guarantees

In 2012, GVTG issued the first phase of 3-year nonpublic directional debt financing tools of RMB 300 million with an interest rate of 5.8% per annum. GCGC provides an unconditional and irrevocable joint liability guarantee for the total amount of principal and interest of such bonds.

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Accounts receivable	Guangdong Bo-Da Expressway Company Limited	32,909,774.74	29,214,419.74
	Guangdong Xinyue Communications Investment Company Limited	59,687,169.36	59,577,685.44
	Guangdong Zhaoyang Expressway Company Limited	55,037,783.24	40,673,290.00
	Zhaoqing City Guang-He Expressway Company Limited	46,119,527.10	46,119,527.10
	Guangdong Yun-Wu Expressway Company Limited	25,789,546.15	34,936,018.79
	Guangdong Provincial Freeway Company Limited	44,616,672.28	22,075,233.22
	Guangdong Humen Bridge Company Limited	29,040,799.33	3,986,523.51
	Guangdong Provincial Changda Highway Engineering Company Limited	15,195,753.82	36,774,103.32
	Guangdong Guangzhu Expressway West Section Company Limited	1,401,196.76	2,942,846.06
	Guangdong Meihe Expressway Company Limited	4,216,377.83	4,639,945.83
	Guangdong Province Road & Bridge Construction Development Company Limited	163,313,962.92	1,004,645.61
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	13,738,621.60	13,964,607.00
	Guangzhou City Tianhe Coach Terminal Company Limited	—	910,986.13
	Guangdong Provincial Highway Construction Company Limited	345,605.52	63,662.32
	Zhaoqing Yuezhao Expressway Company Limited	834,743.62	834,743.62
	Jingzhu Expressway Guangzhu Section Company Limited	248,191.53	—
	Express Cross-Border Coach Management Company Limited	916,083.17	1,014,422.34

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VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (continued)

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Accounts receivable <i>(continued)</i>	Guangdong Yu-Zhan Expressway Company Limited	590,348.86	590,348.86
	Guangdong Province Guangshan High Speed Passenger Traffic Company Limited	595,698.05	550,059.09
	Guangzhou Xin Yue Asphalt Company Limited	53,497,247.55	16,263,929.40
	Guangdong Maozhan Expressway Company Limited	280,188.67	—
	Guangdong Yang-Mao Expressway Company Limited	167,950.39	781,831.16
	Guangdong Western Shen-Shan expressway Company Limited	100,012.56	102,926.21
	Guang-Shen-Zhu Expressway Company Limited	369,986.83	545,747.99
	Guangdong Province Gongbei Vehicles Transportation Company Limited	158,932.72	94,222.62
	Guangdong Yuejia Expressway Company Limited	29,923.81	274,313.99
	Guangdong Guangjiang High Speed Passenger Traffic Company Limited	101,990.00	105,399.50
	Shantou City Chaonan Yueyun Sky Island Transportation Company Limited	126,861.00	179,901.70
	Guangdong Yue-Gan Expressway Company Limited	493,962.26	—
	GCGC	600,000.00	—
	Guangdong Chao-Hui Expressway Company Limited	89,559,707.59	—
	Guangdong Jiangzhong Expressway Company Limited	287,513.46	—
	Guangdong Baomao Expressway Company Limited	28,833,065.68	—
	Others	408,810.71	413,533.72
	Total	669,614,009.11	318,634,874.27

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (continued)

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Accounts payable	Guangdong He-Hui Expressway Company Limited	715,700.16	1,017,287.44
	Guangdong Kai Yang Expressway Company Limited	4,474,349.16	868,409.58
	Guangdong Maozhan Expressway Company Limited	74,673.69	399,841.91
	Guangdong Meihe Expressway Company Limited	301,684.73	1,262,956.34
	Guangdong Shanfen Expressway Company Limited	5,194,806.04	4,106,247.81
	Guangdong Western Shen-Shan expressway Company Limited	17,545,098.41	14,114,725.16
	Guangdong Provincial Freeway Company Limited	20,159,398.45	17,271,067.57
	Guangdong Provincial Highway Construction Company Limited	6,101,804.37	5,014,661.73
	Guangdong Provincial Changda Highway Engineering Company Limited	4,967,230.24	4,936,370.40
	Guangdong Yang-Mao Expressway Company Limited	1,503,328.19	285,872.73
	Guangdong Yue Dong Freeway Industry Development Company Limited	3,997,719.94	3,684,509.98
	Guangdong Zhaoyang Expressway Company Limited	5,504,919.97	4,625,000.00
	Guangzhou Xin Yue Asphalt Company Limited	11,514,603.54	20,170,939.55
	Guangdong Xinyue Communications Investment Company Limited	1,049,330.48	6,952,651.81
	Guangdong Province Road & Bridge Construction Development Company Limited	20,524,995.36	24,573,669.37
	Foshan Guang-San Expressway Company Limited	414,187.49	295,416.79

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (continued)

Caption	Related parties	As at	As at
		30 June 2014 RMB	31 December 2013 RMB
Accounts payable <i>(continued)</i>	Guangdong Feida Traffic Engineering Company Limited	170,880.00	218,302.85
	Guangdong Guangzhu Expressway West Section Company Limited	1,894,999.98	5,285,838.00
	Guangdong Provincial Fokai Expressway Company Limited	3,195,166.71	2,186,166.69
	Guang-Shen-Zhu Expressway Company Limited	438,303.23	10,120,690.54
	Heyuan He-Long Expressway Company Limited	745,645.96	—
	Guangdong Yu-Zhan Expressway Company Limited	1,274,485.58	—
	Guangdong Taishan Coastal Expressway Company Limited	277,615.62	—
	Guangdong Yun-Wu Expressway Company Limited	2,014,068.86	—
	Guangfo Expressway Company Limited	1,115,750.25	853,131.51
	Jingzhu Expressway Guangzhu Section Company Limited	1,206,203.93	1,607,996.36
	Zhaoqing Yuezhao Expressway Company Limited	634,043.16	162,730.90
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	583,090.05	—
	Guangdong Bo-Da Expressway Company Limited	1,615,348.64	804,750.02
	Guangdong Jiangzhong Expressway Company Limited	287,271.32	535,375.03
	Guangdong Oriental Thought Technology Company Limited	136,000.00	525,872.80
	Guangdong Guangye Shentong Natural Gas Company Limited	1,501,052.58	1,088,680.67
	Guangdong Yue-Gan Expressway Company Limited	395,101.18	265,457.28
	Yunfu City Guangyun Expressway Company Limited	35,043.39	609,045.16
	Guangdong Province Gongbei Vehicles Transportation Company Limited	190,271.90	157,465.60
	Kee Kwan Motor Road Company Limited	985,080.20	637,860.20
Xinyue Company Limited	31,341,426.57	—	
Others	407,508.27	394,390.02	
Total	154,488,187.60	135,033,381.80	

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (continued)

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Prepayments	Guangdong Guangzhu Expressway West Section Company Limited	27,047,726.02	24,010,456.00
	Guangdong Province Road & Bridge Construction Development Company Limited	193,753.98	7,279.22
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	—	533,898.02
	Guangdong Guangye Shentong Natural Gas Company Limited	350,000.00	350,000.00
	Guangdong Hualu Transport Technology Company Limited	140,000.00	529,660.00
	Guangzhou Xin Yue Asphalt Company Limited	62,697,707.60	297,813,857.21
	Guangdong Oriental Thought Technology Company Limited	294,000.00	214,600.00
	Guangzhou Newsoft Technology Company Limited	133,000.00	—
	Guangdong Yang-Mao Expressway Company Limited	1,765,449.98	—
	Guangdong Jiangzhong Expressway Company Limited	1,148,000.02	—
	Guangdong Yue-Gan Expressway Company Limited	4,140,000.06	—
	Guangdong Yuejia Expressway Company Limited	114,450.00	—
	Yunfu City Guangyun Expressway Company Limited	550,923.00	—
	Others	6,220.00	89,206.45
	Total	98,581,230.66	323,548,956.90

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (Continued)

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Receipt in advance	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	2,153,282.88	2,153,282.88
	Guangdong Province Road & Bridge Construction Development Company Limited	791,664.83	246,932.64
	Guangdong Xinyue Communications Investment Company Limited	283,376.93	283,376.93
	Guangdong Provincial Freeway Company Limited	35,957.54	111,014.53
	Heyuan He-Long Expressway Company Limited	65,517.47	67,425.72
	Guangdong Kai Yang Expressway Company Limited	65,377.37	201,844.68
	Guangdong Yue-Gan Expressway Company Limited	—	217,864.06
	Guangdong He-Hui Expressway Company Limited	—	85,970.85
	Guangdong Shanfen Expressway Company Limited	34,169.00	105,492.66
	Guangdong Yu-Zhan Expressway Company Limited	—	73,560.37
	Guangdong Yue Dong Freeway Industry Development Company Limited	44,854.75	138,483.78
	Guangdong Western Shen-Shan expressway Company Limited	76,040.60	235,735.00
	Guangdong Chao-Hui Expressway Company Limited	—	71,503,667.29
	Guangdong Guangle Expressway Company Limited	221,861,806.16	373,702,895.46
	Guangdong Provincial Highway Construction Company Limited	22,779,638.74	70,580,511.41
	Guangdong Ping-Xing Expressway Company Limited	6,480,287.75	24,923,356.94
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	—	430,000.00
	Guangdong Luo-Yang Expressway Company Limited	4,950,051.22	—
	Others	70,907.52	77,448.25
	Total	259,692,932.76	545,138,863.45

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (Continued)

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Other receivables	Guangdong Xinyue Communications Investment Company Limited	6,838,333.72	13,629,720.68
	Kee Kwan Motor Road Company Limited	15,858,785.44	15,096,915.52
	Yangjiang Transportation Company Limited	10,654,234.26	11,738,466.78
	Guangzhou City Tianhe Coach Terminal Company Limited	9,600,000.00	9,675,090.00
	Yueyun Investment Management	11,658,215.48	6,818,928.48
	Shantou Central Bus Station Company Limited	4,569,728.67	5,036,974.99
	Guangdong Provincial Changda Highway Engineering Company Limited	4,146,197.70	4,196,197.70
	Shantou City Chaonan Yueyun Sky Island Transportation Company Limited (Note 1)	3,370,524.16	3,327,817.95
	Weisheng Transportation Enterprises Company Limited	2,800,810.76	6,846,690.13
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited (Note 2)	2,001,906.36	2,000,000.00
	Jiangmen Guangjiang High Speed Passenger Traffic Company Limited	1,659,000.00	1,869,000.00
	Guangdong Province Road & Bridge Construction Development Company Limited	589,050.00	2,047,954.58
	Kwong Fat Transport Company Limited	1,643,254.00	—
	Shenzhen Yueyun	2,598,586.92	2,120,749.15
	Guangdong Litong Properties Investment Company Limited	—	1,381,486.00
	Guangdong Provincial Freeway Company Limited	505,879.75	502,643.36
	Shantou City Chaoyang Yueyun Sky Island Transportation Company Limited	1,081,223.65	1,221,405.78
	Guangdong Guangjiang High Speed Passenger Traffic Company Limited	588,000.00	588,500.00
	Guangdong Maozhan Expressway Company Limited	1,000,000.00	1,000,000.00
	Guangdong Guangzhu Expressway West Section Company Limited	1,532,000.00	1,502,000.00
Guangdong Yang-Mao Expressway Company Limited	837,065.00	990,117.00	
Guang-Shen-Zhu Expressway Company Limited	813,000.00	842,118.31	

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (Continued)

Caption	Related parties	As at 30 June 2014 RMB	As at 31 December 2013 RMB
Other	Guangdong Province Gongbei Vehicles		
receivables	Transportation Company Limited	731,453.80	734,764.24
<i>(continued)</i>	Guangdong Meihe Expressway Company Limited	—	750,258.30
	Guangdong Yu-Zhan Expressway Company Limited	500,000.00	500,000.00
	Guangdong Yue-Gan Expressway Company Limited	—	500,000.00
	Guangdong Bo-Da Expressway Company Limited	500,000.00	460,341.52
	Guangdong Provincial Highway Construction Company Limited	300,000.00	349,033.60
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	300,000.00	300,000.00
	Heyuan He-Long Expressway Company Limited	126,857.71	171,620.58
	Guangdong Oriental Thought Technology Company Limited	—	145,390.00
	Yunfu City Guangyun Expressway Company Limited	102,518.00	102,518.00
	Guangdong Yuejia Expressway Company Limited	50,000.00	707,048.33
	Guangdong Guangye Shentong Natural Gas Company Limited	1,000,000.00	500,000.00
	Guangdong Er-Guang Expressway Company Limited	1,000,000.00	—
	Lufeng Shenshan Expressway Company Limited (Note 3)	—	—
	Others	152,798.07	344,109.07
	Total	89,109,423.45	97,997,860.05

Note 1: The balance of this receivable item included a loan of RMB 2,000,000.00 provided by Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, to its joint venture, Guangzhou City Top-E Ya Tu Expressway Tourism service Company Limited. The loan carries an interest rate of 5.4% per annum and its maturity date is on 7 October 2014.

Note 2: The balance of this receivable item included a loan of RMB 1,400,000.00 provided by GVTG to its associate, Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. The loan carries an interest rate of 6.00% per annum and its maturity date is on 31 December 2014.

Note 3: The balance of this receivable item represented a loan provided by Guangdong Jingdaoda Expressway Economic Development Company Limited, a subsidiary of Guangdong Top-E Expressway Service Zone Company Limited, to its joint venture, Lufeng Shenshan Expressway Company Limited, amounting to RMB398,458.89 as at 30 June 2014. The loan carried an interest rate of 7.5% per annum and its maturity date is on 31 March 2015. Full provision on this receivable item has been made in previous years.

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (Continued)

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Other payables	Guangdong Nan Yue Logistics International Services Company Limited	—	4,736,877.48
	GCGC	10,000.00	2,489,756.98
	Guangdong Litong Properties Investment Company Limited	—	1,377,946.00
	Guangdong Xinyue Communications Investment Company Limited	1,064,073.03	1,118,220.88
	Weisheng Transportation Enterprises Company Limited	—	2,172,994.78
	Yangjiang City Jiqiang Automobile Sales & Maintenance Company Limited	505,015.09	505,015.09
	Guangdong Province Guangshan Expressway Passenger Company Limited	584,747.45	598,423.94
	Guangdong Humen Bridge Company Limited	—	150,000.00
	Express Cross-Border Coach Management Company Limited	254,800.00	200,331.40
	Guang-Shen-Zhu Expressway Company Limited	2,163,737.80	158,102.04
	Guangdong Oriental Thought Technology Company Limited	47,787.32	101,822.34
	Guangdong Guangjiang Expressway Passenger Company Limited	209,500.00	—
	Guangdong Hualu Transport Technology Company Limited	156,415.00	—
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	135,451.84	—
	Guangdong Provincial Changda Highway Engineering Company Limited	134,666.01	—
	Others	284,640.51	212,549.74

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For the six months ended 30 June 2014

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)*

4 Significant transactions between the Group and related parties in current period *(Continued)*

(k) Amounts due from/to related parties (Continued)

Caption	Related parties	As at	As at
		30 June 2014	31 December 2013
		RMB	RMB
Other payables - Cash pool	Guangdong Province Guangshan Expressway Passenger Company Limited	7,782,407.23	9,526,733.59
	Guangdong Guangjiang Expressway Passenger Company Limited	1,775,844.89	2,223,580.72
	Guangdong Province Bus Terminal Company Limited	1,045,629.03	1,041,016.39
	Guangdong Province ShenShan High Speed Passenger Traffic Company Limited	2,257,766.12	6,757,976.20
	Shenzhen Yueyun	5,493,728.82	7,856,236.48
	Meizhou Yueyun	12,261,693.02	31,552,667.85
	Others	1,992.34	1,988.72
		36,169,895.50	72,782,240.62
Dividend payable	Guangdong Xinyue Communications Investment Company Limited	2,780,436.84	2,780,436.84
	GCGC	27,965,299.41	—
	Total	30,745,736.25	2,780,436.84

(i) Compensation for key management personnel

	For the six months ended	
	30 June 2014	31 December 2013
	RMB	RMB
Compensation for key management personnel	1,885,898.07	1,742,658.51

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For the six months ended 30 June 2014

VII. COMMITMENTS

	As at 30 June 2014 RMB	As at 30 June 2013 RMB
Capital commitments that have been entered into but have not been recognised in the interim financial report:		
- Commitment for acquisition and construction of long-term assets	123,831,759.21	112,841,186.19
Capital commitments that have been approved but have not been entered into	61,051,263.47	—
	184,883,022.68	112,841,186.19

VIII. OTHER SIGNIFICANT MATTERS

1 Subsequent event

According to the Capital Increase Agreement entered into by the Group on 19 August 2014, the Group will inject capital of RMB265,540,000 in cash to Qingyuan City Vehicle Transportation Group Company ("QVTG ") to acquire 61.7535% equity interests in QVTG.