



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)

協同發展
共創優勢

2015
ANNUAL REPORT



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COMPANY PROFILE

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

Currently the Group’s principal activities are as follows:

- (1) motor transportation and auxiliary services, whereby the Group is mainly engaged in the transportation within the Guangdong Province, transportation between Guangdong Province and other provinces, cross-border transportation between Guangdong Province and Hong Kong, as well as the provision of management of passenger and cargo transportation terminals. Our business has covered Guangzhou, Shenzhen, Shaoguan, Qingyuan, Zhaoqing, Yangjiang, Shantou, Shanwei, Heyuan as well as numerous major cities in Guangxi, Hunan, Fujian and Jiangxi, forming a relatively comprehensive system of road transport networks. Our flagship brand of “Yueyun Express” was the first provincial famous trademark in the road transport industry in the Guangdong Province.
- (2) material logistics services, whereby the Group is mainly engaged in the management of material logistics for expressway and other large infrastructure projects, providing customers with logistics services throughout the whole process from procurement of engineering materials, storage and distribution, onsite supply management of project to material information consultation, based on highway infrastructure projects, by applying the logistic mode integrated with procurement and supply chain. The Company is one of the first batch of Class 5A steel distribution enterprises in the PRC.
- (3) expressway services, whereby the Group is mainly engaged in onsite management for expressway service zones and the operation of relevant auxiliary service, such as food and beverage shops, convenient stores, refueling stations, vehicle repairs and outdoor advertising in expressways, as well as the chain operation integrated with planning, construction and management at the expressway service zones wholly-owned or controlled by GCGC inside Guangdong Province under the license of GCGC.
- (4) The Group’s business also covers the operation of and toll collection for Taiping Interchange of Guangzhou-Shenzhen-Zhuhai Expressway (the “Taiping Interchange”).

COMPANY INFORMATION

LEGAL NAME OF THE COMPANY

Guangdong Yueyun Transportation Company Limited

STOCK CODE

03399

REGISTERED OFFICE

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

PLACE OF BUSINESS IN HONG KONG

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

BOARD OF DIRECTORS

Executive Directors

Xuan Zongmin
Tang Yinghai
Yao Hanxiong
Fei Dachuan
Guo Junfa

Non-Executive Directors

Liu Hong
Li Bin

Independent Non-Executive Directors

Gui Shouping
Liu Shaobo
Peng Xiaolei
Jin Wenzhou

COMPANY SECRETARY

Zhang Li

AUTHORISED REPRESENTATIVES

Xuan Zongmin
Tang Yinghai

AUDITOR

KPMG Huazhen LLP
8th Floor, Tower E2, Oriental Plaza,
1 East Chang An Avenue, Beijing, PRC

PRINCIPAL BANKERS

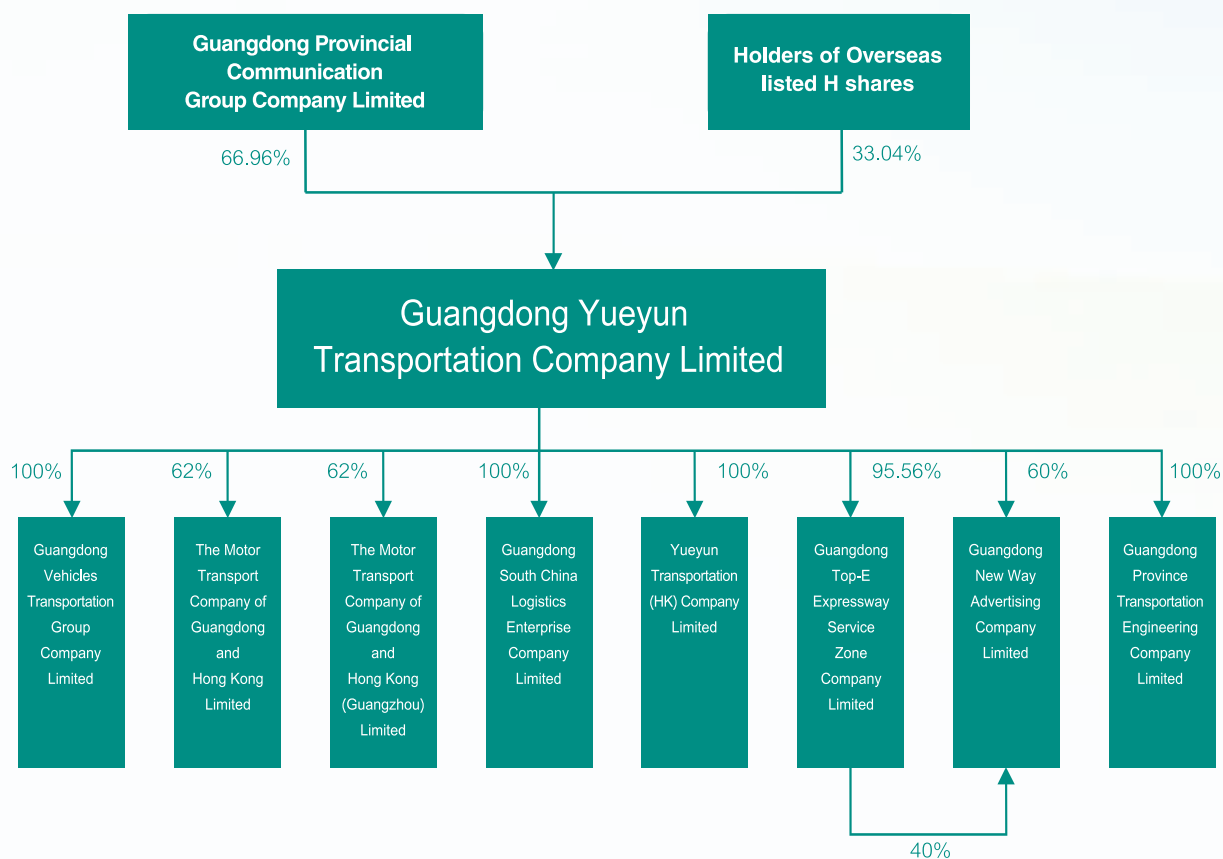
Bank of China
China CITIC Bank
China Merchants Bank
Agricultural Bank of China
China Construction Bank

LEGAL ADVISER

Paul Hastings
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Hong Kong

HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
17M Floor, Hopewell Centre
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(As of 31 December 2015)

FINANCIAL HIGHLIGHTS

	31 December 2015 RMB'000	31 December 2014 RMB'000	Change
Results highlights			
Revenue			
Motor vehicle transportation and auxiliary services	3,028,006	2,503,719	21%
Material logistics services	4,656,192	6,491,250	(28%)
Expressway services	830,387	706,300	18%
Taiping Interchange	191,299	173,174	10%
Others	3,450	3,629	(5%)
Total revenue	8,709,334	9,878,072	(12%)
Gross Profit			
Motor vehicle transportation and auxiliary services	743,003	562,059	32%
Material logistics services	179,928	191,807	(6%)
Expressway services	233,114	154,758	51%
Taiping Interchange	152,544	133,819	14%
Others	(1,824)	1,295	(241%)
Total gross profit	1,306,765	1,043,738	25%
Business tax and levies	65,489	60,921	7%
Selling and administrative expenses	777,786	616,936	26%
Finance expenses	69,999	63,343	11%
Impairment losses on assets	7,117	19,112	(63%)
Investment income	31,917	17,204	86%
Operating profit	418,291	300,630	39%
Non-operating income and expenses	112,121	120,058	(7%)
Total profit	530,412	420,688	26%
Income tax expenses	164,208	127,099	29%
Net profit	366,204	293,589	25%
Profit and loss attributable to minority interests	100,184	90,793	10%
Net profit attributable to owners of the Company	266,020	202,796	31%
Basic earnings per share (RMB)	0.42	0.32	31%

	31 December 2015 RMB'000	31 December 2014 RMB'000	Change
Results highlights			
Total assets	7,552,785	6,753,080	12%
Total net assets	3,046,589	2,711,903	12%
Equity attributable to owners of the Company	1,874,206	1,661,125	13%
Net assets per share attributable to owners of the Company (RMB)	2.99	2.65	13%
	31 December 2015	31 December 2014	Change
Ratios			
Gross profit margin (%)	15.00%	10.57%	42%
Interest coverage ratio (times)	8.61	6.24	38%
Gearing ratio (%)	59.66%	59.84%	0%
Current ratio (times)	1.22	0.97	26%

Gross profit margin = Gross profit/Revenue

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

Gearing ratio = Total liabilities/Total assets

Current ratio = Total current assets/Total current liabilities

MAJOR AWARDS

In May 2015, the Company was ranked No.4 on the list of “Top 100 Trustworthy Road Transportation Enterprises in China (2015) (中國道路運輸百強誠信企業 (2015年))” by the China Road Transport Association; and Zhaoqing Yueyun Vehicles Transport Co., Ltd. (肇慶市粵運汽車運輸有限公司) (“Zhaoqing Yueyun”), Qingyuan City Yueyun Vehicles Transport Co., Ltd. (清遠市粵運汽車運輸有限公司) (“Qingyuan Yueyun”) and Shaoguan Yueyun Vehicles Transport Co., Ltd. (韶關市粵運汽車運輸有限公司) (“Shaoguan Yueyun”), which are subsidiaries of the Company, were ranked No.75, 76 and 97, respectively.

In June 2015, China Association of Communication Enterprise Management (中國交通企業管理協會) announced a total of 37 companies which are “Low Carbon and Energy Saving Model Enterprise in the PRC Transportation Industry (全國交通運輸低碳節能環保示範企業).” Among the 37 companies, the Company was ranked No.2 and Foshan Yueyun Public Transportation Co., Ltd (佛山市粵運公共交通有限公司) (“Foshan Yueyun Public”), a subsidiary of the Company, was ranked No.8. Guangdong Yueyun Langri Company Limited (“Yueyun Langri”), a subsidiary of the Company, and Qingyuan Yueyun were on the list of “Low Carbon and Energy Saving Contribution Enterprise in the PRC Transportation Industry (全國交通運輸低碳節能環保貢獻企業).” The “Express Charge Mode Pure Electricity-Powered Bus Energy-Saving and Emission-Reduction Project (快充模式純電公交節能減排應用項目)” of Foshan Yueyun Public was awarded “Low Carbon and Energy Saving Recommended Project in the PRC Transportation Industry Award (全國交通運輸低碳節能環保推薦項目獎).”

In June 2015, the Company was recognized as a “Trustworthy and Credible Enterprise in the Guangdong Province for Twelve Consecutive Years(2003-2014) (連續十二年守合同重信用企業 (2003年度-2014年度)).”

In July 2015, “Fortune” (Chinese version) released China Top 500 Companies List for 2015, among which, the company ranked No.439.

In September 2015, the Company was awarded “Enterprise with Excellent Integrity in the Guangdong Province for 2015 (2015年度廣東省優秀誠信企業)” by Guangdong Province Enterprise Credit Construction Association (廣東省企業誠信建設促進會). Yueyun Langri and Guangdong New Way Advertising Company Limited (“New Way Advertising”), both are subsidiaries of the Company, were awarded “Enterprise with Integrity in the Guangdong Province for 2015 (2015年度廣東省誠信企業).”

In October 2015, the Company and Guangdong Top-E Expressway Service Zone Company Limited (“Guangdong Top-E”), a subsidiary of the Company, were awarded “Outstanding Entity in National Transportation Culture Building 2015 (2015年度全國交通運輸文化建設優秀單位)” by China Association of Transportation Enterprise Management respectively.

In December 2015, the Company was awarded “AAA Credit Enterprise (企業信用評價AAA級信用企業)” by China National Association of Metal Material Trade (中國金屬材料流通協會).

In December 2015, the Company received the “Best Investment Value Award for Listed Companies” at the “Best Investment Value for Hong Kong-Listed Companies Award Ceremony 2015.”

In January 2015, the Company was selected as the vice president of Guangdong Provincial Expressway Development Association (the second session) and Guangdong Logistics Industry Association. In September 2015, the Company was selected as the managing director of Guangdong Provincial Road Transportation Association (the sixth session).

In April 2015, Guangdong Vehicles Transportation Group Company Limited (“GVTG”), a subsidiary of the Company, was awarded as “Advanced Units for Key Road Transport Enterprises Economic Operation Analysis of Ministry of Transport for 2014 (2014年度交通運輸部重點聯繫道路運輸企業經濟運行分析工作先進單位).”

In January 2015, the trademark “LOYEE” of the Group was awarded as “Famous Trademark of Guangdong Province” by Guangdong Famous Trademark Review Committee. In June 2015, the brand “新路” (“New Way”) of New Way Advertising was awarded as “Famous Trademark of Guangzhou for 2015 (2015年廣州市著名商標).”

In November 2015, Kuidong Service Zone and Yayao Service Zone of the Group were awarded as the “Top 100 National Model Service Zones (全國百佳示範服務區).” In December 2015, 17 pairs of service zones of the Group are awarded as the “National Excellent Service Zones (全國優秀服務區).”

In 2015, New Way Advertising has acquired the qualification as “Class One Advertising Enterprise in the Guangdong Province (廣東一級廣告企業)”, and was awarded as “Top 10 Highway Advertising Enterprise in China (2015-2016) (中國高速公路廣告十強企業(2015-2016))” by China Highway and Transportation Society.

MOTOR VEHICLE TRANSPORTATION AND AUXILIARY SERVICES

In January 2015, GVTG entered into the Equity Transfer Agreement in relation to the investment of approximately RMB66.84 million to acquire 51% equity interest in Shanwei City Shanyun Vehicles Transportation Co. Ltd. (汕尾市汕運汽車運輸有限公司), which is now known as Shanwei City Yueyun Vehicles Transportation Co. Ltd. (汕尾市粵運汽車運輸有限公司) and has become an indirect non-wholly owned subsidiary of the Company.

In February 2015, Yangxi New Bus Terminal invested by Yueyun Langri has been completed and commenced its operation.

Shaoguan Yueyun won the tender of “2015-2021 Taxi Transportation Concession of Shixing County” and was granted the concession of 30 taxis in Shixing County for a term of six years. In June 2015, it entered into the 2015-2021 Taxi Transportation Concession Contract of Shixing County with Transportation Bureau of Shixing County.

In December 2015, the Company made further capital injection in the amount of RMB300 million into GVTG, thus increasing GVTG’s registered capital from RMB300 million to RMB600 million.

In 2015, Guangdong Yueyun Traffic Rescue Co., Ltd. (廣東粵運交通拯救有限公司), a subsidiary of the Company, has taken over the vehicle rescue business of total 5 sections with total 561.4 kilometers for the Pingyuan to Xingning Section of newly-opened Jinan-Guangzhou Expressway, Shantou-Zhanjiang Expressway, stage I (Puning to Luhe Section) of Chaozhou-Huizhou Expressway, Baotou-Maoming Expressway and newly-opened Guangzhou-Hezhou Expressway.

In 2015, The Motor Transport Company of Guangdong and Hong Kong Limited (“GD-HK Company”), a subsidiary of the Company, has commenced its operation at Zhaoqing of Guangdong Province, Sai Wan in Hong Kong and Guangdong and Hong Kong Direct Bus Service Centre at Mong Kok in Hong Kong. Currently, GD-HK Company has set up its all-around Guangdong and Hong Kong Direct Bus Service Centre at Prince Edward Station, Tsuen Wan, Austin Road Cross Boundary Coach Terminus, Sai Wan of Hong Kong Island, Landmark North, Mong Kok in Hong Kong, and has bus stops at Sha Tin and Tuen Men, therefore creating a well-integrated service layout.

MATERIAL LOGISTICS SERVICES

In January 2015, Guangdong South China Logistics Enterprise Co. Ltd. (“South China Logistics Enterprise”), a subsidiary of the Company, entered into the main material supply and management contract in relation to Jieyang-Boluo Expressway (Bid Section T25), with a total contract value of approximately RMB84 million.

In January 2015, South China Logistics Enterprise entered into the material supply and management contract in relation to the Roadbed Bid Section LM1, LM2 and LM3 of Pingyang (Boundary of Jiangxi with Guangdong) to Xingning Road Project of Guangdong Province, with a total contract value of approximately RMB356 million.

In February 2015, South China Logistics Enterprise entered into the material supply contract in relation to the Contract Section TJ16 in Chaozhou-Huizhou Expressway Project of Guangdong Province, with a contract value of approximately RMB246 million.

In March 2015, the Group won the tender for a project of focus purchase of asphalt of Hubei Provincial Communications Investment Limited in 2015, for which the Group will supply a total of approximately 51,000 tonnes of asphalt, with a tender value of approximately RMB167 million.

In August 2015, South China Logistics Enterprise entered into the asphalt supply and management contract in relation to the Bid Section T21, T22, T23 and T24 of Jiexi Daxi to Boluo Shiba Project in Shantou-Zhanjiang Expressway of Guangdong Province, with a total contract value of approximately RMB512 million.

In September 2015, South China Logistics Enterprise entered into the steel bar supply contract in relation to the civil work of Guangzhou Metro Line No.21 Project (Construction Bid 1), with a contract value of approximately RMB81 million.

In September 2015, South China Logistics Enterprise entered into the asphalt supply contract in relation to the Bid Section LM2, LM3 and LM4 in Baotou-Maoming Expressway, with a total contract value of approximately RMB212 million.

In September 2015, South China Logistics Enterprise entered into 7 main material supply and management agreements in relation to Xingning to Wuhua Section (including Yujiang branch) in Xingning-Shanwei Expressway, with a total contract value of approximately RMB507 million.

In September 2015, South China Logistics Enterprise entered into the steel bar supply contract in relation to the civil work of Guangzhou Metro Line No.21 Project (Construction Bid 19), with a contract value of approximately RMB93 million.

In October 2015, South China Logistics Enterprise won the tender for a water supply project of 838,000 tonnes, with a tender value of approximately RMB320 million.

In November 2015, South China Logistics Enterprise entered into the roadbed material supply contract in relation to the Contract Section 1, 2, 3 and 4 of Jianmen-Luoding Expressway Project, with a total contract value of approximately RMB574 million.

In January and November 2015, the Group won the tender for a supply of steel bars for Line 21 and Line 6 (return line) of Guangzhou Metro project respectively, with a total awarded volume of steel bars of approximately 332,000 tonnes and a tender value of approximately RMB1.24 billion.

EXPRESSWAY SERVICES

In January 2015, Guangdong Top-E entered into the Liangjinshan Service Zone Food and Beverage Project Concession Contract to outsource the Liangjinshan Service Zone Food and Beverage Project, with a contract value of approximately RMB58 million.

In February 2015, Guangdong Top-E entered into the Jiangmen-Zhaoqing Expressway Service Zone Contract, with a contract value of approximately RMB58.20 million.

In March 2015, Guangdong Top-E entered into the Zhanjiang-Xuwen Expressway Service Zone Contract, with a contract value of approximately RMB51 million.

In June 2015, Guangdong Top-E entered into the Contract in relation to service zones at Lianzhou Shanshui to Huaiji Huaicheng Section within the Guangdong Province of Erenhot-Guangzhou Expressway, with a contract value of approximately RMB59 million.

In June 2015, Guangdong Top-E entered into the Guangzhou-Lechang Expressway Service Zone Contract, with a contract value of approximately RMB230 million.

In July 2015, Guangdong Top-E entered into the Concession Contract in relation to gas stations at Waxi Service Zone and Shiba Service Zone in Jiexi-Boluo Expressway, Yetang Service Zone and Pingyuan Service Zone in Pingyuan-Xingning Expressway and Shuikou Service Zone and Maoming Service Zone in Baotou-Maoming Expressway, with a total contract value of approximately RMB557 million.

In July 2015, Guangdong Top-E entered into the Concession Contract in relation to gas station at Meilin Service Zone of Jiexi to Boluo Shiba Section in Shantou-Zhangjiang Expressway, with a contract value of approximately RMB105 million.

In August 2015, Guangdong Top-E entered into the Concession Contract in relation to gas station at Daxi Service Zone of Chaozhou to Huizhou Section in Chaozhou-Huizhou Expressway, with a contract value of approximately RMB175 million.

In December 2015, through an open tender process, Guangdong Top-E entered into assets transaction contract (effective on 1 January 2016) with Guangdong Provincial Freeway Company Limited, and agreed to acquire the land and auxiliary buildings thereon at Houmen Service Zone in the western section of the Shenzhen-Shantou Expressway for a consideration of approximately RMB57.74 million.



In 2015, facing the complexity in the international situation and sustained slowdown in the domestic economy, the PRC government took the initiative to adapt to the new normal of economic development by devoting greater efforts to supply adjustment and structural reform to maintain the steady economic operation as a whole. The Group also proactively met the

opportunities and challenges brought about by the external economic situation to all business segments, promoted the implementation of the Strategic Development Plan for the Year 2014-2018 and leveraged on the internet thinking to enhance market demand-oriented resource integration and coordinated development, which contributed to a smooth development trend of all business segments.



I hereby present the business development of the Group for the year of 2015 and the outlook of our future development.

BUSINESS OVERVIEW

The motor transportation and auxiliary services grew steadily. Pursuant to the development model of “Acquisition – Consolidation – Growth”, the Group completed the acquisition and consolidation of road transportation resources in Shanwei region; strengthened the reclamation and self-operation of contracted vehicles, resulting in further increase in the proportion of self-operated vehicles; expanded the rural passenger transportation market and reasonably adjusted the transportation nodes along main lines based on market demand to reduce the impact of rail transit; and moderately extended the industrial chain by means of the internet to accelerate the development of online booking, WeChat booking and the related businesses across the province.

Material logistics services maintained steady growth. The Group seized the opportunity of accelerated construction of expressways in the Guangdong Province to continue proper management of the material supply for GCGC's expressway investment and infrastructure projects and proactively developed material supply business for large infrastructure projects not undertaken by GCGC such as Guangzhou Metro; and actively accelerated the acceptance of Dongguan wharf phase II and carried out preliminary stage demonstration for the logistics park project.

Expressway services continuously expanded their scale of operation. The Group continued to obtain the entrusted operation rights of service zones of newly opened expressways under GCGC; increased the review of resources in the existing service zones and accelerated the intensive commercial development of service zones at vital nodes; formulated a development plan for energy business and speeded up the development of new energy business; accelerated resource integration of convenient stores between service zones and passenger terminals to promote the networking of Yueyun retail business; steadily advanced the acquisition of the traditional media resources for expressways such as outdoor columns as well as the investment and construction of new media resources for expressways such as gantries, overpass bridges and other advertising resources; accelerated the integration of passenger transportation media resources and proactively promoted the development of internet digital media projects.

Taiping Interchange toll business maintained a stable growth, continuing to bring the Group with good cash flow.

The Group enhanced market value management, and kept smooth communication with investors through results roadshows, reverse roadshows and other means. As a result, the Group's share price achieved good growth throughout the year, a significant lead over main indices in Hong Kong's capital market. The Group was admitted to MSCI China Small Cap Index constituent stocks by Morgan Stanley Capital International, was shortlisted as FORTUNE China Top 500 Chinese Companies and received the “Best Investment Value Award for Listed Companies” for two consecutive years.

OUTLOOK AND PROSPECTS

In 2016, China's economic development is still confronted with lots of difficulties and challenges, especially severe structural overcapacity. The PRC government will focus on enhancing the supply front structural reform and take the promotion of such reform as an important initiative to adapt to and lead the new normal of economic development. Meanwhile, it will increase the reform and innovation to accelerate the growth of new kinetic energies and the transforming and upgrading of traditional kinetic energies. 2016 is the beginning year for the Group to implement the "13th Five-Year" Plan in which the Group will pay close attention to macroeconomic trend and industry development, continue to promote the implementation of strategic development plans, accelerate the acquisition and integration of business resources, optimize the adjustment of business structure, leverage on the information-based means to explore customer's needs, increase the efficiency of resource consumption and promote a coordinated and rapid growth of all business segments.

The main business objectives of the Group in 2016 are as follows:

Motor vehicle transportation and auxiliary service

1. To promote the acquisition, merger and integration of motor vehicle transportation enterprises in line with its "Acquisition-Consolidation-Growth" development model.
2. To enhance the reclamation and self-operation of contracted vehicles; increase the cooperation, merger and integration with other transportation subjects within the operating scope to improve its market share on the basis of mutual respect and mutual benefit; strengthen the rural passenger transportation market development, expand the rural passenger terminal network and build a transportation network system integrating passenger transportation routes, urban public transport, taxis and passenger terminal to enhance the overall competitive edges of the transportation industrial chain and establish a differentiated transportation system that can effectively deal with railway transport ; further promote new energy vehicles in line with the State's new energy policies; and deepen the "Five Unification (五統一)" vehicles & accessories bidding and procurement procedures to lower management costs.
3. To integrate information resources and establish an information platform company to provide one-stop travel service solutions; promote the construction and operation of information-based platforms such as networking ticketing, WeChat ticketing and small items express through the internet and deeply explore the commercial value of customer's data resources; actively take part in the pilot reform on autonomous organization of passengers implemented by the Provincial Department of Transportation, study the trans-node adjustment of passenger transportation routes, customized regular bus, customized chartered vehicles, tourism chartered buses and driver training by combining with its own advantages in resources and being guided by market demand to further innovate its operating model and business model.
4. To continue to push forward the construction of passenger terminals; vitalize old terminal resources in ways such as autonomous commercial redevelopment, cooperative development and replacement to fully explore the commercial values of terminals.
5. To continue the improvement of cross-border passenger transportation ticketing platform and explore the function of mobile internet ticketing which is paid in Hong Kong dollars; continue to promote Hong Kong-to-Macao Direct Link Terminal transit project at expressway service zones; advance the layout for establishment of Hong Kong-to-Macao Direct Link Terminal in the western Pearl River Delta to prepare for the transportation business upon the opening of Hong Kong-Zhuhai-Macau Bridge.

Material logistics services

1. To seize the opportunity of accelerated construction of expressways in the Guangdong Province to properly manage the material supply for commenced projects of GCGC and proactively develop material supply business for large infrastructure projects not undertaken by GCGC through leveraging on its advantages in resources and brands.
2. To accelerate investment attraction, management and development of Dongguan wharf phase II project to increase the wharf's operating efficiencies.
3. To enhance studies on and demonstration for the business model and profit model of logistics park project and approach advanced logistics enterprises in the industry to strengthen its cooperation with them on the basis of mutual respect and mutual benefit and create new profit growth drivers.

Expressway services

1. To obtain the entrusted operation rights of newly opened service zones and arrange well functional positioning, business planning, merchants' attraction and operation and other pre-stage preparations of such new service zones.
2. To push forward the preparatory work for business transformation of key-node service zones such as Houmen Service Zone and Dahuai Service Zone and excavate to a full extent the commercial value of service zones.
3. To expand oil, gas and electricity terminal business in line with energy development plan and realise self-establishment and self-operation of 12 gas stations along Chaozhou-Huilai Expressway and Jiangmen-Luoding Expressway.
4. To promote the strategies for development of Yueyun retail business, open 150 convenience stores as planned, realise the unified management for storage, logistics and marketing, accelerate the networking of convenience stores and promote the transformation of 3-in-1 stores integrating convenience stores, small items express and networking ticketing.
5. To obtain more outdoor advertising media resources along the expressways and accelerate investment in and construction of expressway new media resources, such as gantries and overpass bridges and other advertising facilities; integrate and develop passenger transportation media resources by extending "digital movie-line + advertisement" project to level II or above Yueyun passenger terminals and speed up the construction of Internet digital media platform; develop and market media resources through enhancement of abilities in marketing and planning as well as customer relationship management.

Xuan Zongmin

Chairman

Guangzhou, PRC

18 March 2016

INVESTMENT VALUE OF THE COMPANY

1. As a leading enterprise in the road transportation industry of Guangdong Province, the Group ranks among the Top 100 Trustworthy Road Transportation Enterprises in China (全國道路運輸百強誠信企業) with a well-known brand of “Yueyun express (粵運快車)”. With abundant road transportation resources such as operating vehicles, passenger transportation routes and passenger terminals, it has a complete system of road transportation business covering long and short distance passenger transportation, urban public transport, rural passenger transportation and taxis and has developed networking and scale advantages. The market share is expected to further grow in the future given the mature “Acquisition–Consolidation–Growth” model and broad space for merger and acquisition in the road transportation market of Guangdong Province. The reclamation and self-operation of contracted vehicles, business development of old passenger terminals and integration and upgrading of small items express as well as the coordinated development with expressway service zone business would further lead to the steady growth of transportation business.
2. A new round of expressway construction in the Guangdong Province has laid down a sound foundation for material logistics business. Mature operating model for material procurement and supply management, professional talent team and sound and long-term cooperation with suppliers are conducive to the development of material supply business for large infrastructure projects not undertaken by GCGC. Through marketing enhancement, the commercial value of Dongguan wharf is expected to further grow.
3. As the largest operator of expressway service zones in the Guangdong Province, it enjoys good advantages of network and scale in gas stations, convenience stores and merchant attraction at service zones and possesses a well-known brand of “LOYEE” convenience stores. The number of service zones will be increased during the construction of expressways in the Guangdong Province and the operating scale of gas stations, convenience stores and merchant attraction will be expanded further. The in-depth business development of key-node service zones such as Houmen Service Zone and Dahuai Service Zone will promote the commercial value of service zones to a full extent. The development plans for energy business such as oil station, gas station and charging post are implemented, which will form a new driver for business growth. Leveraging on internet technology for construction of Internet digital media platform integrating expressways, expressway service zones, long distance routes, passenger terminals and other transportation media resources, traditional media and digital media are expected to realize an integrated development, thereby enhancing the commercial value of advertising business.
4. The coordinated value of each business segment will be further improved based on internet thinking through construction of “small items express business”, Yueyun retail and tourism chartered buses and other innovative platforms to promote transformation and upgrading of existing businesses.
5. Clear development strategies, mature business model, open and cooperative development philosophy, united and practical management team, sustainable innovative management system and well-established internal control mechanism will lay a solid foundation for rapid and steady development of various business segments.



In 2015, the new economic model characterized by “Internet +” brought both new challenges and new opportunities to the Group. In addition to creating more wealth to its shareholders and the whole community, the Group paid more attention to its transformation and upgrade, improvement of staff quality and customer experience and made increasing efforts to perform its social responsibility and continuously promoted the green development, cyclic development and low-carbon development. Facing the impact of emerging internet industry and urban rail transit, the Group took scientific countermeasures such as acceleration of resource intensiveness, transformation and upgrade and new acquisition of Shanwei Yueyun, which resulted in expanding scale of the Group’s principal business, upgrading of development drivers, synergy between social responsibility and business operation, full recognition of both results of operation and social image of the Group and satisfactory performance of the Company’s share price. With the care and support of shareholders and the whole community, the Group, through persistent efforts, achieved the “12th Five-Year Plan” targets with growing results.

RESPONSIBILITY TO STAFF

Excellent talent is crucial to the development of an enterprise. To date, the Company has established its footprint in 21 prefecture-level cities in the Guangdong Province and employed a total of 20,516 people. With strong support from GCGC, the transportation and logistics business has been showing a trend of transformation, upgrading, optimization and improvement, which has resulted in increasing demand for professionals of different business segments. In order to enhance professional team building, the Company endeavors to train and retain talents and assist them to realize their career development plans through harmonious working atmosphere, competitive compensation packages, broad development opportunities and comprehensive training system.

In 2015, the Group fulfilled its responsibility to staff primarily in three aspects:

Firstly – improve remuneration incentive system. The Group enhanced labor cost control, implemented performance management system and carried out performance assessment in respect of all staff members for the purpose of improving effectiveness of the incentive management. **Secondly – push forward employees’ career development.** The Group made great efforts on training & exchange and learning development by organizing vehicle transportation related personnel to carry out the 2nd session of operation and management training for heads of passenger transportation stations of the Group; fully carrying out training & exchange of management members with the participation rate reaching 100%; organizing and carrying out training & exchange activities of middle and senior management members of the Group via video with 527 middle and senior management members; and upgrading internet institution platform to continue to bring its role into play. In addition, the Group implemented its talent strategy to pursue core talents on strategic management. Moreover, the Group held various labor skill contests, for example, the Group held the first session of driver emergency operation knowledge contest, the transportation business segment organized activities such as “Safe Driving Star (安全駕駛之星)” and “Sincere Service Star (真誠服務之星)”, 100-day safety contest, fuel saving contest, high-quality service contest named “True Yueyun and Comfortable Journey (真情粵運·舒適之旅)” and station attendant skill contest, Guangdong Top-E carried out “Traffic Management Assistant Skill Contest (交通協管員業務技能大比武)” and “Hazardous Chemicals Transportation Vehicles Fire Accident Emergency Exercise (危化品運輸車輛火災事故應急演練)” at Meihua North Service Zone, which vigorously promoted the development of a knowledge-based, skill-based and innovation-based high-quality staff team. **Thirdly – create harmonious internal atmosphere.** The Group’s labor unions at different level organized to offer condolences to a total of 2,615 ill, extremely poor and model staff in 2015. In addition, the Group also organized a variety of cultural, sports and entertainment activities such as basketball games, table tennis games and badminton games, and participated in the women staff baking contest named “Sharing Sweet, Tasting Happiness (分享甜蜜,品味幸福)”, chess and cards games and men’s football games organized by GCGC. Moreover, the Group together with Guangdong Provincial Highway Construction Co., Ltd. held an exchange activity named “Youth Brings Dreams Together (青春凝聚夢想)” for celebrating the 96th anniversary of the “May 4th Movement” in order to establish an exchange platform for young people across business segments. The Company also completed the construction of the staff’s home including, among other things, staff’s book house and entertainment room.

RESPONSIBILITY TO CUSTOMERS

The Group always upholds “customer oriented, promises kept, quality service, safety and comfort” as its service tenet and practices the concept of “True Yueyun and Comfortable Journey (真情粵運、舒適之旅)” to protect passengers’ life and property, enhance service innovation and improve service quality. At the same time, the Group makes great efforts to achieve “keeping smooth, safe and stable” during major festivals and holidays and offer all-around high quality expressway services. In respect of material logistics service, the Group makes great efforts to guarantee materials supply to create values for customers continuously.

In 2015, the Group fulfilled its responsibility to customers primarily in five aspects. **Firstly – protect passengers’ life and property.** The Group fully promoted standardized production safety management, strengthened production safety weakness identification and control as well as safety risk assessment and widely carried out activities such as “Month of Production Safety (安全生產月)”, “Year of Safe Highway Transportation (道路運輸平安年)”, “Zero-accident Crew (零事故班組)”, building of “Three Safety (三平安)” (namely safe fleet, safe station and safe service zone), building of “Guangdong Province Model Enterprise for Safety and Cultural Construction (廣東省安全文化建設示範企業)” and “Emergency Skill and Knowledge Contest (應急技能知識競賽)”. The Company made amendments to its emergency administrative measures and emergency plan for production safety accidents and each of its subsidiaries carried out various emergency plan exercises. For example, Guangdong Top-E organized operation skills contest and emergency exercises of hazardous chemicals accidents, exercises of disposal plan for a fire accident of dormitory building in service zones and exercises of disposal plan for a fire accident of vehicles at the parking park; transportation subsidiaries organized exercises for a fire accident of LNG vehicles, emergency evacuation drills for an emergency of operating vehicles; and Guangdong Yueyun Traffic Rescue Co., Ltd organized desktop exercises of disposal plan for trailer operation at the site of an accident and exercises of enclosure operation at the site of an accident. In 2015, the total mileages of the Group’s passenger transportation business amounted to 976.8 million vehicle-kilometers without serious production safety accidents, and there were no accidents in respect of non-transportation business. In April 2015, Yueyun Langri was awarded as “Outstanding Unit in the Road Passenger Transportation Safety Year Activity (「道路客運安全年」活動成績突出企業)” by the Ministry of Transport, the Ministry of Public Security and the State Administration of Work Safety. Zhaoqing Yueyun Guangning Bus Station was awarded as outstanding crew in the national “Ankang Cup (安康杯)” contest. **Secondly – serve the people and enhance innovation.** In 2015, guided by customer experience, the Group continued to focus on innovation. In addition to construction and promotion of “Yueyun Communication (粵運交通)” Wechat public platform, the Group also cooperated with, and organized the Company and its subsidiaries to form a team to participate in, 2015 China (Xiaoguwei) “Internet +” Transportation Service Maker Contest (2015 中國 (小谷圍) 「互聯網+」運輸服務創客大賽), and there were a total of five projects winning awards such as “Most Valuable in the Industry (最具行業價值獎)” Award and “Most Commercially Valuable (最具商業價值獎)” Award, through which the Group’s operation concept on transportation was expanded and effective innovation of traditional transportation enterprises was realized. In addition, the Company promoted the transformation and upgrade of its existing business to improve its growth drivers to capitalize on its existing passenger transportation vehicles, passenger terminals, passenger transportation routes and expressway service zone resources, and leveraging “Internet +”, road passenger terminals and vehicle resource advantages, built a logistics transportation network covering different regions across the province in lower margin costs

through unified data network platform in order to provide goods transit services, small items express franchising services and big data value-added services and other services to the public, which contributed to the increase in the scale and profitability of the small items express business. **Thirdly – improve service quality.** On the one hand, the Company further enhanced its management by standardizing the use of the “Yueyun” brand, carrying out the supervision over service quality, following up on service quality of “Yueyun Express (粵運快車)” in a timely manner and strengthening service quality tracking over its subsidiaries through car following and sample checking at terminals. On the other hand, the Company organized its service zones to participate in the “National Top 100 Model Service Zones (全國百佳示範服務區)” activity with two pairs of service zones being recognized as “National Top 100 Model Service Zones (全國百佳示範服務區)” and 17 pairs of service zones being recognized as “National Excellent Service Zone(全國優秀服務區)”, which further enhanced the service level of its service zones. In 2015, 8 pairs of service zones including Mianyang Service Zone, Shiba Service Zone and Waxi Service Zone along Jieyang-Boluo Expressway, Pingshang Service Zone along Chaozhou-Huilai Expressway, Pingyuan Service Zone and Yetang Service Zone along Pingyuan-Xingning Expressway and Shui Kou Service Zone and Maoming Service Zone along Baotou-Maoming Expressway were put into operation simultaneously with such expressways. **Fourthly – ensure smooth traffic and enhance service level.** The Group, based on its overall plan on ensuring smooth traffic in major festivals and holidays, took various measures in respect of its expressway service zones and traffic rescues in a timely and efficient manner to ensure smooth traffic and achieved its goal of ensuring smooth, safe and stable traffic and improving service level in major festivals and holidays. In order to solve the problem of “more points, long distance, extensive area” in expressway vehicle rescue management and achieve the optimal allocation in rescue forces and resources, the Group established a unified rescue allocation platform by means of information and network. Such platform integrated various functions such as information release, work order management, unified commanding and dispatching of rescue resources, tracking and tackling of rescue events, revisiting of customers and statistical analysis on statements, which can reduce the duplicated submission of information and telephone through information exchange between rescuers’ mobile APP and the rescue system platform to ensure fast, effective and real-time monitoring rescue process, thereby not only enhancing management efficiency, but also providing technical support for value added service expansion and brand building. **Fifthly – endeavors to ensure the supply of materials.** In 2015, the Company participated in 11 projects within GCGC including Guangzhou-Qingyuan Expressway Expansion Project, Zhaoqing-Huadu Expressway and Luoding-Yangjiang Expressway, and 17 projects not within GCGC including Foshan-Zhaoqing Intercity Rail Transit, Guangzhou-Foshan Ring City Rail Transit and Guangzhou Metro Line 6, for supply of materials. The Company actively participated in the declaration of the “Credit Rating Evaluation on Enterprises in the Metal Material Logistics Industry (金屬材料流通行業企業信用等級評價)” launched by the Metal Material Logistics Association of China for the organizations in the metal material logistics industry across the country and first obtained the title of AAA Grade Credit Enterprise.

RESPONSIBILITY TO CREDITORS AND SHAREHOLDERS

In 2015, the Group upheld “Pragmatic Innovation and Integrity Code (求實創新·誠信規範)” as its core cultural concept and its principal business became more concentrated and businesses such as motor transportation and auxiliary services, material logistics services, expressway services maintained healthy and stable development which created stable returns to shareholders’ investment. Meanwhile, the Company continued to enhance its corporate governance structure and improve its internal control management level.

For creditors, the Group focused on protecting reasonable interests of creditors as well as their trade secrets. The Group maintained good relationship with a number of domestic and foreign financial institutions for a long period of time. In addition, the Group enhanced its management and communication with various suppliers and manufacturers in material logistics business and improved their motivation for ensuring materials supply and contractual performance ability so as to ensure that materials will be supplied to the Group in a timely and reliable manner. The Company was recognized as a trustworthy and credible enterprise (守合同重信用企業) in the Guangdong Province for 12 consecutive years.

For shareholders, the Company assumed the responsibility of maximizing corporate values and sustainable development. In 2015, the Company fulfilled its responsibility to shareholders primarily in three aspects. **Firstly – steadily improve operating performances.** In 2015, the Company fully implemented the “Internal Optimization and External Expansion” measures with steady business growth and significant effectiveness of deepening reform. The Company continued to accelerate the pace of merger and acquisition in road transportation business and acquired Shanwei Yueyun; further explored passenger traffic resources in rural areas and realized a growth in annual passenger traffic in 2015; continued to enhance market expansion efforts in materials business and actively developed bidding for key projects, in particular, those not within GCGC; made new progress in asphalt warehousing and port business which laid a solid foundation for future development; capitalizing on its existing passenger transportation vehicles, passenger terminals, passenger transportation routes and expressway service zone resources and leveraging “Internet +” and road passenger terminals and vehicle resource advantages, established a small items express platform in the Guangdong Province to provide goods transit services, small items express franchising services, big data value-added services and other services to the public through unified data network platform in lower margin costs; fully utilized resources synergy and actively fostered brand effect for LOYEE convenience stores and shared resources with Yueyun terminals; enhanced the recovery of advertising resources and comprehensively integrated and developed passenger traffic media resources to maximize its overall efficiency; and ensured stable operation of Taiping Interchange and improved its operational revenue. The Company was listed as a constituent stock in the China Small Cap Index Series by Morgan Stanley Capital International and was listed in Fortune China 500 ranking 439th. Moreover, the Company was awarded “Best Investment Value for Hong Kong-Listed Companies Award Ceremony 2015” again. **Secondly – gradually perfect corporate governance.** To ensure sustainable and healthy development, the Company continued to enhance its governance with advanced management team, strict disclosure principles and smooth communication mechanism with investors. As for the governance structure, the Company continues to maintain standardized and independent operation of the general meetings, board of directors and supervisory committee and continuously enhance the ability of the board of directors in strategic management and scientific decision-making. As for information disclosure, the Company was in strict compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong

Kong Limited (the “Listing Rules”) to ensure that information is disclosed in an accurate, timely and complete manner and is disclosed in the PRC and overseas in a consistent and simultaneous manner. As for the establishment of communication mechanism with investors, investors can have a timely and comprehensive understanding of the Company’s business operations through results presentation, announcement and press release by various means, such as the Company’s website, press release and e-mail. In order to better serve small investors, we were also committed to enhancing analysis on capital market, attaching great importance to investors’ concerns and suggestions and further improved the Company’s operating management and governance level to achieve the recognition by the market of the Company’s values and maximize shareholders’ value. **Thirdly – constantly enhance internal control management.** The Company refined its operating management mechanism, focused on comprehensive budget management, further improved its operating management level, pushed forward comprehensive budget management, emphasized optimal budgeting, refined project budget management, strengthened costs control and carried out operation forecast work, which facilitated the pre-control on the Company’s operation, effectively improved and maintained the Company’s operation efficiency and ensured that various operation and budget indicators were finalized. In addition, the Company also enhanced investment project review and implemented tracking mechanism on key points in order to ensure that the implementation procedures of projects were standardized and perfect. Moreover, the Company established an operating management mechanism combining supervision on major operation affairs and statistical analysis on operating data in order to keep abreast of its business operation dynamics and prevent business risks in a timely manner. The Company also further expanded financing channels and lowered financing costs, optimized financial structure and enhanced its profile in capital market. Through establishing market capitalization management data statistics and analysis system, the Company achieved the uniformity and rigor of data.

RESPONSIBILITY TO ENVIRONMENT AND RESOURCES

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

In 2015, the Group fulfilled its responsibility to environment and resources primarily in three aspects. **Firstly – take an active role in energy saving and emission reduction.** First of all, the Group actively conducted low carbon transportation, promoted the use of new energy vehicles and pushed forward energy saving and emission reduction which resulted in significant results on energy saving and emission reduction, and put forward a number of advices and suggestions to industry associations and the relevant departments. Then, the Group seriously complied with requirements of the state and local government to accelerate the promotion and use of new energy vehicles and actively explored and studied electric vehicles technology and the relevant national policies, and based on historical experience on Foshan Yueyun Public Transportation and Foshan Sanshui District Yueyun Transportation Co., Ltd. (佛山市三水區粵運交通有限公司) putting new energy vehicles into use, promoted new energy vehicles in a timely manner. In 2015, the Group purchased over 800 new energy vehicles with improved economic and social benefits. At the “Summing-up Meeting of Communication Enterprise

Energy Saving & Emission Reduction Promotion Activities (交通運輸企業節能減排宣傳推進活動總結會)” hosted by China Association of Communication Enterprise Management in June 2015, the Company was awarded “2015 Low Carbon & Energy Saving Model Enterprise in the PRC Transportation Industry (2015年度全國交通運輸企業低碳節能環保示範企業)” with three employees of the Group being recognized as “2015 Communication Enterprise Low Carbon & Energy Saving Contribution Individuals (2015年度交通運輸企業低碳節能環保貢獻個人)”. The “Quick-charge E-mode Urban Bus Operation System Construction (快充式純電動城市公交運營體系建設)” project reported by the Group to Guangdong Transportation Department was awarded “Model Project for Energy Saving & Emission Reduction(節能減排示範項目)”. **Secondly – continue to promote the “Five Unifications (五統一)”** (unified technical standards, unified management procedures, unified procurement, unified vehicle maintenance and unified traffic insurance) management. In order to further exploit the Group’s advantages, optimize resources allocation and reduce operational costs, the Group made greater efforts to promote the implementation of “Five Unifications”, implemented energy saving and emission reduction and emphasized on environmental protection by completing bulk procurement of LNG public buses, LNG coaches for road transportation and special vehicles and related equipment required for expressway rescue business successively to lower procurement costs. **Thirdly – deepen brand building.** The Company formulated the “Interim Measures for Brand Management (品牌管理暫行辦法)” to maintain the uniformity of the “Yueyun” Brand. Moreover, the Company successfully completed renewed recognition and application of “Yueyun Express (粵運快車)” as a famous trademark and registration application of trademarks such as 粵運交通 (Yueyun Transportation), 粵運微物流 (Yueyun micro-logistics), 粵運拯救 (Yueyun Rescue) and 粵運樂驛 (Yueyun Loyee); made an application to be listed in the “Top 100 Trustworthy Road Transportation Enterprises in China (中國道路運輸百強誠信企業)” and was ranked 4th; and completed the application of “Yueyun Express (粵運快車)” as a leader brand in a high-quality and high-efficiency manner. Pursuant to the Company’s strategic plan, the Company carried out the brand strategy promotion work and with the implementation of its brand strategy, the Company’s brand competitive advantage will be further improved. In addition, the Company also further rationalized the mother-child brand relationship in the “Yueyun” brand system to protect the Company’s intangible assets and realize asset enhancement; and initiated the VI manual updating project according to actual condition.

RESPONSIBILITY TO SOCIAL WELFARE

We believe that an enterprise cannot operate without support from the whole community, and its development and social welfare always supplement each other. Therefore, the Group took an active part in various public welfare activities and fulfilled its social responsibilities through continuously putting increasing efforts into volunteer services, providing relief for the needy, participating in blood donation for free and making financial donations to develop education.

In 2015, the Company fulfilled its responsibility to social welfare primarily in two aspects. **Firstly – build a volunteer service brand by taking advantage of establishing civilization.** In order to further improve service quality, service zones within the Group participated in the establishment of “National Top 100 Model Service Zones (全國百佳示範服務區)”. On the one hand, the Group further improved service facilities and each of service zones had been equipped with disabled access, toilet for the disabled, sanitary ware for the elderly and children, hand sanitizer and drying machine; gradually provided additional services such as passenger transportation interchange, free WIFI, information inquiry and information on remaining parking lots, and provided personal space for drivers and passengers such as mother-and-baby room in order to enhance personalized service level and further improve basic service capacity. On the other hand, the Group carried out extensive

volunteer service activities at service zones such as “Warm Way Home with Yong Volunteers (青春志願行, 溫暖回家路)” and the number of volunteer service activities carried out amounted to 68 with 1,505 participants. Since activities of establishing civilization commenced, there have been 86 good deeds. **Secondly – providing “offer kindness (獻愛心)” relief for the needy.** The Group continued to organize annual poverty relief activities and raised money for charity in a total amount of approximately RMB1.01 million, all of which had been handed over to Guangdong Province Charity Federation according to the Group’s uniform requirements for assisting Jinshi Village, Tanxia Town, Wuhua County, Meizhou City.

BUSINESS REVIEW

In 2015, the Group continued to propel and implement the strategic development plan and annual development goals, strengthened resource acquisition and integration, optimized and adjusted business structure and introduced innovative business models to improve management efficiency. Meanwhile, the Group made greater efforts on internal control and risk management, strengthened talent development and improved the four-in-one incentive and restraint mechanism of “Strategy-Budget – Assessment – Salary (戰略 – 預算 – 考核 – 薪酬)”, enabling each business segment to achieve collaborative steady development.

As at 31 December 2015, the Group’s revenue was RMB8,709,334,000 (2014: RMB9,878,072,000), a year-on-year decrease of 12%. Gross profit was RMB1,306,765,000 (2014: RMB1,043,738,000), a year-on-year increase of 25%. The decrease in revenue for the year of 2015 was attributed to decreased price and supply for materials logistics business and the increase in gross profit for the year was attributed to the increase in gross profit of motor vehicle transportation and auxiliary services and expressway services business segments. Net profit for the year of 2015 was RMB366,204,000 (2014: RMB293,589,000), a year-on-year increase of 25%. Basic earnings per share was RMB0.42 (2014: RMB0.32 (restated)), a year-on-year increase of 31%, mainly due to the increase in profit for 2015. Net cash inflow from operating activities was RMB966,794,000 (2014: RMB701,088,000), a year-on-year increase of RMB265,706,000 or 38% for net cash inflow.

1. Motor vehicle transportation and auxiliary services

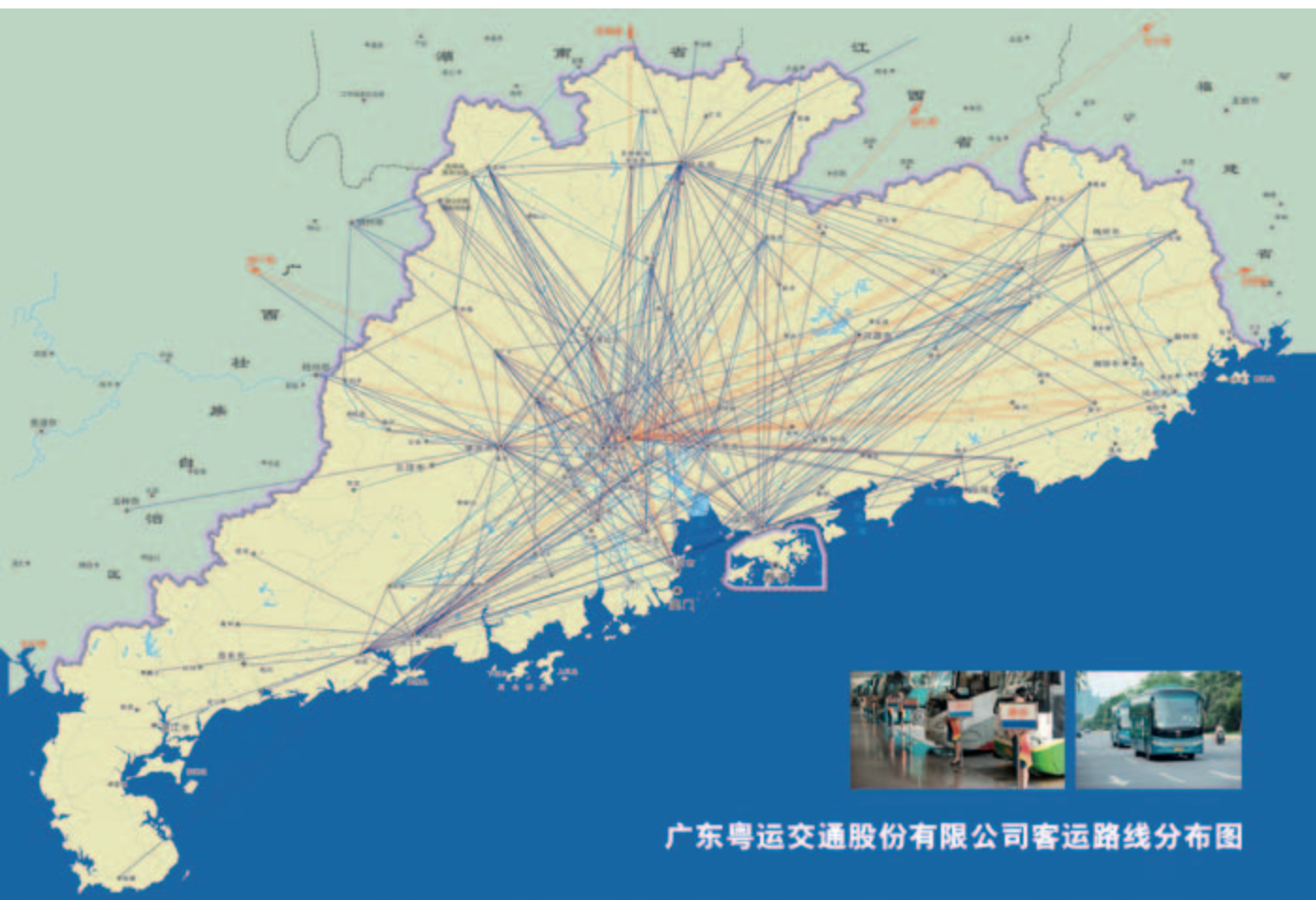
(1) Business overview

Domestic transportation business

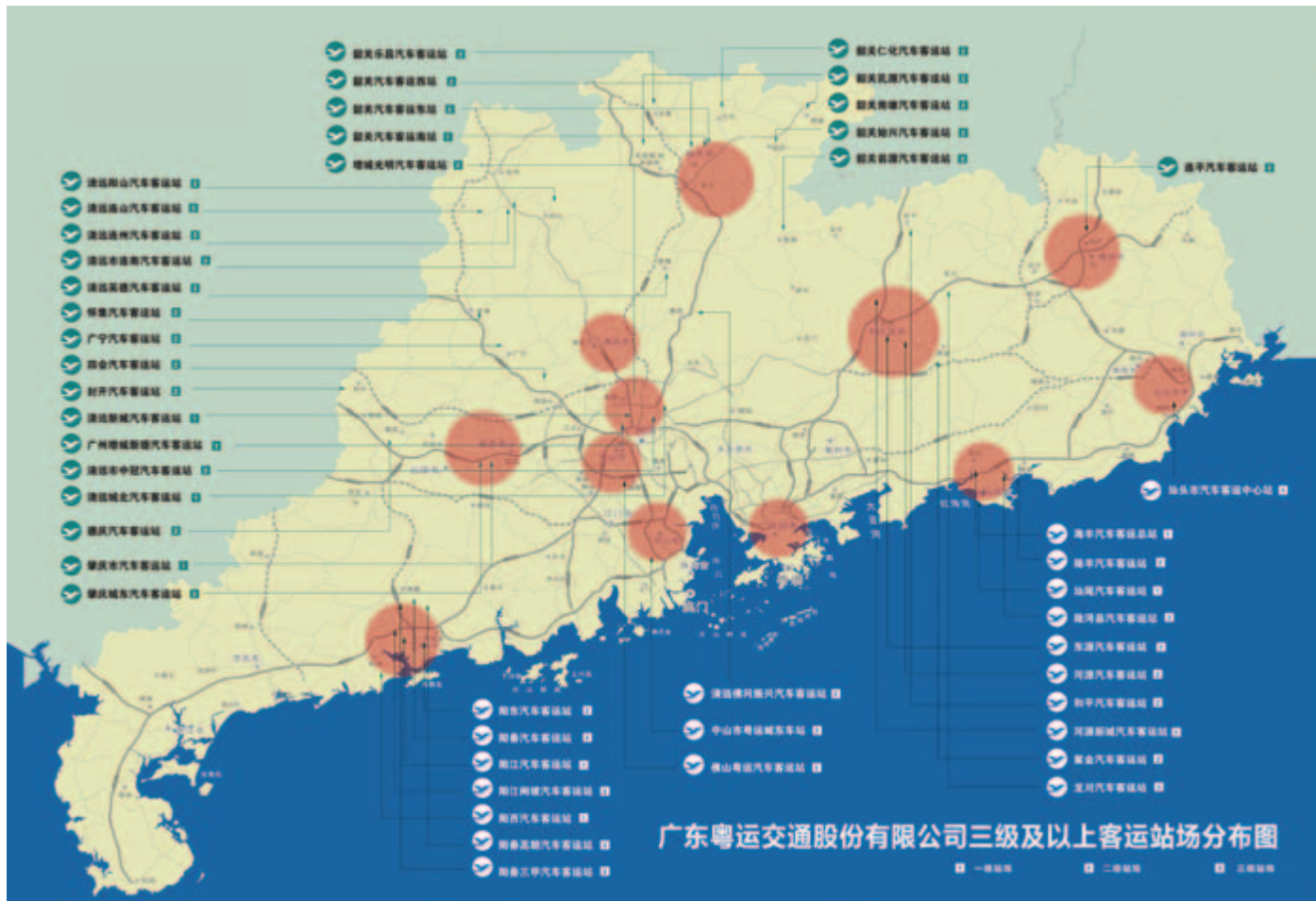
The Group’s domestic transportation business maintained continuous growth. By the end of 2015, the Group owned 3,650 licenses for passenger transportation routes, 1,393 passenger routes, 7,371 operating vehicles and 86 passenger terminals. A total of 90.0532 million passengers were carried for passenger transportation in 2015, representing an increase of 46.28% as compared with the same period in 2014.

(Unless specified otherwise, all amounts are denominated in RMB)

The Group strengthened the acquisition and integration of road transportation resources. At the beginning of 2015, pursuant to the development model of “Acquisition – Consolidation – Growth (併購 – 整合 – 增長)”, the Group completed the acquisition and consolidation of road transportation resources in Shanwei area. By the end of 2015, Shanwei City Yueyun Vehicles Transportation Company Limited (汕尾市粵運汽車運輸有限公司) (“**Shanwei Yueyun**”) owned 473 operating vehicles and 10 terminals. This acquisition and integration has further improved the Group’s road transportation network system. The Group cumulatively reclaimed 244 contracted vehicles to self-operate through enhancing the reclamation and self-operation of contracted vehicles, with a proportion of self-operated vehicles of 60.26% in 2015. Particularly, Qingyuan City Yueyun Vehicles Transportation Company Limited (清遠市粵運汽車運輸有限公司) (“**Qingyuan Yueyun**”), Shaoguan City Yueyun Vehicles Transportation Co., Ltd. (韶關市粵運汽車運輸有限公司) (“**Shaoguan Yueyun**”) and Shanwei Yueyun totally reclaimed 178 contracted vehicles to self-operate in 2015, and thus the aforementioned three companies had a significantly higher proportion of self-operated vehicles compared with that prior to the acquisition. The Group enhanced resource integration for other transportation entities in the region where it operates. As a result, a proposed resource integration has been agreed between Qingyuan Yueyun and two local companies, i.e. Qingxin District Transportation Services Company Limited (清新區交通運輸服務有限公司) and



(Unless specified otherwise, all amounts are denominated in RMB)



Yangshan County Shuntong Transportation Services Company Limited (陽山縣順通運輸服務有限公司), and thus its market share in local transportation market is expected to increase further; Shaoguan Yueyun actively negotiated with other transportation entities in the region to effectively propel the acquisition and integration of regional road resources. The Group has implemented title consolidation to other transportation entities based in Guangzhou with smaller scale and stronger cooperativity, leading to further-improved organization structure and effective integration of various resources such as passenger transportation routes, urban public transport, tourism chartered buses and passenger terminals.

The Group implemented market-oriented optimization for its business portfolio. By closely seizing opportunities arising from cross-node adjustment to intercity passenger routes, the Group adjusted intercity passenger route signs across nodes to increase competitiveness for main transportation lines and effectively respond to impact from rail transportation. The Group put greater efforts on the expansion of the rural passenger transportation market, made arrangements in advance for rural passenger routes and terminals, took full use of the customer-attracting function of rural passenger terminals to enhance control over end-customer sources and form an effective complementary relationship with short-distance passenger transportation and long-distance routes, thus generating synergies with the Group's convenience stores business and package express business. By the end of 2015, the Group had 233 rural

(Unless specified otherwise, all amounts are denominated in RMB)

passenger transportation routes and 725 rural passenger vehicles. The Group actively promoted the establishment of package express platform by using existing resources such as passenger vehicles, passenger terminals, passenger routes and highway service zones to provide transshipment services, franchise services for package express and big data value-added services at a lower marginal cost on the unified network data platform with the help of "Internet +" and the brand advantage of Yueyun. This promoted the transformation and upgrading of existing businesses and enhanced the Group's growth momentum.

The Group actively explored new business models. As a strategic investor, the Group won a public transport project within 0-50 kilometers of the jurisdiction of Shanwei City through competitive negotiation. A strategic cooperation agreement has been signed between Shanwei Yueyun, Shanwei municipal government and BYD, pursuant to which Shanwei municipal government shall be responsible for operating vehicles of such operating entities as urban public transport, short-distance passenger transportation and rural passenger transportation, and gradually reclaim their operation rights upon expiration of the useful life and then pass them to Shanwei Yueyun to operate exclusively while providing land parcels for the construction of public transportation terminals; BYD shall be responsible for the comprehensive introduction of new energy vehicles such as pure electric coaches and pure electric cabs, as well as its established market-based scale operation management experience so as to provide the best funding solutions for Shanwei Yueyun to purchase motor vehicle by using its financing platform. Heyuan City Yueyun Vehicles Transportation Company Limited (河源市粵運汽車運輸有限公司) ("**Heyuan Yueyun**") adopted the cooperative operation model for high-quality routes with a longer contract term, arranged in advance for the reclamation of contracted vehicles to self-operate and shared benefits from route operation to reinforce control over transportation resources in the region.

The Group paid attention to and accelerated its informatization construction. According to the development plan of "Yueyun E+", the Group formulated the "Overall Informatization Construction Planning of Guangdong Yueyun Transportation Company Limited (廣東粵運交通股份有限公司信息化總體規劃項目)", and comprehensively implemented the construction of the master data standardization framework to promote the establishment of the information platform such as online ticketing, WeChat ticketing and fleet management system. By the end of 2015, 66 passenger terminals of the Group achieved ticket purchase by WeChat, with a total of 98,400 tickets sold and the ticket sales of RMB6.0558 million through the WeChat platform, attracting the attention of 334,000 persons. Some subsidiaries of the Group conducted effective innovation to the information platform through the combination of local market demand and their own business features, including the "Smart Passenger Transportation (智慧客運)" project of Shaoguan Yueyun, the "Hong Hai Tong (紅海通)" project of Shanwei Yueyun and the "Guangdong Pay (粵支付)" project of Heyuan Yueyun.

The Group attached importance to enhance transportation service quality. The Group actively propelled the construction of the passenger terminal network, and updated operating vehicles in a timely manner to enhance the convenience, comfort and safety for customer travel; Guangdong Yueyun Langri Company Limited (廣東粵運朗日股份有限公司) ("**Yueyun Langri**"), created a self-service ticketing center at Yangjiang passenger terminal to build up the 24-hour outdoor self-service ticketing network, and installed self-service checking ticket system and achieved full-range WIFI signal coverage within the terminal to further facilitate passenger travel; Zhaoqing City Yueyun Vehicles Transportation Co., Ltd. (肇慶市粵運汽車運輸有限公司) reduced bus stops in the midway by optimizing and adjusting passenger routes and achieved a full-range expressway connection in its best effort to shorten the time of driving and enhance the convenience for passenger travel.

(Unless specified otherwise, all amounts are denominated in RMB)

Cross-border transportation business

The construction of the Group's cross-border passenger ticketing service platform has achieved initial success. The Group successfully developed the cross-border passenger ticketing system, which can provide ticket-selling service for over 130 offline terminals at the same time, and opened an official WeChat account named "Guangdong-Hong Kong Bus (粵港巴士)" at the same time, achieving the sale of tickets through WeChat platform. Customers can enjoy one-stop transportation service information inquiry and "Going Home with a Ticket (一票到家)" service through the cross-border passenger ticketing system or WeChat platform.

The Group introduced innovative business model for traditional cross-border transportation. The Group innovatively offered customized shuttle bus services adapting to the market need according to customer demand for travel and traffic conditions, with an aim to provide customers with convenient, personalized and integrated travel services. Currently, the customized shuttle bus line from the University Town in Guangzhou (大學城) to Prince Edward (太子) in Hong Kong has opened.

The Group continued to promote the project of "Guangdong-to-Hong Kong Direct Link Terminal (粵港直通車站)" and proposed to establish the "Guangdong-to-Hong Kong Direct Link Terminal" at Leliu Service Zone in the South Second Ring Expressway. Currently, relevant work such as project site planning, operation plan and security management has been completed for the project.

(2) Financial position

Motor transportation and auxiliary service is one of the major revenue sources of the Group. The Group newly acquired Shanwei Yueyun through the "Acquisition – Consolidation – Growth (併購 – 整合 – 增長)" development model, and the regional companies improved benefits through the increased recovery of proprietary routes, the expansion of operation scope, the addition of new routes and customer sources, as well as relevant acquisition, reorganization and consolidation. Total assets of motor transportation and auxiliary service as at the end of 2015 were RMB4,909 million (2014: RMB3,873 million). Total liabilities were RMB2,661 million (2014: RMB2,113 million). Revenue was RMB3,028 million (2014: RMB2,504 million), representing approximately 35% (2014: 25%) of the Group's total revenue.

(3) Development prospects

The Group strived to develop motor vehicle transportation as one of its core businesses. In 2016, the Group will continue to make solid progress in the acquisition and consolidation of road transportation resources in the Guangdong Province by sticking to the "Acquisition – Consolidation – Growth (併購 – 整合 – 增長)" development model, further explore transportation terminal network in the Guangdong Province to enhance the market share. In order to withstand the impact of railway transport, all local companies of the Group will make a layout in advance by exploring regional transportation market, consolidating other regional transportation companies on the basis of acquisition and growth pursuant to the development strategy of "forming a microcirculation by exploring the downstream market, focusing on strong trunk lines and seizing branch lines" (車頭向下，做強幹線、搶佔支線、打造微循環) to energetically develop urban and rural public transportation and rural passenger transportation while planning the implementation of service zone network, terminal network and convenience store network merging in one to achieve stable and sustainable sound development of motor vehicle transport, one of the core businesses. The Group will strengthen the micro-

(Unless specified otherwise, all amounts are denominated in RMB)

logistics network construction, boost the internet operation businesses such as express small freight, chartered vehicle, automobile leasing, implement the multi-network parallel operation strategy and grasp key points of these innovations and development so as to actively explore "Internet Plus", make innovation and development of the mobile internet service platform, and cultivate a new profit growth point to achieve business transition.

2. Material logistics services

(1) Business overview

The Group spared no efforts in the material supply management of projects with GCGC. In 2015, the Group participated in the material supply of 28 projects under construction in total, including 11 projects with GCGC (including the expansion project of the Guangzhou-Qingyuan Expressway, Zhaoqing-Huadu Expressway, Baotou-Maoming Expressway, Chaozhou-Huilai Expressway, Humen Second Bridge, Pingyuan-Xingning Expressway, Jiangmen-Luoding Expressway, Jieyang-Boluo Expressway, Luoding-Yangjiang Expressway, Xingning- Wuhua section of Xingning-Shanwei Expressway and Lechang-Guangzhou Expressway) and 17 projects with parties other than GCGC (including Guangzhou Metro Line 6, Guangzhou Metro Line 8, Guangzhou Metro Line 21, Hong Kong-Zhuhai-Macau Bridge, Dongjiang Grand Bridge, Guangzhou-Gaoming Expressway, Guangzhou-Qingyuan Intercity Rail Transit, Guangzhou-Dongguan-Shenzhen Intercity Rail Transit, Dongguan- Huizhou Intercity Rail Transit, Foshan-Zhaoqing Intercity Rail Transit, Guangzhou-Foshan Ring City Rail Transit, Hubei Xiaogan Project, Hubei Communications Investment Commercial Project, Ren Xin Expressway Project, Zhanjiang-Xuzhou and Chongqing-Zhanjiang Maintenance Project (湛徐渝湛養護項目), Shenzhen Municipal Annual Maintenance Project (深圳市市政年度維修項目) and Northern Section in Guangdong of Beijing-Zhuhai Expressway Maintenance Project (京珠北養護項目)). The Group supplied 925,600 tons of steel, 4.2545 million tons of cement, 272,500 tons of asphalt throughout 2015.

The Group proactively explored the material supply business in the market other than GCGC. In 2015, the Group won a bid to supply 332,000 tons of steel in Guangzhou Metro Line Projects with a bidding amount of RMB1.24 billion and a bid to supply 838,000 tons of cement in Ren Xin Expressway Project (仁新高速公路項目) with a bidding amount of RMB320 million and a bid to supply 51,000 tons of asphalt in the commerce and trade project of Hubei Communication Investment with a bidding amount of RMB167 million.

The asphalt warehousing and terminal business of the Group maintained steady development. In 2015, the Group accumulated 203,000 tons of asphalt inbound and 211,100 tons of asphalt outbound with 33 asphalt vessels docking. The Group actively promoted the construction of the wharf phase II project in Dongguan and this project has currently passed initial acceptance with an overall objective of "completing as early as possible and producing efficiency as early as possible". The Group elaborated on a business development plan for the wharf to fully leverage asset efficiency for enhancement of operation efficiency based on the characteristics of the wharf resource and market condition. The Group attached great importance to the technical research and development of asphalt and completed the laboratory research of the nova-surfacing technologies in 2015 and successfully applied for and submitted to the Communications Department of Guangdong Province for approval of the Applied Research of Nova-Surfacing Technologies on Preventive Maintenance of Asphalt Road in the Southern Humid Areas as a science project with 8 utility model patents approved by the National Patent Office and obtained all patent certificates.

(Unless specified otherwise, all amounts are denominated in RMB)

The Group strengthened its cost management and made the innovation of material supply management model to effectively prevent the risk exposure to receivables. In order to enhance the cost calculation management capability, the Group established a complete set of basic models for cost calculation. The Group achieved the control of comprehensive procurement costs through collecting and analyzing a large quantity of original procurement cost data and optimizing and integrating resource channels. The Group flexibly adjusted and controlled the inventories in accordance with the monthly material demand plan while ensuring timely project supply to rationalize inventory and enhance the material procurement efficiency. Meanwhile, the Group implemented the delivery mechanism for dual control on credit periods and limits of receivables through adopting joint delivery control measures by business department, operation and management department and finance department in order to maintain the risk exposure to receivables within a controllable level.

The Group strengthened the material quality management and quality certification. The Group increased its efforts on sample inspection of incoming material to improve quality by conducting a total of 1,001 sample inspections of materials with a pass rate of 100%. The Group was rated as AAA during the credit assessment in the national steel circulation industry, and as AA in the 2014 Credit Assessment on Highway Design Enterprises in Guangdong carried out by Department of Transportation of Guangdong Province, creating favorable conditions for the Group's participation in tender of material supply.

(2) *Financial position*

Material logistics business is one of the major revenue sources of the Group. The decrease in price and supply level of the supplied materials led to the decrease of this business as compared to 2014. Total assets as at the end of 2015 were RMB1,860 million (2014: RMB2,070 million). Total liabilities were RMB1,861 million (2014: RMB2,166 million). Revenue was RMB4,656 million (2014: RMB6,491 million), representing approximately 53% (2014: 66%) of the Group's total revenue.

(3) *Development prospects*

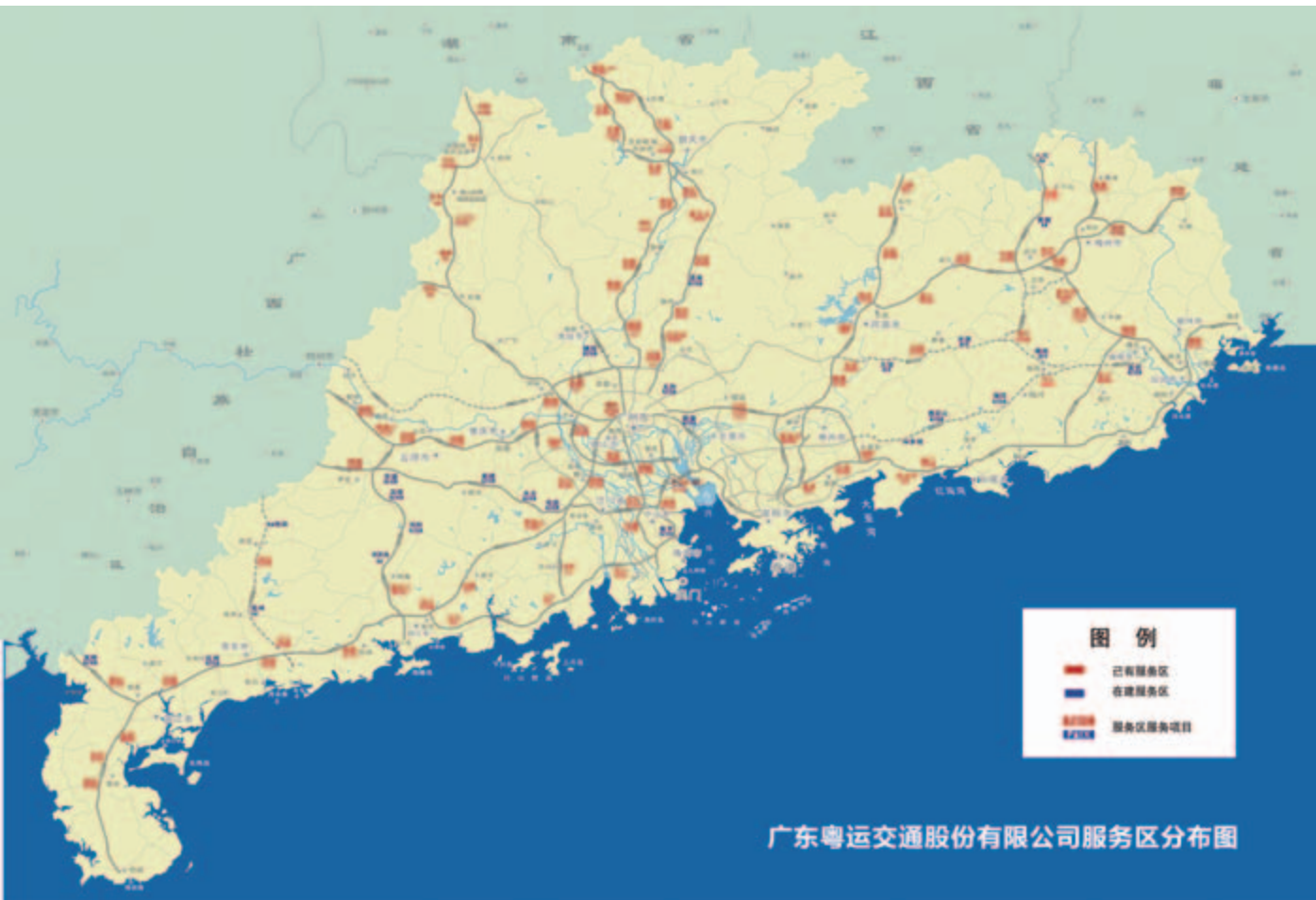
Material logistics services is one of the Group's core businesses. In accordance with the Group's business development plan, this business needs transformation and upgrading to logistics park business. The Group will strengthen the integrated logistics network construction and actively propel the development of the logistics park pilot project and diversified business operation of Dongguan Jia Fu Wharf (東莞佳富碼頭) in 2016.

3. **Expressway services**

(1) *Business overview*

The Group's expressway services business achieved steady growth in scale. By the end of 2015, the Group operated 88.5 pairs of service zones, 139 gas stations and 120 LOYEE convenience stores (including convenience stores in passenger terminals).

(Unless specified otherwise, all amounts are denominated in RMB)



The Group actively promoted to obtain the entrusted operation rights of service zones and obtained the entrusted operation rights of 8 pairs of service zones of expressways including Baotou-Maoming Expressway, Jiexi-Boluo Expressway, Pingyuan-Xingning Expressway and Chaozhou-Huilai Expressway Phase I in 2015. By the end of 2015, the Group obtained the entrusted operation rights of up to 91 pairs of service zones.

The Group ensured the commencement and operation of service zones of newly opened sections of expressways. The Group has made geographical division, function positioning and infrastructure planning for 8 pairs of new service zones of expressways including Baotou-Maoming Expressway, Jiexi-Boluo Expressway, Pingyuan-Xingning Expressway and Chaozhou-Huilai Expressway Phase I based on various factors such as road characteristics, location of the service zones, vehicle types and traffic volumes, so as to achieve differentiated operations.

(Unless specified otherwise, all amounts are denominated in RMB)

The Group steadily promoted the renovation and expansion of key node service zones such as Houmen Service Zone and Dahuai Service Zone. In January 2016, the Group had completed the acquisition of service zone assets for the renovation and expansion project of Houmen service zone and currently the Group is actively promoting the commercial planning and preparation of the project and other related work. The renovation and expansion project of Dahuai service zone has proceeded to land acquisition stage, and the Group is actively promoting such preparatory work as project investment feasibility report preparation, project establishment and environmental assessment.

The Group actively explored the energy business in pursuit of new profit growth point. In 2015, the Group formulated the Energy Business Development Strategy and Implementation Plan (《能源業務發展戰略及實施方案》) (the **“Implementation Plan”**). Pursuant to the Implementation Plan, during 2015, the Group signed the contracted management agreements for 16 new gas station projects of the service zones along the new expressways such as Jiexi-Boluo Expressway, Chaozhou-Huilai Expressway, Baotou-Maoming Expressway, Pingyuan-Xingning Expressway, and completed the planning confirmation application, construction, certificate issuance, commencement of operation and other works for gas station projects. At the same time, the Group explored 12 gas stations which will be self-established and self-operated by the service zones along certain sections of Chaozhou-Huilai Expressway and Jiangmen-Luoding Expressway.

The Group increased its efforts on the VI transformation of service zones in order to fully tap the commercial value of promotion projects. The Group implemented VI transformation work on 42 pairs of service zones and also carried out famous brand application and registration for Top-E so as to comprehensively enhance the overall service image of service zones and the influence of Top-E brand. The Group also fully sorted out shop resources, merchant resources, contract information, etc. of service zones and conducted data mining by formulating the Area Measurement Program on Commercial Land of Service Zones (《服務區商業用地面積測量工作方案》) to recognize such important information as major customer groups and values attributable to each format, so as to fully tap and revitalize the commercial value of service zones.

The Group steadily promoted the strategic development plans for retail of Yueyun and accelerated the layout of its convenience store network. The Group formulated the Implementation Plans for the Retail Network of Guangdong Yueyun Transportation Company Limited (2015-2019) (《廣東粵運交通股份有限公司零售網絡實施方案 (2015-2019年)》), actively expanded the convenience stores to expressway service zones and passenger terminals, and intended to expand to the third- and fourth-tier cities and the rural markets with an aim to establish the retail chain operational network across the whole province with its efforts over five years, while achieving synergies with small items express network, vehicle rental network, ticket service network, logistics and distribution network and supply network of production materials. As at the end of 2015, the Group operated 120 LOYEE convenience stores, including 16 convenience stores in passenger terminals.

(Unless specified otherwise, all amounts are denominated in RMB)

The Group increased its access to the columns and other outdoor media resources along expressways. In 2015, the Group executed the expressway media entrusted operation contracts in respect of the sections along Jiangmen-Heshan Expressway, Erenhot-Guangzhou Expressway, Zhaoqing-Huadu Expressway, Foshan-Kaiping Expressway, Guangzhou-Lechang Expressway and Meizhou-Dabu Expressway Phase II. As at the end of 2015, the Group had a total of 367 outdoor ads columns along 50 highway sections, as well as three gantries ads facilities, five overpass bridges ads facilities, 11 billboards on the roof of toll stations and 15 billboards at toll square, which further expanded the scale of expressway media resources.

The Group strengthened the resource integration of passenger transportation media and focused on promoting the development of digital media. The Group integrated the media resources of passenger terminals, urban public transport buses and passenger buses. The Group further extended the content and promotion form of the “Quick delivery” project, and combined the static display of traditional print media with the interactive marketing features of the “Quick delivery”, with its focus on the travelers in order to create a unique form of advertising, which improved the effect of precision marketing. The cooperation of the Group with Beijing Xinguang Digital Cinema (北京新光數字院線) has given full play to their respective advantages to explore the “digital cinema + advertising” project to the Group’s passenger terminals at Grade II or above, which initially realized the integration of traditional media and digital media. The Group also comprehensively promoted the Internet digital media projects for large customers in order to carry out digital media marketing and precision marketing.

(2) *Financial condition*

Expressway services business is one of the major revenue sources of the Group. As at 31 December 2015, the number of operating service zones of the Group amounted to 88.5 pairs (2014: 77.5 pairs), the increase in the number of service zones and the increase in revenue from one-off admission fees at petrol stations resulted in higher growth of this business as compared to 2014. Total assets as at the end of 2015 were RMB1,008 million (2014: RMB916 million). Total liabilities were RMB626 million (2014: RMB611 million). Revenue was RMB830 million (2014: RMB706 million), representing approximately 10% (2014: 7%) of the Group’s total revenue.

(3) *Development prospects*

Expressway service is also one of the Company’s principal businesses. In 2016, in line with the development momentum of Internet economy, the Group will initiate the commodity retail network construction strategy to expand its convenience store network; initiate the commercial real estate development business to promote certain major projects such as Houmen Service Zone and Dahuai Service Zone and to cultivate network node for transportation real estate; initiate energy business to set up internal and external energy networks and to propel the integrated operation of gas station resources newly acquired in the motor vehicle transportation business. In 2016, the Group will continue to promote the implementation of new media advertising strategy in respect of advertising business, and also further explore and enlarge the commercial value of internal and external advertising media resources through leveraging on the platform of digital media companies with expressway network.

(Unless specified otherwise, all amounts are denominated in RMB)

4. Taiping Interchange

The Taiping Interchange business recorded growth in 2015 as compared to 2014 due to the increase in traffic volume. Total assets as at the end of 2015 amounted to RMB2,929 million (2014: RMB2,084 million), total liabilities amounted to RMB1,285 million (2014: RMB477 million) and revenue for 2015 amounted to approximately RMB191 million (2014: RMB173 million), which continued to contribute stable cash flow to the Group.

5. Commercial development of self-owned land

(1) *Progress in the development of the “Three Olds” transformation project on the land held by Guangdong Province Transportation Engineering Company Limited*

In 2015, Guangzhou Baiyun District government commenced the preparation of the Regulatory Plan for Guangzhou Western Baiyun District Tang Chong Area (《廣州市白雲西棠湧片區控制性詳細規劃》), the area plan of the Regulatory Plan for the Extension of Guangzhou Western Baiyun New Town (《廣州市白雲新城西部延伸區控制性詳細規劃》), and such plan covers the land on Airport Road, Guangzhou held by Guangdong Province Transportation Engineering Company Limited, a wholly-owned subsidiary of the Company. The Group, in light of the development trend of the real estate market, carried out a new round of land planning optimization research, put forward the demand to relevant government authorities such as Guangzhou Planning Bureau and Baiyun District Planning Bureau for raising the volume rate indicators, and submitted the transformation application letter and transformation program to Guangzhou Urban Renewal Bureau and Baiyun District Urban Renewal Bureau. Currently, the land use of the parcel under transformation has been adjusted to fully commercial use, and the planning and optimization for municipal roads has been realized according to the project planning. The Group has been carrying out negotiations with well-established real estate enterprises in order to speed up the preliminary study, joint development and investment solicitation of this project and other related work. The Group will closely track the preparation and implementation of the Regulatory Plan for Guangzhou Western Baiyun District Tang Chong Area (《廣州市白雲西棠湧片區控制性詳細規劃》) by Guangzhou Baiyun District government and continue to coordinate and promote the planning and optimization of specific land use indicators such as project volume rate. Subject to the implementation rules for the “Three Olds” transformation policies and the Regulatory Plan for Guangzhou Western Baiyun District Tang Chong Area (《廣州市白雲西棠湧片區控制性詳細規劃》) duly issued and implemented by the Guangzhou government, the Group will fully promote the application and development process for the project.

(Unless specified otherwise, all amounts are denominated in RMB)

(2) *Commercial development of Yangxi Old Terminal*

At the beginning of 2015, the construction of Yangxi New Passenger Terminal under the management of Yueyun Langri was completed and put into operation, and the commercial development plan was initiated after the relocation of Yangxi Old Terminal had been completed. Yangxi Old Terminal was located at the prime region in Yangxi County, Yangjiang City, nearby the National Highway 325, with the site area of 9,350.95 m^2 and the land use right type of granted land for commercial and residential purposes. At present, the land parcel is proposed to be developed at the volume rate of 1.99, the building density of 30% and the green space rate of 30%, while the final indicators are subject to the approval of government authorities. Currently, the project is at the early stage for obtaining the land planning permission and the state-owned land use certificates.

Investment Plans of the Group

According to the 2014-2018 strategic planning arrangement of the Group, the investment focus of the Group in future will still be surrounding the business developments of the three major segments of motor transportation and auxiliary services, expressway services and material logistics, while investment in informatization construction will be enhanced.

For motor transportation and auxiliary services, the Group will continue to adopt the “Acquisition – Consolidation – Growth” development model, accelerate the consolidation of motor transportation resources in all prefecture-level cities in Guangdong province, coordinate and optimize the resources of acquired enterprises, continue to implement self-operated vehicle upgrading and recovery work, improve the network of terminals constantly, expand market shares, integrate with market changes and implement the projects of new terminal construction, renovation of old terminals and development of idle land projects in a scientific manner to revitalize land resources, increase investment yields, strengthen and expand the principal business of motor transportation.

For expressway services, the Group will devote all efforts to build up integrated development pilot projects in Houman service zone and Dahuai service zone in order to accumulate experience and talents for the integrated development of service zones and establish the foundation for subsequent investments. Meanwhile, opportunities for the development of self-operation and cooperation in oil, gas and power energy businesses, consolidation and development of advertising resources as well as the road rescue business will be actively sought, and to realize investment benefits in the networking of One Belt One Road by leveraging expressways.

In respect of material logistics business, the Group will actively explore the business of integrated logistics parks while maintaining the existing sound development foundation of the material logistics business, and strives to identify, initiate and implement a batch of projects as early as possible to facilitate the transformation and upgrading of the material logistics business and realize the Group's strategic plan objective of big logistics.

(Unless specified otherwise, all amounts are denominated in RMB)

On informatization construction, the Group will follow the corporate strategic development plan and the overall informatization construction planning, by adopting the concept of “Internet+” and emerging technological measures such as cloud computing, internet of things and big data, through the building of a platform company to develop various businesses and management system, enhance operational management, reinforce consolidation of resources, facilitate business synergies and carve out the mechanism for corporate informatization management system, a comprehensive corporate informatization service system with horizontal links, vertical flows, sharing of resources and business synergies will be built.

Arrangement of investment funds for 2016 plans: Upgrading of vehicles will adopt the combined method of using self-contributed funds for initial down payment and borrowing loans for subsequent amounts; significant projects such as terminal construction, land development and integrated development of service zones will adopt the method of using partly self-contributed funds and partly project financing loans to provide funds; other projects of smaller scale, such as informatization investment, will primarily use self-owned funds to meet the funding requirements.

FINANCIAL REVIEW

The Group's annual results for the year ended 31 December 2015

In 2015, the revenue of motor vehicle transportation and auxiliary services and expressway services business segments steadily increased and net profits and net profits attributable to the owners of the Company both significantly increased as the Group expanded the scale of operations, vigorously pushed forward the consolidation of our resources and fully utilized synergy.

For the year ended 31 December 2015, revenue of the Group amounted to RMB8,709 million, representing a decrease of RMB1,169 million or 12% as compared with RMB9,878 million for 2014; gross profit amounted to RMB1,307 million, representing an increase of RMB263 million or approximately 25% as compared to RMB1,044 million for the same period in 2014. The decrease in revenue for 2015 was due to a year-on-year decrease in the price of material logistics business as affected by the market condition and decrease in the supply, and the increase in gross profit was mainly due to significant increase in the income of motor vehicle transportation and auxiliary services and expressway services business.

The Group recorded net profits attributable to the shareholders of the Company (the “Shareholders”) of RMB266 million for the year ended 31 December 2015, representing an increase of 31% as compared with RMB203 million for 2014; basic earnings per share increased 31% from RMB0.32 for 2014 (restated) to RMB0.42 for 2015.

(Unless specified otherwise, all amounts are denominated in RMB)

SEGMENT INFORMATION

Revenue

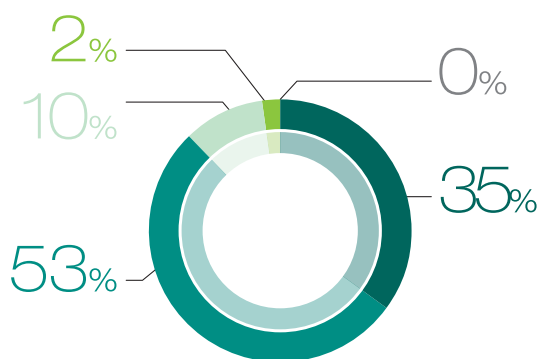
The revenue of the Group for 2015 was mainly derived from three business segments, namely provision of motor vehicle transportation and auxiliary services, provision of material logistics services and provision of expressway services. Revenue from the Taiping Interchange business was also included in the revenue of the Group. Revenue of the Group for 2015 amounted to RMB8,709 million (2014: RMB9,878 million), representing a decrease of RMB1,169 million or approximately 12% over the same period in 2014, which was mainly due to the reduction of income as a result of decrease in the price of material business and the supply during 2015.

Revenue by business segments (as at 31 December):

	2015		2014	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	3,028,006	35%	2,503,719	25%
Material logistics services	4,656,192	53%	6,491,250	66%
Expressway services	830,387	10%	706,300	7%
Taiping Interchange	191,299	2%	173,174	2%
Others	3,450	0%	3,629	0%
Total	8,709,334	100%	9,878,072	100%

Revenue by business segments

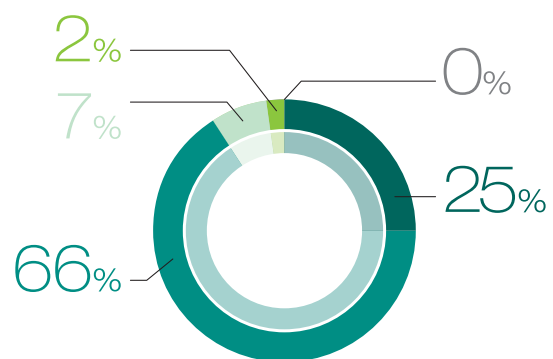
(as of 31 December): 2015 (RMB'000)



■ Motor vehicle transportation and auxiliary services
 ■ Material logistics services
 ■ Expressway services
 ■ Taiping Interchange
 ■ Others

Revenue by business segments

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



■ Motor vehicle transportation and auxiliary services
 ■ Material logistics services
 ■ Expressway services
 ■ Taiping Interchange
 ■ Others

(Unless specified otherwise, all amounts are denominated in RMB)

1. *Motor transportation and auxiliary services*

Motor transportation and auxiliary services are among the major sources of the Group's revenue. Such business recorded revenue of RMB3,028 million (2014: RMB2,504 million) for 2015, representing an increase of RMB524 million, or approximately 21%, as compared to the same period in 2014, and accounting for approximately 35% (2014: 25%) of the Group's total revenue. The increase in revenue was mainly due to (i) the regional companies' heightened synergy from mergers and acquisitions through the growth on the reclaim of proprietary routes, the expansion of the scope of operation and the extension of new routes and passenger sources; and (ii) the Group's acquisition of Shanwei Yueyun under its "Acquisition – Consolidation – Growth" development model in 2015.

2. *Material logistics services*

Material logistics services are among the major sources of revenue of the Group. During 2015, revenue generated from such services amounted to RMB4,656 million (2014: RMB6,491 million), representing a decrease of RMB1,835 million, or approximately 28%, as compared to the same period in 2014, and accounting for approximately 53% (2014: 66%) of the Group's total revenue. The decrease in revenue was mainly due to a year-on-year decrease in the price of material business as affected by the market price and decrease in the supply.

3. *Expressway services*

As at 31 December 2015, the number of the Group's operating service zones was 88.5 pairs (2014: 77.5 pairs). The revenue generated from expressway services amounted to RMB830 million (2014: RMB706 million), representing an increase of RMB124 million, or approximately 18%, as compared to the same period in 2014, and accounting for approximately 10% (2014: 7%) of the Group's total revenue. Such revenue growth was mainly attributable to an increased number of service zones and the growth of revenue from one-off admissions fees at petrol stations.

4. *Taiping interchange*

Revenue from the Taiping Interchange amounted to approximately RMB191 million (2014: RMB173 million) for 2015, representing an increase of RMB18 million, or approximately 10%, as compared to the same period last year. Such change was mainly due to organic increase in traffic volume.

(Unless specified otherwise, all amounts are denominated in RMB)

Gross profit

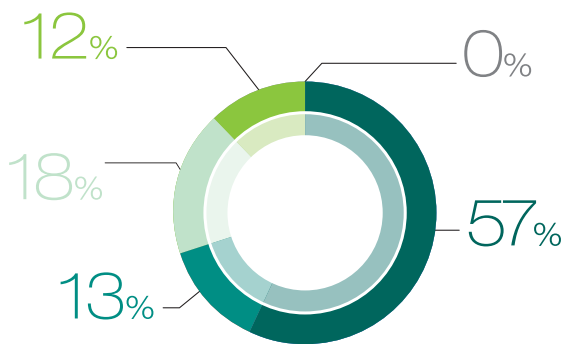
Gross profit of the Group for 2015 amounted to RMB1,307 million (2014: RMB1,044 million), representing an increase of RMB263 million, or approximately 25%, as compared to the same period in 2014, which was mainly attributable to a year-on-year increase in gross profit of motor vehicle transportation and auxiliary services and expressway services business segments during the year.

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

	2015		2014	
	RMB'000	Percentage	RMB'000	Percentage
Motor vehicle transportation and auxiliary services	743,003	57%	562,059	54%
Material logistics services	179,928	13%	191,807	18%
Expressway services	233,114	18%	154,758	15%
Taiping Interchange	152,544	12%	133,819	13%
Others	(1,824)	0%	1,295	0%
Total	1,306,765	100%	1,043,738	100%

Gross profit by business segments

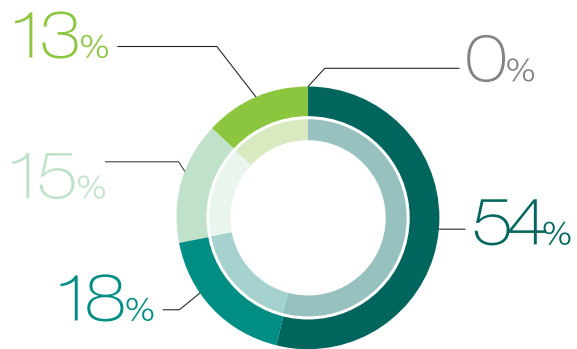
(as of 31 December): 2015 (RMB'000)



Motor vehicle transportation and auxiliary services
Material logistics services
Expressway services
Taiping Interchange
Others

Gross profit by business segments

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



Motor vehicle transportation and auxiliary services
Material logistics services
Expressway services
Taiping Interchange
Others

(Unless specified otherwise, all amounts are denominated in RMB)

1. *Motor transportation and auxiliary services*

Gross profit of motor transportation and auxiliary services for 2015 amounted to RMB743 million (2014: RMB562 million), representing an increase of RMB181 million, or approximately 32%, as compared to the same period last year. Gross profit margin was 25% (2014: 22%) for the year. The increase in gross profit was mainly due to the expansion of the scale of operations and intensive operations in 2015, resulting in an increase in revenue.

2. *Material logistics services*

Gross profit from material logistics services business amounted to RMB180 million (2014: RMB192 million), representing a decrease of RMB118 million, or approximately 6%, as compared to the same period last year, which was mainly attributable to a year-on-year decrease in revenue. Gross profit margin was 4% (2014: 3%) for 2015.

3. *Expressway services*

Expressway services business attained gross profit of RMB233 million (2014: RMB155 million) during 2015, representing an increase of RMB78 million, or approximately 51%, as compared to the same period last year. Gross profit margin was 28% (2014: 22%), which was mainly attributable to an increase in revenue.

4. *Taiping Interchange*

Gross profit of the Taiping Interchange for 2015 amounted to RMB153 million (2014: RMB134 million), representing a year-on-year increase of RMB19 million or 14%. Gross profit margin was 80% (2014: 77%) for the year. The increase in gross profit margin was mainly due to an increase in revenue during 2015.

Business tax and other surcharges

Business taxes and other surcharges for 2015 amounted to RMB65 million, representing an increase of RMB4 million or 7% as compared with RMB61 million for 2014. The increase was mainly attributable to the business growth.

Selling and administrative expenses

The Group's selling and administrative expenses for 2015 amounted to RMB778 million, representing an increase of RMB161 million or 26% as compared to 2014, which was mainly attributable to (i) the increase in staff costs and remuneration for 2015; and (ii) the new subsidiaries acquired during 2015.

Finance costs

Finance costs incurred for 2015 amounted to RMB70 million, representing an increase of RMB7 million or 11% as compared to 2014, which was mainly due to (i) an expansion of consolidation; and (ii) an increase in net exchange losses.

(Unless specified otherwise, all amounts are denominated in RMB)

Provision for impairment losses of assets

Provision for impairment losses of assets for the year amounted to RMB7 million, representing a decrease in impairment losses of RMB12 million or 63% as compared to 2014, mainly due to the decrease in provision for prepayables and other receivables.

Investment income

Investment income for 2015 amounted to RMB32 million, representing an increase of RMB15 million or 86% as compared with RMB17 million in 2014, which was mainly attributable to increase in profitability of associates during 2015 as compared to 2014.

Liquidity and capital structure

The Group adopted prudent financial management policies towards its financial management, and implemented strict budget control towards use of funds. 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. The Group fully leveraged on the beneficial rate environment of bond market to optimize financial structure and lower overall financial cost through comparatively low cost financial channel such as issuance of corporate bond. The Group enhanced capital allocation through the operation of cash pooling, in order to effectively reduce the need for external borrowings and increase the efficiency of capital utilization. At the end of 2015, our balance of available bank facilities amounted to RMB 5.313 billion and operating cash net inflow at the end of the period amounted to RMB 967 million, which provided sufficient protection for our operating loan and ensured that repay of principal and interest without risk.

Unit: RMB'000

Items	As at 31 December 2015	As at 31 December 2014
Borrowings	1,225,597	939,887
Less: Cash and cash equivalents	1,923,407	1,763,603
Net debt	(697,810)	(823,716)
Total liabilities	4,506,195	4,041,177
Total equity attributable to owners	3,046,589	2,711,903
Total equity	2,348,779	1,888,187
Total assets	7,552,785	6,753,080
Gearing ratio	(29.71%)	(43.62%)
Asset to liability ratio	59.66%	59.84%

Gearing ratio = Net debt/Total equity

Total equity = Net debt + Total equity attributable to owners

Asset to liability ratio = Total liabilities/Total assets

(Unless specified otherwise, all amounts are denominated in RMB)

Cash flows

During 2015, the Group satisfied its requirement for payment of its obligations under contracts, expansion and development of core business and general working capital mainly through cash generated from operating activities and bank borrowings. Cash and cash equivalents during 2015 (after excluding the effect of exchange rate movement) were as follows:

Unit: RMB'000

Cash generated from/(used in)	2015	For the year ended 31 December	
		2014	Change
Operating activities	966,794	701,088	265,706
Investing activities	(864,829)	(375,561)	(489,268)
Financing activities	52,257	(272,302)	324,559

Operating activities

The Group's net inflow from operating activities amounted to RMB967 million during 2015 (2014: net inflow of RMB701 million), representing an increase of RMB266 million, which was mainly attributable to the fact that the Company strengthened its working capital management measures, which resulted in the acceleration of recovery of trade receivables.

Investing activities

The net cash outflow from investing activities during 2015 was RMB864 million (2014: net cash outflow of RMB375 million), representing an increase of RMB489 million, which was mainly attributable to the acquisition of assets for its vehicle transportation and auxiliary services for RMB627 million.

Financing activities

The net cash inflow from financing activities during 2015 was RMB52 million (2014: net outflow of RMB272 million), representing an increase in net inflow of RMB324 million, which was mainly attributable to the issuance of corporate bonds of RMB780 million during the year.

Borrowings position

As at 31 December 2015, outstanding borrowings of the Group was RMB1,225 million, comprising (i) unsecured short-term loans of RMB91 million (31 December 2014: RMB270 million); (ii) secured short-term loans of RMB35 million (31 December 2014: RMB10 million); (iii) secured long-term loans of RMB133 million (31 December 2014: RMB91 million); (iv) unsecured long-term loans of RMB193 million (31 December 2014: RMB263 million); (v) finance lease payables of RMB0.4 million (31 December 2014: RMB1.4 million); and (vi) bonds payable of RMB773 million (31 December 2014: RMB299 million). As at 31 December 2015, the majority of the Group's borrowings were denominated in RMB and were subject to floating or fixed interest rates.

(Unless specified otherwise, all amounts are denominated in RMB)

Major acquisitions and establishment of new companies

For the period ended 31 December 2015, the Group invested in the establishment of 2 new companies, including Zhaoqing City Yueyun Travel Agency Company Limited and Yangjiang City Yueyun Langri Motor Vehicles Driving Training Company Limited, and acquired 6 new subsidiaries, including Shanwei City Yueyun Vehicles Transportation Company Limited, Lufeng City Landway Vehicles Transportation Company Limited, Haifeng County Vehicles Transportation Company Limited, Shanwei City Yueyun Public Traffic Company Limited, Shanwei General Vehicles Terminal and Haifeng Vehicles Terminal. The Group had total investment costs of approximately RMB68 million in respect of these new companies.

Except for aforesaid investment in subsidiaries and otherwise disclosed in this annual report, there were no significant investments held, nor were there any material acquisitions and disposals of subsidiaries by the Group for the year ended 31 December 2015.

Major properties held for investment

Name of property	Address	Usage	Types of lease
Compound in No. 1733 Airport Road, Guangzhou City	No. 1733 Airport Road, Guangzhou City	Operating lease	short-term within 10 years
Zijin Old Station — Main Building, Clock Tower, Office of Canteen	No. 99, Jinshan Boulevard Central, Zijin County	Operating lease	short-term within 10 years
Control Building of Railway Station	Axis 4-6, Axis 1/C-G, East of Foshan Railway Station, Wenchang Road, Chancheng District, Foshan City	Operating lease	short-term within 10 years
Apartment for Drivers	Interchange between Fuqianxi Road and Huancheng Road, Qujiang District, Shaoguan City	Operating lease	short-term within 10 years

(Unless specified otherwise, all amounts are denominated in RMB)

Name of property	Address	Usage	Types of lease
Floor 1 to 4, East Block, New Station Office Building, Haifeng County	Northwest of Guangfu Road, Haifeng County	Operating lease	short-term within 10 years
Underground Shop, A He An Building, North of Sai Yeung Choi Street, Mong Kok, Kowlook	Underground Shop, A He An Building, North of Sai Yeung Choi Street, Mong Kok, Kowlook	Operating lease	short-term within 10 years
Passenger Traffic Center Building in Lianzhou City	No. 136, Beihu Road, Lianzhou City	Operating lease	short-term within 10 years
Complex Building of Vehicle Passenger Terminal in Danxia Mountain	No. 218, Jinxia Community, Danxia Development Zone, Renhua County	Operating lease	short-term within 10 years
Commercial Center Property	Next to Xintang Vehicle Passenger Terminal, No.1 Xiangshan Boulevard South, Xintang, Guangzhou	Operating lease	short-term within 10 years
Passenger Traffic Complex Building in Lianzhou City	No. 136, Beihu Road, Lianzhou City	Operating lease	short-term within 10 years

Pledge of assets

As at 31 December 2015, investment properties at the net value of RMB2 million (31 December 2014: RMB2 million), fixed assets at the net value of RMB202 million (31 December 2014: RMB129 million) and land use rights at the net value of RMB78 million (31 December 2014: RMB4 million) of the Group were pledged as security for bank borrowings.

Foreign exchange risk and hedging

Most of the revenue and expenditure of the Group are settled or denominated in Renminbi, except for the revenue and expenditure related to cross-border transportation services. In 2015, the working capital and liquidity of the Group were slightly affected by exchange rate fluctuations. The Directors believe that the Group has sufficient foreign currency to meet its demand. The Group will continue to pay close attention to the currency fluctuations of Renminbi, and will adopt proper measures to reduce the currency risk exposures of the Group based on its operating needs.

Contingent liabilities

No material contingent liabilities were recorded as at 31 December 2015.

5 YEARS FINANCIAL SUMMARY

(Expressed in RMB'000)

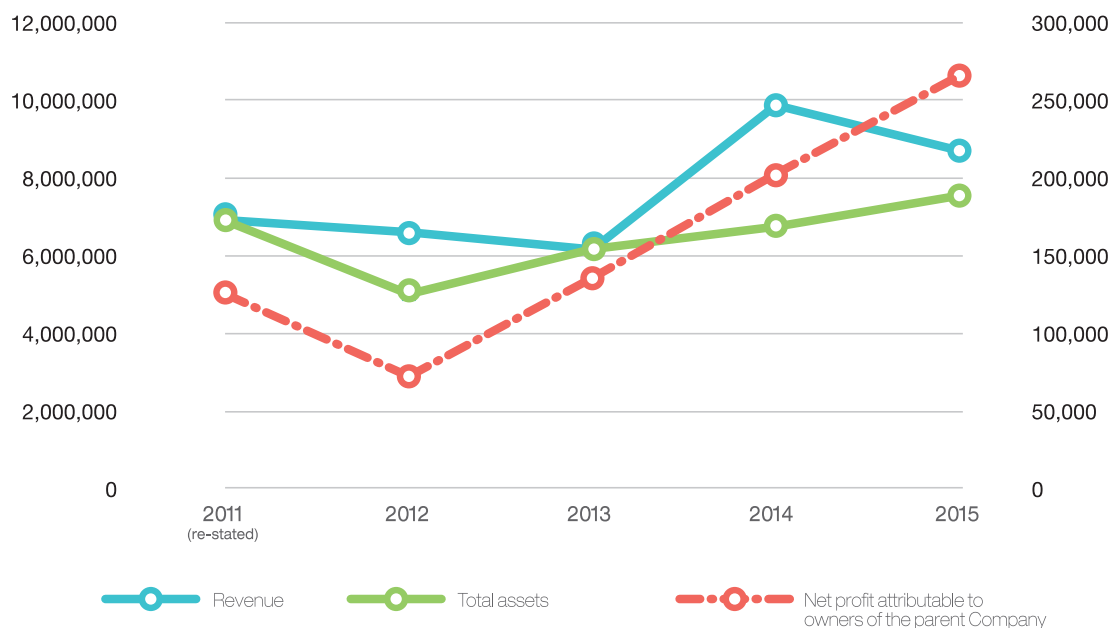
For the years ended 31 December	2015	2014	2013	2012	2011
Revenue	8,709,334	9,878,072	6,165,832	6,610,453	6,923,232
Total profit	530,412	420,688	298,287	223,338	252,084
Income tax expenses	164,208	127,099	88,140	77,927	79,787
Net profit	366,204	293,589	210,147	145,411	172,297
Net profit attributable to shareholders of the Company	266,020	202,796	135,893	72,535	125,486
Profit and loss attributable to minority interests	100,184	90,793	71,754	72,876	46,811

ASSETS AND LIABILITIES

As at 31 December	2015	2014	2013	2012	2011
Total assets	7,552,785	6,753,080	6,176,936	5,017,423	6,906,732
Total liabilities	4,506,196	4,041,177	3,966,045	3,059,214	4,448,207
Net assets	3,046,589	2,711,903	2,210,891	1,958,209	2,458,525

5 Years Financial Summary

Amount stated in RMB'000



DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

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

DIRECTORS

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

EXECUTIVE DIRECTORS

Mr. Xuan Zongmin (禰宗民), aged 55, is the secretary of the party committee, an executive Director and Chairman of the Board of the Company. He also serves as a director and the chairman of Guangdong Vehicles Transportation Group Company Limited (“GVTG”, a subsidiary of the Company) and Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited (a joint venture of the Company). Mr. Xuan has served as a Director of the Company since June 2012 and re-designated as an executive Director of the Company since December 2012. He was appointed as the general manager of the Company in November 2012 and re-designated as the chairman of the Board with effect from March 2014. Mr. Xuan served as a Director of the Company from January 2001 to December 2004 and served as a director and the general manager of GVTG from April 2004 to June 2014. Other major work experience of Mr. Xuan includes serving as the deputy chief of secretary section and chief of information section of the Department of Communications of Guangdong Province (廣東省交通廳), and served successively as the assistant to the general manager, the deputy general manager, a director and the general manager of Weisheng Transportation & Enterprises Company Limited (威盛運輸企業有限公司). Mr. Xuan obtained an MBA degree from the Murdoch University in Australia. He possess professional qualification as a senior political worker.

Mr. Tang Yinghai (湯英海), aged 47, is the vice secretary of the party committee, an executive Director and the general manager of the Company. He also serves as a director and the general manager of GVTG and a director and the chairman of Guangdong Top-E Expressway Service Zone Company Limited (“Guangdong Top-E”). Mr. Tang has served as a non-executive Director of the Company since June 2012 and re-designated as an executive Director since December 2012. He was appointed as the deputy general manager of the Company in November 2012 and re-designated as the general manager with effect from March 2014. Mr. Tang served successively as the deputy manager and the manager of accounting department, a director and the chief accountant of The Motor Transport Company of Guangdong and Hong Kong Limited (“GD-HK Company”) from January 1998 to July 2005. He served as the deputy general manager and the chief accountant of GVTG from July 2005 to June 2014. Other major work experience of Mr. Tang includes working for the Highway Construction Office of the Guangdong Province (廣東省公路工程處), successively the accountant and deputy supervisor of the Department of Communications of Guangdong Province (廣東省交通廳). Mr. Tang graduated with a master degree in law from Renmin University of China (中國人民大學) and EMBA from South China University of Technology (華南理工大學). He possesses professional qualification as a senior accountant.

Mr. Yao Hanxiong (姚漢雄), aged 50, is a member of the party committee, an executive Director and the deputy general manager of the Company. He also serves as a director of Southern United Assets and Equity Exchange Co., Ltd. (南方聯合產權交易中心有限責任公司). Mr. Yao has served as an executive Director of the Company since December 2012 and the deputy general manager of the Company since October 2007. Other major work experience of Mr. Yao includes serving as the deputy manager and the manager of the second branch office of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限責任公司第二分公司), and a director and the deputy general manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東鼎通公路工程建設集團有限公司). From 2002 to 2005, Mr. Yao was designated by the Organization Department of the Guangdong Provincial Party Committee to serve temporarily as the deputy chief executive (presiding over science and technology) of Deqing County, Zhaoqing City. Mr. Yao obtained a bachelor degree in road and bridge engineering from Chongqing Jiaotong University (重慶交通學院), and holds an executive master degree in business administration (EMBA) from Jinan University (暨南大學). He has professional qualification of senior engineer for roads and bridges.

Mr. Fei Dachuan (費大川), aged 58, is an executive Director and the deputy general manager of the Company. He also serves as a director and the deputy general manager of GVTG and a director of Guangzhou Xintianwei Transportation Development Company Limited (廣州新天威交通發展有限公司). Mr. Fei has been serving as the deputy general manager of the Company since February 2013, an executive Director of the Company since April 2014, the deputy general manager of GVTG since May 2006, and a director of GVTG since June 2014. Mr. Fei served as a director and the deputy general manager of GD-HK Company from December 2000 to April 2006. Mr. Fei served successively as the deputy manager and the manager of business department of Weisheng Transportation & Enterprises Company Limited (威盛運輸企業有限公司), Guangdong branch, and the deputy general manager of Weisheng Transportation & Enterprises Company Limited, Qigang branch. Mr. Fei possesses professional qualification as a senior economist.

Mr. Guo Junfa (郭俊發), aged 52, is an executive Director of the Company and a director and the chairman of the board of GD-HK Company. He also serves as a director of Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Hong Kong) (廣東粵利佳客運有限公司(香港)), Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Guangzhou) (廣東粵利佳客運有限公司(廣州)), Cross Border Express Co., Ltd. (跨境快綫管理有限公司), Guangdong Gangtong Vehicles Transportation Company Limited and Gang Tong (HK) Motor Transport Company Limited, and the chairman of Guangdong Yue Li Jia Passenger Transport Co., Ltd. (Guangzhou). Mr. Guo has served as an executive Director of the Company since December 2012. He also served as an executive Director of the Company from June 2007 to December 2007. Mr. Guo served as a director and the general manager of GD-HK Company from August 2005 to August 2012. Other major work experience of Mr. Guo includes serving as director of the Technology Education Division of the Department of Communications of Guangdong Province (廣東省交通廳科技教育處處長), director of the Foreign Economic Division of the Department of Communications of Guangdong Province and the director of the Loan Office of World Bank of the Department of Communications of Guangdong Province (廣東省交通廳世界銀行貸款辦公室主任). Mr. Guo holds an executive master degree in business administration (EMBA) from the South China University of Technology (華南理工大學). He was selected and sent overseas to the University of British Columbia of Canada by the relevant department of Guangdong Province in 2003 to study the MPA course for a year.

NON-EXECUTIVE DIRECTORS

Mr. Liu Hong (劉洪), aged 53, is a non-executive Director of the Company. He is currently the chief legal counsel of GCGC. Mr. Liu served as a non-executive Director of the Company from May 2003 to February 2004 and from December 2004 to June 2005, respectively. He was also an executive Director, the vice chairman, chairman and the secretary of the party committee of the Company from December 2009 to November 2012 successively. Mr. Liu has accumulated 30 years of experience in the logistics and transportation industry. Other major past positions of Mr. Liu include serving as office supervisor and assistant to the manager of Guangdong Kwong Fat Transport Limited (廣東廣發運輸有限公司), assistant to the general manager of Kwong Fat Transport Limited in Hong Kong, general manager of Weisheng Bus Limited in Hong Kong, chief economist of Weisheng Transportation & Enterprises Company Limited in Hong Kong, deputy head of the investment operation department of GCGC, chairman and secretary of the party committee of Guangdong Province Gongbei Vehicles Transportation Co., Ltd. (廣東省拱北汽車運輸有限責任公司). Mr. Liu graduated from Beijing Jiaotong School of Management (北京交通管理學院) and obtained an MBA degree from the Murdoch University in Australia. He has obtained professional qualification of senior political worker and economist as well as the qualifications as a corporate legal counsel.

Mr. Li Bin (李斌), aged 47, is a non-executive Director of the Company. He is currently the head of the strategic development department of GCGC. Mr. Li has served as a non-executive Director of the Company since December 2012. He served as a director of GVTG from December 2009 to June 2014. Mr. Li has served successively as the executive staff of the general affairs department and the investment management department, and as the deputy head of the strategic development department of GCGC from 2004 to 2014. From March to October 2005, Mr. Li was seconded to the Guangdong State-owned Assets Supervision and Administration Commission. Other major past positions of Mr. Li include serving as the deputy manager of the operation department and chief of the information center and the communist party working group of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建設集團有限公司). Mr. Li served as a lecturer in computer science at the Guangdong Communications Polytechnic (廣東交通職業技術學院), and is currently a visiting professor of Guangdong Communications Polytechnic. Mr. Li graduated from South China Normal University (華南師範大學) with a bachelor degree in computer science. He also graduated from the Guangdong University of Technology (廣東工業大學) with a bachelor degree in highway and urban road. He studied the Business Administration Graduate Seminar Course offered by Jinan University, and obtained qualifications as a senior engineer and a senior economist.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Gui Shouping (桂壽平), aged 63, has served as an independent non-executive Director of the company since February 2004. Mr. Gui has engaged in the research of logistics technology and logistics load-unload machinery for a long time. Since 1997, he has been committed to teaching and scientific research at the South China University of Technology (華南理工大學). He is currently a professor at the Economics and Trade School of the South China University of Technology through re-employment after retirement. Mr. Gui served as the vice-president of the School of Traffic and Communications, the executive vice-chairman of Research Institute of Intelligent Transport System and Logistics Technology, the dean of the logistics engineering department of the School of Traffic and Communications, the vice president of the Electronic Trade Faculty and the vice president of the Economics and Trade Faculty of this university. His major concurrent positions include committee member of National Logistics and Information Standardisation Technology Committee, committee member of National Crane Mechanism Standardisation Technology Committee, executive board member of China Logistics Association and research fellow of the Logistics Planning Research Institute of China Federation of Logistics and Purchasing. Mr. Gui has obtained professional qualifications as a senior engineer and a research fellow. He graduated from Wuhan University of Water Transportation Engineering (武漢水運工程學院) in 1975 majoring in logistics construction. Currently, Mr. Gui also serves as an independent non-executive director of Guangzhou Modern Department Store Company Limited (廣州摩登百貨股份有限公司), a company listed on the National Equities Exchange and Quotations system of the People's Republic of China (the "New Third Board"), stock code: 430689) and Guangken Chenxi International Produce Logistic Investment Company Limited (廣墾辰禧國際農產品物流投資有限公司).

Mr. Liu Shaobo (劉少波), aged 55, has served as an independent non-executive Director of the company since February 2004. Mr. Liu is a professor at Jinan University (暨南大學) and has been engaged in teaching and research in areas such as finance, securities and investment for a long time. He has been committed to teaching and research at Jinan University since 1987. He is currently a doctoral advisor in finance, the dean of the faculty of economics and the director of the Finance Research Institute of Jinan University. Mr. Liu served as the deputy dean and dean of the finance department of the School of Economics and the director of the Social Science Research Institute of Jinan University, respectively. Mr. Liu's major concurrent positions include serving as vice-president of the Society for Guangdong Economics and vice-chairman of the Guangdong Provincial Society of Tertiary Industry. Mr. Liu holds a master degree in economics from Jinan University and a doctorate degree in management from Sun Yat-sen University (中山大學).

Mr. Peng Xiaolei (彭曉雷), aged 64, has served as an independent non-executive Director of the Company since February 2004. Mr. Peng was the deputy general manager and the chief accountant of Guangdong Guangye Assets Management Co., Ltd. (廣東省廣業資產經營有限公司) ("Guangye Assets") from 2002 to 2013. Mr. Peng was responsible for supervising the internal controls and reviewing the financial statements of Guangye Assets; he also compiled a number of financial regulatory handbooks for Guangye Assets. From 2001 to 2002, Mr. Peng was the deputy chief accountant of GCGC and was responsible for supervising the internal controls of GCGC and preparing its financial statements. Other major past positions of Mr. Peng include serving as a lecturer in finance and accounting and the deputy dean of the department of accountancy of Guangdong University of Business Studies, as well as the manager of the capital and finance department of the Guangdong Branch of China Unicom Limited. Mr. Peng obtained his master degree in economics from Zhong Nan Finance University and has obtained professional qualification of senior accountant.

Mr. Jin Wenzhou (靳文舟), aged 55, has served as an independent non-executive Director of the Company since April 2014. Mr. Jin is currently a professor and PhD Supervisor of transportation engineering at Civil and Transportation of South China University of Technology, and the team leader of the Transportation Planning and Management Academic Team at South China University of Technology. From 1985 to 1999, Mr. Jin taught at Jilin University of Technology, during which, from 1996 to 1997, Mr. Jin was a senior visiting scholar at the Transportation Research Center at the University of London. Mr. Jin then began teaching at South China University of Technology in 1999 and was appointed to his current post as professor in 2001. Mr. Jin was also the former head of transportation department at Jilin University of Technology and the vice president of School of Civil and Transportation Engineering, South China University of Technology. Mr. Jin also holds the following posts: member of Guangdong Province Smooth Traffic Project Group (廣東省暢通工程專家組), supervisor of the Transportation Association of Guangdong Province (廣東省交通運輸協會), member of experts committee of Guangdong Traffic and Transport Association (廣東省城市公共交通協會), member of guidance committee for Road Transport and Engineering Education of the Ministry of Education (教育部道路運輸與工程教學指導委員會) and the policy-making consultation expert of the Guangdong Provincial Government. Mr. Jin graduated from Jilin University with a master's degree of science in probability and statistics and further received a PhD degree in transport management engineering from Jilin University of Technology.

SUPERVISORS

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

Ms. Ling Ping (凌平), aged 53, has been a Supervisor and the chairman of the supervisory committee of the Company since June 2015, and is currently the chairman of the external supervisory committee of GCGC (the controlling shareholder of the Company), a supervisor and the chairman of the supervisory committee of Guangdong Communication Enterprise Investment Company Limited (廣東交通實業投資有限公司) (a wholly-owned subsidiary of GCGC) and a supervisor and the chairman of the supervisory committee of Guangdong Provincial Expressway Development Co. Ltd. (廣東省高速公路發展股份有限公司) (a non-wholly-owned subsidiary of GCGC which is listed on the Shenzhen Stock Exchange, stock code: 000429 (A shares) and 200429 (B shares)). Ms. Ling graduated from Beijing Institute of Technology, majoring in accounting. She has obtained professional titles of senior accountant and senior economist. Ms. Ling Ping was a Supervisor of the Company between January 2001 and March 2009. Major posts held by Ms. Ling in the past include: accountant of Guang Shen Zhu Expressway Co., Ltd. (廣深珠高速公路有限公司), accountant, assistant manager, and department head of financial audit department, director and chief accountant of Guangdong Provincial Highway Construction Company Limited (廣東省公路建設有限公司).

Ms. Li Haihong (李海虹), aged 44, has been a Supervisor since December 2012. Ms. Li has served in the supervision and audit department of GCGC since October 2008. She has also served as a supervisor of Guangdong Communication Enterprise Investment Company Limited (廣東交通實業投資有限公司) since October 2012. Other major past positions of Ms. Li include serving as a supervisor of Guangdong Provincial Freeway Co., Ltd. (廣東省高速公路有限公司), deputy head of the operation contract department and head of the audit and compliance department of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd. (廣東晶通公路工程建設集團有限公司). Ms. Li Haihong has professional qualification as a senior economist. She graduated from the Beijing University of Aeronautics & Astronautics, majoring in law.

Ms. Lu Zhenghua (陸正華), aged 53, has been an independent Supervisor of the Company since June 2012. Since 1993, she has been committed to teaching finance courses in the School of Business Administration of South China University of Technology, and has been an associate professor since 2000. Ms. Lu acted as a teaching assistant and a lecturer of the Economics and Management Department of East China Jiaotong University. Ms. Lu holds a master degree in economics from the Finance Department of Jinan University majoring in money and banking, and has obtained a Doctor of Philosophy degree in Business Management from the Faculty of Administration and Management of the Macau University of Science and Technology. Ms. Lu is a member of The Chinese Institute of Certified Public Accountants. She has participated in formulating, and has provided advice and opinions on, the financial operation systems and listing financing plans of various companies. Ms. Lu is currently an independent director of Guangdong Gensho Logistics Co., Ltd (廣東原尚物流股份有限公司), Guangdong Lilac Industrial Co., Ltd. (廣東紫丁香實業股份有限公司, a Company listed on the New Third Board, stock code: 835362), Guangzhou Super-Dragon Engineering Plastic Co., Ltd. (廣州市聚賽龍工程塑料股份有限公司) and Guangdong Guangxin Information Industry Holding Co., Ltd. (廣東廣新信息產業股份有限公司, a company listed on the New Third Board, stock code: 831813). She is also a director of Guangdong Dazhi Environmental Protection Technology Co., Ltd (廣東達志環保科技股份有限公司).

Mr. Bai Hua (白華), aged 46, has been an independent Supervisor of the Company since June 2012. Mr. Bai has been a teacher of the Department of Accounting under the School of Management in Jinan University since 2003, and is a professor of the Department of Accounting. Mr. Bai holds a master degree in Economics and a Doctor of Philosophy degree in Management from the Economics and Management School of Wuhan University. He is a member of The Chinese Institute of Certified Public Accountants (non-Practising). Mr. Bai is currently an independent director of Rongjie Co., Ltd (融捷股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 002192), Guangzhou Echom Science & Technology Co., Ltd. (廣州毅昌科技股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 002420) and Mig Unmobi Technology Inc., (廣東明家聯合移動科技股份有限公司, a company listed on the Shenzhen Stock Exchange, stock code: 300242). His other major appointments include being a director of Guangdong Institute of Auditors and a member of the Promotion Committee of Guangdong Institute of Certified Public Accountants.

Ms. Zhang Linian (張麗年), aged 46, has been a Supervisor representing the staff of the Company since April 2015, and is currently the manager of supervision and audit department of the Company. Ms. Zhang joined in GVTG in July 2007, and previously served as the deputy manager of Securities and Legal Department of the Company. Ms. Zhang had obtained a Bachelor's degree in laws from Shantou University. Major posts held by Ms. Zhang Linian in the past include that she successively held the posts of an office clerk, Senior Staff Member of Legal Affairs Department, Deputy Director of the Office, Deputy General Manager of Asset Preservation Department, Deputy General Manager of Corporate Department, Deputy General Manager of Discipline Inspection and Supervision Department (Compliance Department) and five-star legal counsel in China Construction Bank Corporation Meizhou City Branch (中國建設銀行股份有限公司梅州市分行).

Ms. Zhang Anli (張安莉), aged 47, has been a Supervisor representing the staff of the Company since April 2014, and is currently the manager of supervision and audit department of Guangdong Top-E. Ms. Zhang joined in our Group in August 2001, and previously served as an assistant manager of supervision and audit department of our Company, the finance manager of Guangdong Jindaoda Exressway Economic Development Company Limited (廣東金道達高速公路經濟開發有限公司) (an indirect subsidiary) and a deputy manager and manager at the finance and audit departments of Guangdong Top-E. Ms. Zhang graduated from the South China University of Technology, majoring in accounting and had obtained a professional title of auditor.

Mr. Zhen Jianhui (甄健輝), aged 44, has been a Supervisor representing the staff of the Company since April 2014 and is currently a deputy manager at the Company's supervision and audit department. Mr. Zhen is also currently a supervisor and the chairman of the supervisory committee in the following companies: Guangdong Yangjiang Vehicles Transportation Group Company Limited (廣東陽江汽車運輸集團有限公司), Foshan City Yueyun Public Transportation Co., Ltd. (佛山市粵運公共交通有限公司), Guangzhou Yueyun Transportation Company Limited (廣州粵運交通運輸有限公司), Shanwei City Yueyun Vehicles Transportation Company Limited (汕尾市粵運汽車運輸有限公司), Zhaoqing City Yueyun Vehicles Transport Co., Ltd. (肇慶市粵運汽車運輸有限公司) and Heyuan City Yueyun Motor Transportation Co., Ltd. (河源市粵運汽車運輸有限公司). He also serves as a supervisor of Foshan City Sanshuiqu Yueyun Traffic Company Limited (佛山市三水區粵運交通有限公司), Qingyuan City Yueyun Vehicles Transportation Company Limited (清遠市粵運汽車運輸有限公司) and Southern United Assets and Equity Exchange Co., Ltd. (南方聯合產權交易中心有限責任公司). Mr. Zhen joined in GVTG in September 1997, and previously served as a deputy manager at GVTG's supervision and audit department, was primarily as a deputy manager at the finance department of Kee Kwan Motor Road Co., Ltd (岐關車路有限公司) and in charge of the internal audit. Mr. Zhen graduated from Guangdong Xinhua College Institute of Education (廣東新華教育學院) with a college diploma in accounting and had obtained a professional title of accountant.

SENIOR MANAGEMENT

Mr. Rao Fengsheng (饒鋒生), aged 52, is the vice secretary of the party committee of the Company. Mr. Rao served as a Supervisor representing the staff of the Company from June 2007 to May 2013, the manager of the human resources department of the Company from February 2003 to September 2006, the deputy secretary of the party committee and the secretary of the discipline inspection committee and the chairman of the labor union of the Company from September 2006 to January 2013. His other major working experiences include working in the bridge research centre, technology office, the party committee and office of Guangdong Provincial Transportation Science Research Institute (廣東省交通科研院所) as the deputy office director, and as the deputy manager of the administration department, the manager of the human resources department, the deputy director and a secretary of the branch of party of the Guangzhou office of Xin Yue Company Limited. Mr. Rao is a senior economist and qualified senior political commissar. He graduated from the Guangdong Social Science University with a college diploma in corporate management, from Beijing Institute of Technology (北京理工大學) with a bachelor degree and from Jinan University (暨南大學) with a postgraduate degree in applied psychology. He obtained a bachelor degree in laws from Beijing Institute of Technology and a master degree in Executive Master of Business Admint Stration (EMBA) from South China University of Technology.

Ms. Ke Lin (柯琳), aged 47, is a member of the Party Committee of the Company and, secretary of CPC discipline inspection committee and chairman of labor union of the Company and GVTG. Ms. Ke joined GVTG as the chairman of labor union in 2008 and was a Supervisor representing the staff of the Company from May 2013 to April 2014. She has successively held various positions at Guangzhou University of Chinese Medicine (廣州中醫藥大學), including the staff member, senior staff member and section chief of human resources division, section chief of the discipline inspection committee and head of general office of the discipline inspection committee. Ms. Ke graduated from South China Normal University (華南師範大學) with a bachelor's degree, majoring in psychology.

Mr. Du Zhuocai (杜卓才), aged 54, is a member of the Party Committee and deputy general manager of the Company. Mr. Du successively acted as the vice manager of the Passenger Transportation Department, assistant general manager, director, deputy general manager and chairman of labor union at GD-HK Company from April 1999 to May 2015 until he joined the Company on May 2015. Amongst his other major working experiences, he successively served as a cadre at sub-section level of corporate administration division, deputy section chief and section officer of transportation administration division of the Department of Communications of Guangdong Province (廣東省交通廳). Mr. Du graduated from South China Institute of Technology (華南工學院) with a bachelor's degree, majoring in ship internal combustion engine.

Mr. Zheng Siyuan (鄭思遠), aged 45, is the deputy general manager of the Company. After joining GVTG on July 2004, Mr. Zhen successively acted as the manager of Development Department and assistant general manager of GVTG and the chairman and secretary of Party Committee of Heyuan City Yueyun Motor Transportation Co., Ltd. (河源市粵運汽車運輸有限公司), a subsidiary of GVTG. Amongst his other major working experiences, he successively served as the director and vice manager in Hong Kong of Vehicle Administration Department of Kwong Fat Transport Limited (廣發運輸有限公司) and the director and vice general manager in Hong Kong of Kwong Fat Transport Limited. Mr. Zheng graduated from South China Agricultural University (華南農業大學) as a postgraduate with a master degree in industry and business administration and has obtained the professional qualification of senior human resources management specialist and the professional qualification of senior logistician.

Mr. Wen Wu (文文), aged 45, is a member of Party Committee and chief accountant of the Company. Mr. Wen works for the Company since April 2015. Amongst his other major working experiences, he successively served as the technician of Guangdong Food Industry Corporation (廣東省食品工業總公司), the accountant of finance and audit department and deputy department director of Guangdong Communication Enterprise Investment Company Limited (廣東交通實業投資公司) (concurrently served as chief accountant of Guangdong Yang-Mao Expressway Company Limited (廣東陽茂高速公司有限公司)) as well as the director of the finance management department, secretary of board of directors, employee director and vice chief accountant of Guangdong Communication Enterprise Investment Company Limited. Mr. Wen graduated from Jinan University (暨南大學) with a bachelor degree of science in food chemistry and a master degree of business administration respectively and possesses the professional qualification of senior accountant and economist.

Mr. Luo Jianping (羅建平), aged 58, is a member of Party Committee and assistant general manager of the Company. Mr. Luo works for the Company since May 2015. Amongst his other major working experiences, he successively served as the deputy section chief of the general affairs section of Guangdong Communication School (廣東交通學校), the manager of the Personnel Department of Guang-Shen-Zhu Expressway Main Contract Group (廣深珠高速公路總承包集團), the assistant general manager and the vice general manager of Guangdong Engineering Supervision Limited (廣東工程建設監理公司), the vice general manager and the deputy secretary of Party Committee of Guangdong Construction Material Corporation (廣東省建設物資總公司), the director, a member of Party Committee, the vice general manager and the general manager of Guangdong Xinguang International Logistics Company Limited (廣東新廣國際物流集團有限公司) (concurrently served as the general manager of Guangdong Guangda International Logistics Company Limited (廣東廣大國際物流有限公司) since May 2009). Mr. Luo graduated from Party School of Guangdong Provincial Committee (廣東省委黨校) as a postgraduate in economics.

Mr. Liu Wanneng (劉萬能), aged 47, is a member of the party committee of the Company and deputy secretary of the party committee, director and general manager of Guangdong Top-E, and holds a concurrent position as director of Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited. Other major work experience of Mr. Liu includes serving as office director, vice chairman of the labour union and secretary of the party branch of Xuansuoqiao Branch and office director of the Xinhui-Taishan Highway turnkey project department of Guangdong Changda Highway Engineering Company Limited (廣東省長大公路工程有限公司), deputy office director of Guangdong Guanghui Highway Company Limited (廣東廣惠高速公路有限公司) and director of Huizhou Office, leader of the road administration brigade and secretary of the party branch of Guangdong Guanghui Highway Company Limited, and head of the investment and development department and head of investment and operation department of Guangdong Gongbei Vehicles Transportation Company Limited (廣東省拱北汽車運輸有限責任公司). Mr. Liu graduated from Party School of the Central Committee of CPC Correspondence Institute with a major at politics and law. He has professional qualifications as senior logistician and political engineer.

Mr. Liu Zhiquan (劉志全), aged 50, is the secretary of the Board of the Company, the managing director of Yueyun Transportation (HK) Company Limited (粵運交通股份(香港)有限公司), a wholly-owned subsidiary of the Company, and the chairman of Yueyun Traffic Technical Service (Guangzhou) Co., Limited. Mr. Liu joined the Company as secretary of the Board in 1999, and had concurrently served as the office director and the manager of business department of the Company. He obtained a master's degree in industry and business administration in 1999 and graduated from the course of advanced study for secretaries of boards of directors provided by the training center of the Ministry of Commerce of the PRC in 2004. Mr. Liu is currently a member of the Hong Kong Institute of Chartered Secretaries and possesses qualification as an economist. The major past positions of Mr. Liu include serving as a cadre in Guangdong Navigation Administration Bureau (廣東省航務管理局), a secretary of secretary section in the Department of Communications of Guangdong Province, the deputy manager of Guangdong Provincial Communication Development Co., Ltd. (廣東省交通開發公司), the managing director of Guangdong Yuefeng Real Estate Development Co., Ltd. (廣東粵峰房地產開發有限公司), and the deputy director at the General Manager's Office of Guangdong Highway Construction Co., Ltd. (廣東省公路建設公司).

CORPORATE GOVERNANCE REPORT

The Company believes that stringent corporate governance practices could enhance its credibility and transparency and are in the interests of the Shareholders. Accordingly, the Company has been making continuous efforts in enhancing its standard of corporate governance with reference to the Listing Rules, the articles of association of the Company and other applicable laws and regulations.

The Company had complied with all the provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

The following gives a brief account of the corporate governance of the Company for the year ended 31 December 2015.

BOARD OF DIRECTORS

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

Chairman: Mr. Xuan Zongmin

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

Non-executive Directors: Mr. Liu Hong and Mr. Li Bin

Independent Non-executive Directors: Mr. Gui Shouping, Mr. Liu Shaobo, Mr. Peng Xiaolei and Mr. Jin Wenzhou

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

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

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

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

Moreover, the Board is also responsible for reporting a clear and balanced assessment of the Company's performance and prospects, preparing financial statements that give a true and fair view of the Company's financial position on a going concern basis and disclosing insider information announcements and financial information.

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

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

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

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

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

For the year ended 31 December 2015, the Company held a total of twelve Board meetings, with an average attendance rate of 99%. The Company kept detailed minutes for the business considered and approved in such meetings.

The attendance records of each member of the Board at the Board meetings and general meetings for the year ended 31 December 2015 are set out below:

	Board meetings Meetings attended/shall be attended	General meetings (Note 2) Meetings attended/held
Executive Directors		
Mr. Xuan Zongmin (Chairman)	12/12	3/3
Mr. Tang Yinghai	12/12	3/3
Mr. Yao Hanxiong	12/12	0/3
Mr. Fei Dachuan	12/12	0/3
Mr. Guo Junfa	12/12	0/3
Non-executive Directors		
Mr. Liu Hong (Note 1)	9/10	0/3
Mr. Li Bin (Note 1)	10/10	3/3
Independent Non-executive Directors		
Mr. Gui Shouping	12/12	0/3
Mr. Liu Shaobo	12/12	0/3
Mr. Peng Xiaolei	12/12	0/3
Mr. Jin Wenzhou	12/12	0/3

Note:

1. Mr. Liu Hong and Mr. Li Bin are non-executive Directors of the Company. Mr. Liu Hong serves as the chief legal counsel of GCGC and Mr. Li Bin serves as the head of strategic development department of GCGC. Therefore, as each of Mr. Liu Hong and Mr. Li Bin is deemed to have a material interest in the connected transactions agreements and the transactions contemplated thereunder, they had abstained from voting at the Board meetings held to approve the related connected transactions agreements and respective transactions contemplated thereunder and were not counted for in the quorum for attending the meeting.
2. The Company has been held 3 general meetings in 2015, including Annual General Meeting, H Shares Class Meeting and Domestic Shares Class Meeting held on 11 June 2015.

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

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

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

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

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

Name of Directors	Reading Materials	Participation in Training (Note)
Mr. Xuan Zongmin	√	√
Mr. Tang Yinghai	√	√
Mr. Yao Hanxiong	√	√
Mr. Fei Dachuan	√	√
Mr. Guo Junfa	√	√
Mr. Liu Hong	√	√
Mr. Li Bin	√	√
Mr. Gui Shouping	√	√
Mr. Liu Shaobo	√	√
Mr. Peng Xiaolei	√	√
Mr. Jin Wenzhou	√	√

Note: The Company has held theme training in relation to connected transactions and discloseable transactions under the Listing Rules on 25 November 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' and Supervisors' securities transactions for the year ended 31 December 2015. The Company had made specific enquiries of all Directors and Supervisors and they have confirmed that they had complied with the required standard as set out in the Model Code for the year ended 31 December 2015.

COMMITTEES OF THE BOARD

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

The Company's Audit and Corporate Governance Committee, Remuneration Committee and Nomination Committee have laid down specific terms of reference, detailing the powers and responsibilities of these committees. All the committees report their decisions or submit their proposals to the Board within their authorities. Under certain circumstances, they have to request for the Board's approval before taking any actions.

Audit and Corporate Governance Committee

The Company has established the Audit and Corporate Governance Committee in compliance with the CG Code. The Company has been in compliance with the requirements relating to the audit committee as set out in Rule 3.21 of the Listing Rules for the year ended 31 December 2015. The primary duties of the Audit and Corporate Governance Committee are, among others, to appoint external auditors, review and supervise the Group's financial reporting process, review interim and annual results and internal control system of the Group and provide advice and comments to the Board, and monitor the corporate governance of the Company.

As at 31 December 2015, the Audit and Corporate Governance Committee had a total of three members, including two independent non-executive Directors, namely Mr. Peng Xiaolei (chairman) and Mr. Liu Shaobo, and one non-executive Director, namely Mr. Li Bin. The members of the Audit and Corporate Governance Committee met regularly with the management and external auditors and reviewed the external audit reports and financial statements of the Group, and made recommendations thereon. The Company has reported the financial position and internal audit results of the Company to the Audit and Corporate Governance Committee regularly. The Audit and Corporate Governance Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2015 and recommended their adoption by the Board.

The Audit and Corporate Governance Committee reviews and monitors the Company's corporate governance, and makes recommendations thereon. The conduct, compliance and corporate governance of directors, supervisors, senior management and employees are regulated by the Articles of Association and internal rules and systems of the Company. The Audit and Corporate Governance Committee reviews and monitors whether the directors, management and employees of the Company have complied with the CG Code, the Articles of Association and internal rules and systems. The Company's supervision and audit department carries out audit and supervision on the internal control system construction and compliance of the Company and its subsidiaries in accordance with the term of reference, and reports to the Audit and Corporate Governance Committee on its works.

The Audit and Corporate Governance Committee held two meetings during the year ended 31 December 2015 with an average attendance rate of 100%. The Audit and Corporate Governance Committee members' attendance records of the Audit and Corporate Governance Committee's meetings for the year ended 31 December 2015 are set out below:

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

Remuneration Committee

The Company has also established the Remuneration Committee to advise the Board in respect of the remuneration policy and structure of Directors and senior management of the Company and of the establishment of a formal and transparent remuneration policy; to review and approve the remuneration recommendations by the management according to the corporate policies and objectives set by the Board; to recommend to the Board the remuneration packages of Directors and senior management of the Company; to assess the performance of the executive Directors; to recommend and establish annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans.

As at 31 December 2015, the Remuneration Committee comprised two independent non-executive Directors, Mr. Gui Shouping and Mr. Liu Shaobo, and one non-executive Director, Mr. Li Bin. Mr. Gui Shouping is the chairman of the Remuneration Committee. The Remuneration Committee held four meetings during the year ended 31 December 2015 with 100% attendance rate. The Remuneration Committee proposed recommendations on improving the Company's remuneration policy for 2015 and advised on the remuneration of newly appointed members of senior management.

The Remuneration Committee members' attendance records of the Remuneration Committee's meetings for the year ended 31 December 2015 are set out below:

	Meetings attended/held	Attendance rate
Mr. Gui Shouping (Chairman)	4/4	100%
Mr. Liu Shaobo	4/4	100%
Mr. Li Bin	4/4	100%

Nomination Committee

The Company has also established the Nomination Committee, which is mainly responsible for reviewing the structure and composition of the Board and making recommendations on the appointment of Directors and shall be accountable to the Board. As at 31 December 2015, the Nomination Committee had one executive Director, Mr. Xuan Zongmin, and two independent non-executive Directors, Mr. Gui Shouping and Mr. Liu Shaobo. Mr. Xuan Zongmin is the chairman of the Nomination Committee.

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

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

The Nomination Committee members' attendance records of the Nomination Committee's meetings for the year ended 31 December 2015 are set out below:

	Meeting attended/held	Attendance rate
Mr. Xuan Zongmin (Chairman)	1/1	100%
Mr. Liu Shaobo	1/1	100%
Mr. Gui Shouping	1/1	100%

SUPERVISORY COMMITTEE

The Supervisory Committee comprises seven members, including two independent Supervisors (namely, Ms. Lu Zhenghua and Mr. Bai Hua), two Supervisors appointed by Shareholders (namely, Ms. Ling Ping and Ms. Li Haihong), and three Supervisors representing the staff of the Group (namely, Ms. Zhang Linian, Ms. Zhang Anli and Mr. Zhen Jianhui). The Supervisory Committee is responsible for supervising the Board, the Directors as well as the senior management of the Company, so as to prevent them from abusing their power to damage the lawful rights and interests of the Shareholders, the Company and its staff. For the year ended 31 December 2015, the Supervisory Committee reviewed and examined the financial position and the legal compliance of the operations of the Company and performed its duties in a proactive and diligent manner under the principles of due care through convening the Supervisory Committee's meetings and attending the Board meetings of the Company.

During the year ended 31 December 2015, the Supervisory Committee held two meetings with 100% attendance rate.

INTERNAL CONTROL

The Board is responsible for the establishment and effective implementation of the internal control system of the Company. The internal control system of the Company includes an optimised organizational structure and a comprehensive set of rules and standards so as to ensure effective balance. The Board is responsible for reviewing the internal control and supervising the orderly implementation of the internal control through the Audit and Corporate Governance Committee. The management of the Company is responsible for the daily conduct of the internal control. The Supervisory Committee is responsible for supervising the establishment and implementation of the internal control by the Board and the daily conduct of the internal control by the management. The Company has established the supervision and audit department in our organization structure, which is responsible for the deployment of monitoring, evaluation and services functions in respect of the effectiveness and efficiency of the Company and its units, such as subsidiaries, staff and their operational and administrative behaviors in the process of internal control, corporate governance and risk management through a systematic and disciplined approach, so as to prevent and mitigate operational risks as well as promote the standardization and efficiency of operations and management.

The internal control system is designed to maintain the safe and effective operation of the Group's assets, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard the assets of the Group, so as to safeguard the interests of the Shareholders.

The Directors conducted a review on the internal control system of the Company in 2015. The supervision and audit department reported on its internal control and internal audit works at two meetings of the Audit and Corporate Governance Committee held in 2015.

Having considered the resources, qualifications of the staff and staff training of the Company's accounting and financial reporting functions as well as internal control functions, the Directors considered that the Company had well-established internal control system in place to monitor and control the Company's business and prevent potential risks.

1. Financial Control

According to actual operating environment and business conditions, the Company focused its efforts on the development of overall risk management system in respect of its financial control and carried out strict and effective control and management in combination of external accounting firms and internal financial risk control.

As a company listed on the Stock Exchange, since its listing in 2005, the Company has engaged PricewaterhouseCoopers Zhong Tian LLP, Guangdong Zhengzhong Zhujiang Certified Public Accountants, Deloitte Touche Tohmatsu CPA LLP and KPMG Huazhen LLP, respectively through public tender to audit our financial statements over the years to ensure the external disclosed information are in compliance with the requirements of related legal and accounting standards. The external accounting firms engaged by the Company possess the quality of the highest professional requirements and objectivity in the industry, in order to ensure the truth and effectiveness of the financial reports disclosed to the Shareholders and market investors.

The accounting firm engaged by the Company has audited financial information, reviewed financial data and checked risk matters during the course of audit, and proposed effective management recommendations to the Company for improving business operation, strengthening risk control and refining project auditing. The Company, based on its strategies and plans, annually makes adjustments to the implementation of its operational strategies according to the operating recommendations from the accounting firm in order to enhance its risk control. The accounting firm have issued unqualified audit reports over the years.

The Company attached great importance to its internal control. After years of financial practices, the Company has formulated a series of financial rules and system in respect of various aspects of its financial management such as approval authority, maximum payment and payment procedures, and has gradually developed a financial system mechanism. The Company fully implements the financial control requirements through various aspects such as risk identification, risk measurement and risk control. Once any financial system is formulated, subsidiaries are required to implement such amendments to relevant systems according to its own operation features. The Company reviewed the system formulation annually for modifications according to the business environment.

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

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

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

2. Operational and Compliance Control

In the ordinary course of the Company's operations and external expansion, the Company will strictly abide by relevant laws and regulations to have legal affairs management go through all processes of the Company from decision, execution to supervision and cover or even permeate all procedures and all aspects of the Company's operation and management for the purpose of increasing the routinization, normalization, standardization and systemization of its operation management and its prevention and control on legal risks to a higher level. In addition to engagement of its standing legal advisors as to the PRC laws and Hong Kong laws, the Company also has in place a legal affairs department and designated legal personnel to provide compliance opinions on its significant operation decisions and the entering into of contracts. With regards to significant investment and operation decisions, the Group will engage specialized legal advisor to perform due diligence with the aim of giving legal opinions so as to ensure compliance with laws and regulations of the Company's operation and management, safety of its assets, truth and completeness of its financial reports and the relevant information.

With the intention of laying solid foundation for the standardization of its prevention on risks from its primary businesses and common economic disputes, formalizing the entering into of contracts, reducing potential risks in signing and performing contracts and improving the efficiency in reviewing contracts, the Company has drawn up "Administration Measures for Demonstration Text of Contract (合同示范文本管理辦法)" and will progressively establish and consummate a system for demonstration text of contract within the Group for the purpose of giving effective legal protections to the growth of the Group's business.

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

3. Risk Management

To standardize and enhance our risk management, the Company has formulated and implemented Provisional Measures for Risk Management.

In 2015, the Company carried out specific investigation on legal risks derived from the Company and its subsidiaries and rectified those problems identified during the investigation. According to its requirements of Risk Management Measures, the Company made thorough inspection on the circumstances of contract management and worked with legal advisor to propose any advices in relation to those matters related to contract management for rectification purposes.

In order to promote and standardize its risk management and enrich its base of risk issues, the Company has made regular update on the Group's base of risk issues.

4. Internal Audit

2015 internal audit was carried out by the Company through strict front-end prevention and back-end inspection at two levels, namely management foundation and defense line.

On one hand, the Company carried out internal audit according to the 2015 annual audit plan and requirements of the management and supervised and evaluated the risk control status of critical business processes and the management system of subsidiaries through methods such as annual review of the Supervisory Committee, economic liabilities audit, construction project audit and expert check-up, which provided strong support for the decision-making of management and optimization of management process in business department.

On the other hand, from the perspective of internal control, the Company has worked out "Internal Control Plan of Guangdong Yueyun Transportation Company Limited" to define how to arrange and carry out the internal control, and conducted assessment on internal control within the Company and its key subsidiaries in order to identify defects of internal control, strengthen the operation and management base of the Company, enhance the level of its operation and management and promote the continuous, healthy and steady development of the Company.

In 2015, the Company carried out 48 internal audits and reviews, and proposed 227 audit recommendations. Meanwhile, the Company printed and distributed "The Circular on Implementing Eight Opinions on Audit Engagement" to clarify the disclosure of rectifying problems identified in auditing, follow-up thereof and the accountability and appraisal mechanism for completing the rectification, thus improving the sharing mechanism of audit results and the accountability and appraisal mechanism.

AUDITOR

The Company has appointed KPMG Huazhen LLP as the independent auditor of the Company. The fees for the audit and non-audit services provided by the above auditor to the Group for the year ended 31 December 2015 amounted to RMB7,240,000 (tax included), of which RMB6,380,000 was audit service fees, and RMB860,000 was non-audit service fees (including interim review fees and service fees relating to debt issuance). Meanwhile, the fees for the consultancy services provided by KPMG Advisory (China) Limited to the Company for the year ended 31 December 2015 amounted to RMB780,000.

KPMG Huazhen LLP has conducted the audit of the Group's 2015 annual financial statements which are prepared in accordance with the requirements of Accounting Standard for Business Enterprises and has issued an unqualified audit opinion thereon. The statement of the KPMG Huazhen LLP concerning their responsibilities in the financial statements of the Company is set out in the Auditors' Report of the annual report for the year ended 31 December 2015.

COMPANY SECRETARIES

According to the announcement published by the Company on 9 November 2015, it was announced that Ms. Zhang Li would act as the sole company secretary of the Company with effect from the same date as the Stock Exchange had confirmed that Ms. Zhang (a joint company secretary of the Company) was qualified to act as the company secretary under Rule 3.28 of the Listing Rules, and Mr. Kwok Siu Man had resigned as a joint company secretary of the Company. For any further details, please refer to the announcement of the Company dated on 9 November 2015.

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

In 2015, Ms. Zhang had complied with Rule 3.29 of the Listing Rules for taking no less than 15 hours of relevant professional training.

GENERAL MEETINGS

The general meeting is the highest authority of the Company. The general meetings of the Company have complied with the relevant legal formalities to ensure participation of Shareholders and the exercise of their powers. The Company highly values the functions of the general meetings, and therefore encourages all Shareholders to attend the general meetings, which serve as a direct and effective communication channel between the Board and the investors of the Company. The Articles of Association expressly provides for the rights of the Shareholders, including the right to attend, to receive notices to, and to vote in general meetings.

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

- (1) Two or more Shareholders who have 10% or above voting shares in aggregate at the proposed general meeting may sign a written request or sign on several duplicates with the same format and contents to request the Board of Directors to convene an extraordinary general meeting or class general meeting and provide explanation on the topics to be addressed at the meeting. Upon receipt of the aforesaid written request, the Board of Directors shall convene an extraordinary general meeting or class general meeting as soon as possible. The aforesaid number of shares required shall be calculated on the date when the written request was made by the Shareholders.

- (2) If the Board of Directors has not issued any notice of general meeting within 30 days after receipt of the aforesaid written request, the Shareholders who submit the request may convene a general meeting by themselves within four months after receipt of the request by the Board of Directors. The procedures of convening the general meeting shall be similar to the procedure of convening a Shareholders' general meeting by the Board of Directors.

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

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

On 11 June 2015, the Company held the 2014 Annual General Meeting to consider and approve seven ordinary resolutions, including but not limited to the Directors' Report, the Supervisors' Report, the Auditor's Report and audited financial statements for the year ended 31 December 2014, the payment of a final dividend of 2014, appointment of a Supervisor, engagement of auditors and to authorize the Board to determine the remuneration of the directors and supervisors of the Company, and four special resolutions, including but not limited to grant of general mandate to the Board of the Company to issue, allot and deal with additional domestic shares not exceeding 20% of the domestic shares of the Company in issue and additional H shares of the Company not exceeding 20% of the H shares of the Company in issue, to consider and approve issue of bond shares, to make amendments to the Articles of Association and to approve the extension of the effective period for the approval of the special resolution approving the Bonds Issue for an additional 12 months.

On 11 June 2015, the Company held the H Shares class meeting and domestic shares class meeting, respectively, to consider and approve the special resolution on the issue of bonus shares.

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Details of amendments to the articles of association of the Company during the year ended 31 December 2015 are as follows:

Shareholders considered and approved certain amendments to the articles of association of the Company at the annual general meeting held on 11 June 2015. The purpose of amendments to the articles of association is 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 23 April 2015, the registered capital and shares in issue of the Company will change upon completion of the Bonus Shares Issue and the Articles of Association will be required to be amended accordingly.

Shareholders approved the Bonus Shares Issue at the annual general meeting, H Shares class meeting and domestic shares class meeting held on 11 June 2015, respectively, and the Company completed the Bonus Shares Issue on 10 September 2015. The corresponding amendments to the Articles of Association have been approved by Department of Commerce of Guangdong Province and registered for changes with Administration of Industry and Commerce of Guangdong Province, with formal effect thereafter.

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 amendments to the Articles of Association for a company listed in Hong Kong.

Please refer to the circular dated 23 April 2015 and the announcement dated 11 June 2015 of the Company for details.

INFORMATION DISCLOSURE AND INVESTOR RELATIONS

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

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

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

The Board presents the report of the Directors for the year ended 31 December 2015 together with the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

In 2015, the Company was principally engaged in the provision of motor vehicle transportation and auxiliary services, material logistics services and expressway services as well as the operation and toll collection business at Tai Ping Interchange. The Company is an investment holding company and details of the principal activities of the Company's principal subsidiaries are set out in Notes IV to the financial statements.

BUSINESS REVIEW

A fair review of the Company's business and a description of the principal risks and uncertainties being faced by the Company are provided in the Chairman's Statement on pages 10 to 13 and the Management Discussion and Analysis on pages 23 to 24. Particulars of important events affecting the Company that have occurred since the end of the year, and indication of likely future development in the Company's business can also be found in these pages. A review of the Group's environmental policy and performance is set out in the Corporate Social Responsibility Report on pages 20 to 21.

FINANCIAL RESULTS

The financial highlights of the year are set out on pages 4 to 5 of this annual report. The discussion and analysis of the Group's results and financial position of the year are set out on pages 35 to 43 of this annual report.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's results for the year ended 31 December 2015 prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and the relevant regulations (the "CASBE") are set out on pages 99 to 100 of this annual report.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the current year as well as the last five financial years are set out on page 44 of this annual report.

DIVIDEND

On 25 March 2015, the Board recommended the payment of a final dividend of RMB0.15 per ordinary share (tax included) for the year of 2014. Such proposal was approved by the Shareholders at the AGM held on 11 June 2015. The Company paid the above dividend to the Shareholders on 10 September 2015.

The Directors of the Company are not aware of any Shareholders who have waived or agreed to waive any dividends.

PROPOSED PAYMENT OF FINAL DIVIDEND

On 18 March 2015, the Board recommended the distribution of the final dividend in cash of 2015 of RMB0.13 before tax per share. The proposed distribution is subject to approval by shareholders at the annual general meeting and is expected to be paid on or around 6 September 2016.

According to the Law on Enterprise Income Tax Law of the People's Republic of China and the Implementation Rules of the Enterprise Income Tax Law of the People's Republic of China adopted in 2008, the Company shall be obliged to withhold 10% enterprise income tax when it distributes the 2015 final dividend to non-resident enterprise shareholders of overseas H Shares (including Hong Kong Securities Clearing Company Nominees Limited, other corporate nominees or trustees, and other entities or organisations) whose names appear on the Company's H Share register of members at 4:30 p.m. on Monday, 20 June 2016.

According to Notice of the Ministry of Finance and the State Administration of Taxation on Certain Policies Regarding Individual Income Tax (CaiShuiZi [1994] No. 020) 財政部、國家稅務總局關於個人所得稅若干政策問題的通知》(財稅字[1994]020號), individual shareholders of overseas H shares whose names appear on the Company's H share register of members at 4:30 p.m. on Monday, 20 June 2016 and whose registered addresses are located in the Hong Kong or outside China are exempted from individual income tax of China when distribution of 2015 final dividend of the Company is made.

Pursuant to the Individual Income Tax Law of the People's Republic of China and its implementation rules and regulations, the Company shall be obliged to withhold 20% individual income tax when it distributes the 2015 final dividend to individual shareholders of H shares whose names appear on the H share register of members at 4:30 p.m. on Monday, 20 June 2016 and whose registered addresses are located in China.

Above relevant taxation laws and regulations shall be interpreted by the relevant local taxation authority and shall be amended from time to time. Shareholders are suggested to seek advice from their taxation consultants in relation to taxation impacts in the PRC and Hong Kong and other matters arising from the ownership and disposal of the H Shares.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Tuesday, 7 June 2016 and the register of members of the Company will be closed in order to determine the qualification of shareholders of the Company (the "Shareholders") to attend and vote at the AGM and their entitlement to the proposed final dividend payment. The details are as follows:

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

Deadline for lodging transfer documents for registration	4:30 p.m. on Friday, 6 May 2016
Closure of register of members	Monday, 9 May 2016 to Tuesday, 7 June 2016 (both days inclusive)
Date of record	Tuesday, 7 June 2016

(2) To determine the Shareholders' entitlement to the proposed final dividend payment:

Deadline for lodging transfer documents for registration	4:30 p.m. on Monday, 13 June 2016
Closure of register of members	Tuesday, 14 June 2016 to Monday, 20 June 2016 (both days inclusive)
Date of record	Monday, 20 June 2016

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

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2015, the Group's total purchases attributable to the Group's five largest suppliers were 31.53%, and the Group's aggregate sales attributable to the Group's five largest customers were 29.05%.

GCGC holds over 50% of the interest in one of the top five suppliers. The purchases attributable to the largest supplier of the Group represented 12.75% of total purchases of the Group for the year ended 31 December 2015.

GCGC holds over 50% of the interest in one of the top five customers. The sales attributable to the largest customer of the Group represented 35.70% of total sales of the Group for the year ended 31 December 2015.

Save as disclosed above, in 2015, none of the Directors, the Supervisors or their respective associates or any Shareholders of the Company who, to the best knowledge of the Directors, held more than 5% of the issued share capital of the Company, had any interest in the five largest suppliers or the five largest customers of the Group for the year.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2015 and details of the distributable reserves of the Company as at 31 December 2015 are set out in Note V.40 to the financial statements prepared in accordance with the CASBE.

STATUTORY RESERVE FUNDS

Details of the statutory reserve funds are set out in the note V.41 to the financial statements prepared in accordance with the CASBE.

INVESTMENT PROPERTIES AND FIXED ASSETS

Particulars of the movements in investment properties and fixed assets of the Group and the Company during the year ended 31 December 2015 are set out in Notes V.11 and V.12 to the financial statements.

EMPLOYEE PENSION SCHEME

Details of the Company's employee pension scheme are set out in Note V.34 to the financial statements prepared in accordance with the CASBE.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws rules and regulations, in particular, those have a significant impact on the Group. The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures, trainings and oversight of various business units with the designated resources at different levels of the Group. While these measures require considerable internal resources and result in additional operational cost, the Group highly values the importance of ensuring compliance with applicable legal and regulatory requirements. During the year, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group believes that employees are important and valuable assets and thus we provide competitive and attractive remuneration packages to retain the employees. The management reviews annually the remuneration to its employees of the Group.

The Group values long standing relationships with its suppliers and customers. The Group aims at delivering high quality services to its customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers.

COMPETING INTEREST

None of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS AND SUPERVISORS

The Directors who were under current term of office during the year ended 31 December 2015 and up to the date of this report are as follows:

Name	Date of Appointment as Director	Date of Resignation as Director
Executive Directors		
Mr. Xuan Zongmin (Appointed as a non-executive Director on 6 June 2012, and re-designated as an executive Director on 18 December 2012)	6 June 2012	N/A
Mr. Tang Yinghai (Appointed as a non-executive Director on 6 June 2012, and re-designated as an executive Director on 18 December 2012)	6 June 2012	N/A
Mr. Yao Hanxiong	18 December 2012	N/A
Mr. Fei Dachuan	4 April 2014	N/A
Mr. Guo Junfa	18 December 2012	N/A
Non-executive Directors		
Mr. Liu Hong	26 June 2014	N/A
Mr. Li Bin	18 December 2012	N/A
Independent Non-executive Directors		
Mr. Gui Shouping	2 February 2004	N/A
Mr. Liu Shaobo	2 February 2004	N/A
Mr. Peng Xiaolei	2 February 2004	N/A
Mr. Jin Wenzhou	4 April 2014	N/A

The Supervisors who were under current term of office during the year ended 31 December 2015 and up to the date of this report are as follows:

Name	Date of Appointment as Supervisor	Date of Resignation as Supervisor
Ms. Ling Ping	11 June 2015	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. Zhang Linian	13 April 2015	N/A
Ms. Zhang Anli	15 April 2014	N/A
Mr. Zhen Jianhui	15 April 2014	N/A
Mr. You Xiaocong	18 December 2012	11 June 2015
Ms. Li Hui	2 February 2004	13 April 2015

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND MEMBERS OF THE SENIOR MANAGEMENT

The biographies of Directors, Supervisors and members of the senior management of the Company as at the date hereof are set out on pages 45 to 53 of this annual report.

CONTINUING CONNECTED TRANSACTIONS

Pursuant to Chapter 14A of the Listing Rules, details of the following continuing connected transactions of the Group for the year ended 31 December 2015 are required to be disclosed in the annual report of the Company:

Non-exempt continuing connected transactions approved by independent Shareholders

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

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

- (b) On 15 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a first right of operation agreement (the "First Right of Operation Agreement"), pursuant to which the Company has been granted preferential rights by GCGC to obtain operating rights of the expressway service zones controlled by the members of GCGC Group. When exercising such preferential rights, members of the Group entered into individual expressway services subcontracting agreements with owners of each of the expressways, which were companies under the members of GCGC Group. The annual caps of continuing connected transactions under the individual expressway services subcontracting agreements for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB141,021,100, RMB171,802,900 and RMB196,602,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 31 December 2013.

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

- (c) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a material purchase master agreement (the "Material Purchase Master Agreement"), pursuant to which the Group purchases construction materials from the members of GCGC Group pursuant to the execution agreements under the Material Purchase Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Material Purchase Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The annual caps of continuing connected transactions under the Material Purchase Master Agreement for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB2,380,000,000, RMB1,880,000,000 and RMB1,540,000,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 31 December 2013.

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

- (d) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a material logistics service master agreement (the "Material Logistics Service Master Agreement"), pursuant to which the Group provides material logistics service to the members of GCGC Group in the construction of expressway and other infrastructure projects pursuant to the execution agreements under the Material Logistics Service Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The annual caps of continuing connected transactions under the Material Logistics Service Master Agreement for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB2,853,600,000, RMB2,712,300,000 and RMB1,856,050,000, respectively, were approved by independent Shareholders at the extraordinary general meeting held on 31 December 2013.

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

- (e) On 30 September 2013, the Company and GCGC, the controlling Shareholder of the Company, entered into a rescue services entrustment master agreement (the "Rescue Services Entrustment Master Agreement"), pursuant to which the Group provides the GCGC Group with rescue services pursuant to the execution agreements under the Rescue Services Entrustment Master Agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The annual caps of continuing connected transactions under the Rescue Services Entrustment Master Agreement for the three years ending 31 December 2014, 2015 and 2016 in the amount of RMB36,002,600, RMB40,213,400 and RMB46,351,400, respectively, were approved by independent Shareholders at the Company's extraordinary general meeting held on 31 December 2013.

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

Discloseable continuing connected transactions exempt from independent Shareholders' approval

- (f) On 27 September 2005, the Company and GCGC, the controlling Shareholder of the Company, entered into a transportation intelligence services and other auxiliary services master agreement, pursuant to which the Group provides transportation intelligence services to the members of GCGC Group pursuant to the execution agreements under the transportation intelligence services and other auxiliary services master agreement, with an initial term of three years. Subject to the relevant requirements of the Listing Rules, the Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The Group ceased to operate transportation intelligence services since 2013, but operate other auxiliary services. The annual caps of continuing connected transactions under the transportation intelligence services and other auxiliary services master agreement for the three years ending 31 December 2014, 2015 and 2016 were in the amount of RMB22,523,000, RMB20,973,000 and RMB20,973,000, respectively.

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

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

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

- (h) On 26 March 2013, Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management", a whole-owned subsidiary of GCGC and therefore a connected person of the Company under Chapter 14A of the Listing Rules) (as lessor) and the Company (as lessee) entered into a lease agreement in respect of the leasing of the leased premises (the "Previous Lease Agreement"). Pursuant to the Previous Lease Agreement, the Company leased from Yueyun Investment Management the premises located at 8th, 15th, 17th, 18th, 19th, 21st, 23rd, 24th, 25th and 26th floors of Yueyun Building ("Yueyun Building"), 3 Zhongshan Second Road, Yuexiu District, Guangzhou, Guangdong Province, the PRC, for office purpose for a term of one year from 1 April 2013 to 31 March 2014. On 31 March 2014, Yueyun Investment Management and the Company entered into a new lease agreement in respect of the leasing of leased premises (the "Lease Agreement"), pursuant to which the Company leased from Yueyun Investment Management the premises located at 8th, 17th, 18th, 19th, 21st, 23rd, 24th, 25th and 26th floors of Yueyun Building for office purpose for a term commencing on 1 April 2014 to 31 December 2016. The annual caps of continuing connected transactions under the Previous Lease Agreement for the years ended 31 December 2013 and 2014 were RMB1,628,484 and RMB470,028, and the Previous Lease Agreement and the Lease Agreement for the years ended 31 December 2014, 2015 and 2016 were RMB1,746,390, RMB1,701,816 and RMB1,701,816, respectively.

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

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

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

- (j) On 30 September 2013, the Company and GCGC entered into an information systems services master agreement (the “Information Systems Services Master Agreement”), pursuant to which GCGC Group will provide the Group with information system services, including construction of information systems, maintenance of information systems, software development and other information technology related services pursuant to the execution agreements under the Information Systems Services Master Agreement, with an initial term of three years commencing on 1 January 2014 and ending on 31 December 2016. Subject to the relevant requirements of the Listing Rules, the Information Systems Services Master Agreement shall be automatically renewed unless a notice of non-renewal is given by either party to the other party at least three months prior to the expiry of such initial term. The annual caps of continuing connected transactions for information system services for the three years ending 31 December 2014, 2015 and 2016 are in the amount of RMB13,794,000, RMB12,378,000 and RMB10,992,000, respectively.

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

- (k) On 30 December 2014, the Company and Yueyun Investment Management entered into the entrusted management agreement, pursuant to which Yueyun Investment Management entrusted its 100% equity interest in Meizhou Yueyun Vehicles Transportation Company Limited ("Meizhou Yueyun"), 80% equity interest in Shenzhen Yueyun Investment Development Company Limited ("Shenzhen Yueyun") and 100% equity interest in Guangdong Yangjiang Vehicles Transportation Group Company Limited ("Yangjiang Transportation") and the business operation of such companies to the Company for a term of one year commencing from 1 January 2015 and ending on 31 December 2015 at an annual entrusted management fee of RMB7,662,000. On 11 December 2015, the Company and Yueyun Investment Management entered into a new Entrusted Management Agreement upon the expiry of the Entrusted Management Agreement on 31 December 2015, pursuant to which Yueyun Investment Management will continue to entrust its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operations of such companies to the Company for a term of three years commencing from 1 January 2016 and ending on 31 December 2018 at an annual entrusted management fee of RMB7,662,000.

For further information relating to the above transactions, please refer to the Company's announcements dated 30 December 2014 and 11 December 2015.

- (l) On 26 February 2015, The Motor Transport Company of Guangdong and Hong Kong Limited ("GD-HK Company", a non-wholly owned subsidiary of the Company) and Weisheng Transportation Enterprises Company Limited ("Weisheng", a subsidiary of GCGC and a connected person of the Company under Chapter 14A of the Listing Rules) entered into the Guangdong and Hong Kong Transportation Branch Outsourcing Agreement, pursuant to which GD-HK Company outsourced the operation of GD-HK Transportation Branch to Weisheng for a term commencing from 1 March 2015 and ending on 31 December 2017. The annual caps for the three years ending 31 December 2015, 2016 and 2017 for the continuing connected transactions contemplated under the GD-HK Transportation Branch Outsourcing Agreement are HK\$27,030,000, HK\$28,880,000 and HK\$30,920,000 respectively.

For further information relating to the above transactions, please refer to the Company's announcement dated 26 February 2015.

- (m) On 26 February 2015, GD-HK Company and Weisheng entered into the Weisheng Bus Outsourcing Agreement, pursuant to which Weisheng outsourced the operation of Weisheng Bus to GD-HK Company for a term commencing from 1 March 2015 and ending on 31 December 2017. The annual caps for the three years ending 31 December 2015, 2016 and 2017 for the continuing connected transactions contemplated under the Weisheng Bus Outsourcing Agreement are HK\$15,940,000, HK\$17,020,000 and HK\$18,190,000 respectively.

For further information relating to the above transactions, please refer to the Company's announcement dated 26 February 2015.

The following table sets out the relevant annual caps and the actual amounts for the year ended 31 December 2015 in relation to the continuing connected transactions of the Company.

Transactions	For the year ended 31 December 2015	
	Annual Cap (RMB'000)	Actual Amount (RMB'000)
Non-exempt continuing connected transactions approved by independent Shareholders		
(a) Provision of repair and renovation services for the Taiping Interchange by members of GCGC to the Group under the Taiping Interchange Repair Services Master Agreement and the subsisting agreements	15,355	186
(b) Grant of a first right to operate the expressway service zones on the expressways controlled by members of GCGC by GCGC to the Company under the First Right of Operation Agreement and the subsisting agreements	171,803	126,081
(c) Purchase of construction materials from members of GCGC by the Group under the Materials Purchase Master Agreement and the subsisting agreements	1,880,000	1,275,572
(d) Provision of material logistics services to members of GCGC by the Group under the Material Logistics Services Master Agreement and the subsisting agreements	2,712,300	1,085,834
(e) Provision of expressway rescue services to members of GCGC by the Group under the Rescue Services Entrustment Master Agreement and the subsisting agreements	40,213	29,110

Transactions	For the year ended	
	31 December 2015	
	Annual Cap (RMB'000)	Actual Amount (RMB'000)
Discloseable continuing connected transactions exempt from independent Shareholders' approval		
(f) Provision of other auxiliary services to members of GCGC by the Group under the Transportation Intelligence Services and Other Auxiliary Services Master Agreement and the subsisting agreements	20,973	10,023
(g) Engagement of Humen Bridge Company by the Company in providing certain entrusted toll fee collection and other operation management services in relation to the operation of the Taiping Interchange under the Entrusted Operation Management Contract	4,700	4,700
(h) Leasing of the leased premises from Yueyun Investment Management by the Group for office purpose under the Lease Agreement	1,702	1,702
(i) Provision of property management services in respect of Yueyun Building by Guangdong Yunxing Property Management Company Limited to Yueyun Investment Management under the Property Management Entrustment Agreement	9,000	7,957
(j) Provision of information system services to the Group by members of GCGC under the Information Systems Services Master Agreement and the subsisting agreements	12,378	3,315
(k) Entrustment of its 100% equity interest in Meizhou Yueyun, 80% equity interest in Shenzhen Yueyun and 100% equity interest in Yangjiang Transportation and the business operations of these companies to the Company by Yueyun Investment Management under the Entrusted Management Agreement	7,662	7,662
(l) Outsourcing of the operation of GD-HK Transportation Branch to Weisheng by GD-HK Company under the GD-HK Transportation Branch Outsourcing Agreement	21,986 (HK\$27,030,000)	21,705
(m) Outsourcing of the operation of Weisheng Bus to GD-HK Company by Weisheng under the Weisheng Bus Outsourcing Agreement	12,966 (HK\$15,940,000)	9,569

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

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

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules". The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

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

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

CONNECTED TRANSACTIONS

For the year ended 31 December 2015, the Group have conducted the following connected transactions which are subject to reporting and announcement requirements but exempt from the shareholders' approval under Chapter 14A of the Listing Rules:

- (a) With the approval from the Board, on 24 June 2015, the Agreement was entered into between Guangdong Top-E Expressway Service Zone Company Limited ("Guangdong Top-E", a subsidiary of the Company) and Guangdong Guangzhu West Line Expressway Company Limited ("Guangzhu West Line", an associate of GCGC and a connected person of the Company under Chapter 14A of the Listing Rules) with immediate effect. Pursuant to the Agreement, Guangzhu West Line agreed to reimburse Guangdong Top-E's construction cost of the Property located at the Shaxi Service Zone at Shaxi Town, Zhongshan City in the amount of RMB34,466,136.56 and Guangdong Top-E shall terminate the recognition of the Property.

For further information relating to the above transactions, please refer to the Company's announcement dated 24 June 2015.

- (b) After completion of a tender process conducted through the Southern United Assets and Equity Exchange (南方聯合產權交易中心), on 29 December 2015, Guangdong Top-E and Guangdong Provincial Freeway Company Limited, a wholly-owned subsidiary of GCGC and a connected person of the Company under Chapter 14A of the Listing Rules) entered into the Asset Transaction Contract, pursuant to which Guangdong Top-E acquired the assets at the Houmen Service Zone located along the Shenzhen-Shantou Expressway from Guangdong Provincial Freeway Company Limited for a consideration of RMB57,736,060.

For further information relating to the above transactions, please refer to the Company's announcement dated 29 December 2015.

RELATED PARTY TRANSACTIONS

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

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

As at 31 December 2015, the interests of Directors and Supervisors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO") as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

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

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

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

Name of Associated corporation	Name of Director/ Supervisor	Nature of Interests	Number of shares held	Approximate percentage in relevant class of share capital	Note
Guangdong Provincial Expressway Development Co. Ltd. ("Guangdong Expressway")	Yao Hanxiong	Personal	2,393	0.0003%	(1)
Guangdong Expressway	Liu Hong	Personal	11,972	0.0013%	(2)
Guangdong Expressway	Zhen Jianhui	Personal	9,209	0.0010%	(3)

Notes:

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

Save as disclosed above, as at 31 December 2015, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares or underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2015 was the Company, its subsidiaries, its fellow subsidiaries or its holding company a party to any arrangements to enable the Directors, Supervisors or senior management officers of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

Details of the remuneration of the Directors and Supervisors of the Company and the five highest paid individuals of the Group are set out in the notes VI.4 (6) to the financial statements prepared in accordance with the CASBE. There were no arrangements under which a Director or Supervisor had waived or agreed to waive any remuneration in respect of the year ended 31 December 2015. Pursuant to B.1.5 of the CG Code, the remuneration range of the members of the senior management for the year ended 31 December 2015 is set out below:

Remuneration range (RMB)	Number of persons
Below 300,000	4
300,000 to 500,000	1
500,000 to 700,000	5
700,000 to 900,000	3

SERVICE CONTRACTS OF DIRECTORS AND SUPERVISORS

As at 31 December 2015, no Director or Supervisor had entered into any service contract with the Company or any of its subsidiaries, which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

None of the Directors or Supervisors of the Company had any material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2015.

PERMITTED INDEMNITY PROVISIONS

As of 31 December 2015, the Company has purchased liability insurance for the Directors, the Supervisors and senior management to minimize their risks arising from the performance of their duties. The permitted indemnity provisions are provided in such directors, supervisors and senior management liability insurance in respect of potential liability and costs associated with legal proceedings that may be brought against the Directors, the Supervisors and senior management.

BOARD COMMITTEES

The Company has established an Audit and Corporate Governance Committee, a Remuneration Committee and a Nomination Committee. For details regarding the board committees, please refer to the relevant contents of the section Corporate Governance Report as set out in this annual report.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 20,516 (as at 31 December 2014: 18,633) employees and the staff costs (including remuneration of Directors) of the Group was RMB1,558 million (as at 31 December 2014: RMB1,161 million) for the year.

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

EMPLOYEE TRAINING

The Company has always attached great importance to the training and development of human resources, and made endeavor to provide training and education to management personnel. We have faithfully implemented budgeted standard for training expenses and its implementation plan of the Company, and 100% of management personnel have participated in the training courses. In 2015, the Company organized a total of 8 major trainings regarding to leadership qualities enhancement for management personnel, with a total of 1,293 people participated in and an overall training satisfaction above 90%. The main training activities included the followings. In January, training and communication activity were carried out among middle and senior management personnel of the Group with 527 personnel participated through video conferences. From May to August, we have prepared "2015 Training Programs on Leadership Qualities Enhancement for Middle and Senior Management Personnel (2015年中高層管理人員領導素質提升培訓方案)" through cooperation with training institutions. Six sessions of seven-day expert lecture were delivered, with a total of 615 people involved in the trainings. In September, we have organized trainings with theme of "Win in Transition - Mobile Internet Thinking Facilitating the Transformation and Upgrading of Traditional Enterprises", with a total of 151 people participated in the trainings. Moreover, the Company continued to make great effort to enhance the training and education for management personnel at all levels leveraging on the main position of networking academy. We have prepared and uploaded 15 internal courses and approximately 253 people participated in internet learning sessions in 2015.

REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the reporting period, the Company did not redeem any of its shares. Neither the Company nor its subsidiaries repurchased or sold any shares of the Company during the year ended 31 December 2015.

ISSUE OF CORPORATE BONDS

The Company has obtained approval from China Securities Regulatory Commission in respect of the issue of corporate bonds in a maximum principal amount of RMB0.78 billion to the public in the PRC. The Company issued such corporate bonds in two batches. The issue of the first batch of bonds in a principal amount of RMB0.4 billion was completed on 30 September 2015 and such bonds were listed on Shanghai Stock Exchange on 13 November 2015. The issue of the second batch of bonds in a principal amount of RMB0.38 billion was completed on 21 December 2015 and such bonds were listed on Shanghai Stock Exchange on 27 January 2016.

For details, please refer to the Company's announcement dated 28 May 2014 and circular dated 10 July 2014 on the websites of the Stock Exchange and the Company, and announcements dated 23 September 2015, 28 September 2015, 8 October 2015, 12 November 2015, 15 December 2015, 17 December 2015, 22 December 2015 and 27 January 2016 on the websites of Shanghai Stock Exchange, the Stock Exchange and the Company.

DONATIONS

Donations of RMB1,014,786.00 was made by the Group during the year ended 31 December 2015.

AUDITOR

Deloitte Touche Tohmatsu CPA LLP retired as the auditor of the Company due to expiry of contract on 26 June 2014 and the Company appointed KPMG Huazhen LLP as the auditor of the Company. On 11 June 2015, as approved at the annual general meeting, the Company appointed KPMG Huazhen LLP as the auditor of the Company for a term of office until the close of the next annual general meeting of the Company. KPMG Huazhen LLP has audited the Group's financial statements which were prepared in accordance with the CASBE. The Company will propose a resolution at the annual general meeting to be held on 7 June 2016 to appoint KPMG Huazhen LLP as the auditor of the Company.

MATERIAL LITIGATION OR ARBITRATION

Up to the date of this report, the Board was aware of the following material litigation involving the Company:

The Company has brought a legal proceedings before the Guangzhou Intermediate People's Court against Tangshan Shuihou Steel Rolling Mill No.1 (唐山市稅後軋鋼一廠), Tangshan Xingye Industrial & Trading Group Co., Ltd. (唐山興業工貿集團有限公司) and Tangshan Kaiping District Xingye Steel Rolling Mill (唐山市開平區興業軋製廠) to recover the sum paid in advance by the Company to purchase steel products in the amount of RMB472,397,000 together with compensation for breach of contract. The Company has applied to the court for a charging order against the defendants' assets. The Guangzhou Intermediate People's Court gave its judgment on 7 June 2011, pursuant to which the defendants had to repay the prepayments of the Company with a penalty. On 12 July 2011, the Guangzhou Intermediate People's Court issued a certificate of judgment (《裁判文書生效證明》) to confirm that the relevant ruling became effective on 30 June 2011. The Company has applied to the court for filing and executing the certificate which is currently being executed by the court. The obligor, Tangshan Xingye Industrial & Trading Group Co., Ltd. has filed for bankruptcy petition to Tangshan Kaiping District People's Court due to insolvency, and the court has decided to accept the bankruptcy petition filed by it on 28 February 2014. In March 2015, receiver of Tangshan Xingye Industry & Trade Group Co., Ltd informed the Company that Tangshan Kaiping District People's Court has accepted the merger and bankruptcy case of seven related enterprises including Tangshan Shuihou Steel Rolling Mill No.1, Tangshan Xingye Industrial & Trading Group Co., Ltd. and Tangshan Kaiping District Xingye Steel Rolling Mill. The Company has made full provision for the bad debts regarding the above mentioned defaulted prepayment and will continue to strengthen its effort to recover the defaulted prepayment, currently the possibility of collecting the related prepayment remains unsure.

On behalf of the Board

Xuan Zongmin

Chairman of the Board

Guangzhou, The PRC

18 March 2016

Dear Shareholders:

In 2015, based on the principle of safeguarding the interest of all Shareholders, the Supervisory Committee of the Company lawfully performed its supervisory functions in accordance with the relevant requirements under the Company Law of the People's Republic of China (the "Company Law"), the Articles of Association of Guangdong Yueyun Transportation Company Limited (the "Articles of Association") and the Listing Rules. The Supervisory Committee of the Company monitored the Company's production and operation activities, financial position and the performance by the Directors and senior management members of their duties, providing strong support for the Company's standardized operations. We hereby present the tasks carried out by the Supervisory Committee of the Company during 2015:

1. CONVENING SUPERVISORY COMMITTEE MEETINGS

In the year of 2015, the Supervisory Committee had convened the second and third meeting of the fifth session of the Supervisory Committee. The meeting was convened and held in compliance with the Company Law and the Articles of Association. The resolutions of the meeting was legal and valid.

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

- (I) Annual Work Report of the Supervisory Committee for 2014;
- (II) Work Plan of the Supervisory Committee for 2015;
- (III) Proposal on Change of Shareholder Supervisors; and
- (IV) Proposal on Election of Candidate for New Chairman of the Supervisory Committee.

Upon review at the meeting, the following 14 reports and proposals of the Company were agreed with unanimously:

- (I) Annual Report for 2014;
- (II) Final Financial Report for 2014 and Financial Budget Report for 2015;
- (III) Profit Distribution Plan for 2014;
- (IV) Proposal on Application for Composite Credit Facilities from the Banks;
- (V) Proposal on Appointment of Agent for Distributing H Shares Dividends;
- (VI) Proposal on Appointment of Auditors;
- (VII) Investment Performance for 2014 and Investment Proposal for 2015;
- (VIII) Remuneration Incentive Packages for 2014;
- (IX) Proposal on General Mandate to Issue Domestic Shares and/or H Shares;
- (X) Internal Audit Plan for 2015;
- (XI) Evaluation Work Plan for Internal Control for 2015;

- (XII) Proposal on Convening the 2014 Annual General Meeting;
- (XIII) Meeting Minutes for Audit and Corporate Governance Committee;
- (XIV) Meeting Minutes for Remuneration Committee.

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

In 2015, members of the Supervisory Committee of the Company attended various meetings relating to major business operations and decision making of the Company, such as Shareholders' meetings, meetings of the Board of Directors and the party-executive joint conferences, and also reviewed and monitored the voting procedures for major decisions and resolutions, and examined the lawful operation of the Company.

Regarding the Company's major investments, significant capital flows, financial position and other significant events which require shareholder notification, the Supervisory Committee conducted seven specific reviews during the Reporting Period, involving the Company and its 20 subsidiaries.

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

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

In 2015, the procedures for convening board meetings and the process for passing resolutions complied with laws and regulations. The Board was able to strictly execute each of the resolutions and authorizations given at the general meetings. Directors and the management of the Company were able to perform their duties in accordance with the resolutions of the general meetings. The Supervisory Committee was not aware of any violation of the laws, regulations and the Articles of Association or other matters which will damage the interest of the Company and the Shareholders in the course of performing corporate duties by Directors and senior management of the Company.

(2) Financial audit of the Company

KPMG Huazhen LLP has audited the 2015 financial reports of the Company and issued a standard unqualified audit report. The 2015 financial statements audited by KPMG Huazhen LLP present fairly, in material respects, the financial position and operating results of the Company.

(3) Connected transactions

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

Ling Ping

Chairman of the Supervisory Committee

Guangzhou, the PRC

18 March 2016

SHARE CAPITAL

Details of the share capital of the Company are set out in Note V.36 to financial statements prepared in accordance with the CASBE.

PRE-EMPTIVE RIGHTS

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

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

To the best knowledge of the Directors, as at 31 December 2015, Shareholders who had interests or short positions in the shares and underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (the "SFO"), or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Class of shares	Number of shares/ underlying shares held (note)	Capacity	Percentage in relevant class of share capital (%)	Percentage in total share capital (%)
GCGC	Domestic shares	419,462,800	Beneficial owner	100%	66.96%
China Petrochemical Corporation	H shares	33,570,000 (Note 1)	Interests of controlled corporations	16.22%	5.36%
China Petroleum & Chemical Corporation	H shares	33,570,000 (Note 1)	Interests of controlled corporations	16.22%	5.36%
Sinopec Sales Company Limited	H shares	33,570,000 (Note 1)	Interests of controlled corporations	16.22%	5.36%
Sinopec (Hong Kong) Limited	H shares	33,570,000 (Note 1)	Beneficial owner	16.22%	5.36%
Shah Capital Management	H shares	17,748,000	Investment manager	8.57%	2.83%
Pope Asset Management, LLC	H shares	12,274,632 (Note 2)	Investment manager	5.93%	1.96%
E Fund Management Co., Ltd.	H shares	11,100,000	Investment manager	5.36%	1.77%

Note:

- (1) Sinopec (Hong Kong) Limited is a wholly-owned subsidiary of Sinopec Sales Company Limited and China Petroleum & Chemical Corporation holds as to 70% of Sinopec Sales Company Limited while China Petrochemical Corporation holds as to 70.86% of China Petroleum & Chemical Corporation. Accordingly, China Petrochemical Corporation, China Petroleum & Chemical Corporation and Sinopec Sales Company Limited are deemed to be interested in 33,570,000 H shares of the Company held by Sinopec (Hong Kong) Limited respectively;
- (2) Based on the latest DI Forms filed by Pope Asset Management, LLC on the HKExnews website, the number of shares of Company in which it is interested is 8,183,088 shares. Furthermore, upon completion of the issue of bonus shares of the Company on 10 September 2015, 4,091,544 bonus H Shares of the Company was issued to Pope Asset Management, LLC.

Save as disclosed above, as at 31 December 2015, the Company was not aware of any other interests or short positions in the shares or underlying shares of the Company required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

CHANGES IN SHARE CAPITAL OF THE COMPANY

On 10 September 2015, the Company, pursuant to the approval required for the Bonus Shares Issue, completed the issue of a total of 208,820,933 Bonus Shares, including 69,000,000 Bonus H Shares and 139,820,933 Bonus Domestic Shares. Immediately after the completion of the Bonus Shares Issue, the total number of the Company's shares in issue changed to 626,462,800 shares, comprising 207,000,000 H Shares and 419,462,800 Domestic Shares.

For further details of changes in share capital above, please refer to the Company's circular dated 23 April 2015 and announcement dated 10 September 2015.

The completion of the conversion of the PSCS (the principal amount of RMB281,810,000) held by GCGC into 173,385,000 new Domestic Shares of the Company took place on 24 March 2016 upon completion of its registration with China Securities Depository and Clearing Co., Ltd. Immediately after the completion of the conversion of the PSCS, the total number of the Company's shares in issue changed to 799,847,800 shares, comprising 207,000,000 H Shares and 592,847,800 Domestic Shares.

For further details of changes in shares in issue above, please refer to the Company's announcement dated 24 March 2016.

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

As at 31 December 2015, GCGC held 419,462,800 Domestic Shares of the Company, respectively representing 66.96% of the total issued share capital of the Company and 100% of its total issued domestic shares.

As at 24 March 2016, immediately after the completion of the conversion of the PSCS, GCGC held 592,847,800 Domestic Shares of the Company, respectively representing 74.12% of the total issued share capital of the Company and 100% of its issued domestic shares.

GCGC is a controlling Shareholder of the Company. Its legal representative is Li Jing and its registered capital as at 31 December 2015 was RMB26,800,000,000. It is principally engaged in the investment, construction and management of expressways in Guangdong Province, as well as logistics and transportation business.

SUFFICIENCY OF PUBLIC FLOAT

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

畢馬威華振審字第1600350号

All Shareholders of Guangdong Yueyun Transportation Company Limited:

We have audited the accompanying financial statements of Guangdong Yueyun Transportation Company Limited ("the Company"), which comprise the consolidated balance sheet and balance sheet as at 31 December 2015, the consolidated income statement and income statement, the consolidated cash flow statement and cash flow statement, the consolidated statement of changes in shareholders' equity and statement of changes in shareholders' equity for the year then ended, and notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing these financial statements in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China, and fairly presenting them; (2) designing, implementing and maintaining internal control which is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position and financial position of the Company as at 31 December 2015, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

KPMG Huazhen LLP

Beijing, China

Certified Public Accountants

Registered in the People's Republic of China

Peng Jing

Wang Jie

18 March 2016

CONSOLIDATED BALANCE SHEET

as at 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	2015	2014
Assets			
Current Assets			
Cash at bank and on hand	1	1,933,761,604.87	1,773,706,526.84
Bills receivable	2	41,465,258.58	1,500,000.00
Accounts receivable	3	641,484,078.84	668,287,137.36
Prepayments	4	211,651,614.28	188,767,804.38
Interest receivable		29,495.21	—
Dividends receivable		2,785,352.51	—
Other receivables	5	349,316,709.04	298,713,423.99
Inventories	6	93,067,920.45	153,138,610.49
Non-current assets due within one year		9,991,756.62	7,985,219.32
Other current assets	7	21,645,543.80	17,036,912.36
Total current assets		3,305,199,334.20	3,109,135,634.74
Non-current assets			
Long-term receivables	8	39,449,333.80	35,458,574.50
Long-term equity investments	9	212,740,678.19	204,665,915.87
Available-for-sale financial assets	10	563,228.22	8,238,722.82
Investment properties	11	175,171,640.98	152,693,971.95
Fixed assets	12	2,139,801,503.94	1,738,940,439.54
Construction in progress	13	187,410,267.89	172,616,315.39
Intangible assets	14	939,322,936.89	820,725,330.31
Goodwill	15	84,597,291.76	84,597,291.76
Long-term deferred expenses	16	27,255,996.55	25,994,397.66
Deferred tax assets	17	187,462,889.23	191,265,434.64
Other non-current assets	18	253,809,550.56	208,747,950.30
Total non-current assets		4,247,585,318.01	3,643,944,344.74
Total assets		7,552,784,652.21	6,753,079,979.48

The notes on pages 110 to 308 form part of these financial statements.

	Note V	2015	2014
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	21	126,200,000.00	285,749,912.78
Bills payable	22	215,860,076.38	319,317,371.36
Accounts payable	23	877,405,239.57	961,762,867.70
Advances from customers	24	431,848,779.81	334,744,357.78
Employee benefits payable	25	159,510,179.61	146,784,610.23
Taxes payable	26	132,105,537.30	168,433,156.47
Interest payable	27	5,129,843.86	5,157,354.24
Dividends payable	28	17,584,988.32	22,183,255.35
Other payables	29	584,915,139.42	546,330,830.89
Non-current liabilities due within one year	30	147,920,412.08	411,602,480.02
Total current liabilities		2,698,480,196.35	3,202,066,196.82
Non-current liabilities			
Long-term loans	31	256,438,897.89	299,529,507.68
Bonds payable	32	773,068,638.74	—
Long-term payables	33	48,382,786.48	41,223,617.48
Long-term employee benefits payable	34	175,568,228.12	181,699,822.62
Deferred tax liabilities	17	33,405,016.44	31,129,102.06
Deferred income	35	520,851,562.14	285,528,984.00
Total non-current liabilities		1,807,715,129.81	839,111,033.84
Total liabilities		4,506,195,326.16	4,041,177,230.66

The notes on pages 110 to 308 form part of these financial statements.

CONSOLIDATED BALANCE SHEET
as at 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	2015	2014
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital	36	626,462,800.00	417,641,867.00
Other equity instrument	37	281,810,000.00	281,810,000.00
Capital reserve	38	45,158,516.51	170,451,076.51
Other comprehensive income	39	(32,798,149.44)	(37,962,427.11)
Special reserve	40	30,225,215.67	22,864,907.64
Surplus reserve	41	142,234,113.99	136,839,287.38
Retained earnings	42	781,113,221.65	669,480,517.83
Total equity attributable to shareholders of the Company	43	1,874,205,718.38	1,661,125,229.25
Non-controlling interests		1,172,383,607.67	1,050,777,519.57
Total shareholders' equity		3,046,589,326.05	2,711,902,748.82
Total liabilities and shareholders' equity		7,552,784,652.21	6,753,079,979.48

These financial statements were approved by the Board of Directors of the Company on 18 March 2016.

Xuan Zongmin	Wen Wu	Leng Xuelin	(Company Stamp)
Legal Representative	The person in charge of accounting affairs	The head of the accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 110 to 308 form part of these financial statements.

BALANCE SHEET

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as at 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	2015	2014
Assets			
Current Assets			
Cash at bank and on hand	1	1,381,281,009.40	843,395,937.87
Bills receivable	2	4,500,000.00	1,300,000.00
Accounts receivable	3	215,597,123.60	355,589,986.51
Prepayments	4	2,436,953.05	59,947,954.08
Dividends receivable		1,023,000.00	—
Other receivables	5	468,610,700.64	428,471,288.71
Inventories	6	14,206,820.48	33,430,248.59
Other current assets	7	867,811.37	3,628,030.91
Total current assets		2,088,523,418.54	1,725,763,446.67
Non-current assets			
Long-term equity investments	9	1,194,782,486.70	803,848,951.98
Available-for-sale financial assets	10	777,412.45	777,412.45
Fixed assets	12	6,622,951.18	4,102,293.64
Construction in progress	13	—	241,523.95
Intangible assets	14	143,978,510.65	164,104,686.38
Long-term deferred expenses	16	10,367,030.79	11,026,231.52
Deferred tax assets	17	144,880,899.17	141,389,770.29
Total non-current assets		1,501,409,290.94	1,125,490,870.21
Total assets		3,589,932,709.48	2,851,254,316.88

The notes on pages 110 to 308 form part of these financial statements.

BALANCE SHEET

as at 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	2015	2014
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	21	—	200,000,000.00
Bills payable	22	55,631,886.38	221,317,371.36
Accounts payable	23	146,720,218.39	131,040,998.59
Advances from customers	24	113,865,048.84	34,107,156.14
Employee benefits payable	25	20,128,116.63	18,778,140.46
Taxes payable	26	8,436,988.97	10,880,883.30
Interest payable	27	4,577,888.89	604,666.58
Other payables	29	1,151,330,585.68	786,835,649.48
Total current liabilities		1,500,690,733.78	1,403,564,865.91
Non-current liabilities			
Long-term loans	31	—	120,000,000.00
Bonds payable	32	773,068,638.74	—
Total non-current liabilities		773,068,638.74	120,000,000.00
Total liabilities		2,273,759,372.52	1,523,564,865.91
Shareholders' equity			
Share capital	36	626,462,800.00	417,641,867.00
Other equity instrument	37	281,810,000.00	281,810,000.00
Capital reserve	38	137,596,687.11	262,889,247.11
Surplus reserve	41	139,756,025.13	134,361,198.52
Retained earnings	42	130,547,824.72	230,987,138.34
Total shareholders' equity		1,316,173,336.96	1,327,689,450.97
Total liabilities and shareholders' equity		3,589,932,709.48	2,851,254,316.88

These financial statements were approved by the Board of Directors of the Company on 18 March 2016.

Xuan Zongmin	Wen Wu	Leng Xuelin	(Company Stamp)
Legal Representative	The person in charge	The head of the	
	of accounting affairs	accounting department	
(Signature and stamp)	(Signature and stamp)	(Signature and stamp)	

The notes on pages 110 to 308 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

(Expressed in Renminbi Yuan)

	Note V	2015	2014
I. Operating income	44	8,709,333,939.34	9,878,072,290.17
II. Less: Operating costs	44	7,402,569,258.76	8,834,334,349.78
Business taxes and surcharges	45	65,488,867.87	60,921,237.70
Selling and distribution expenses		82,320,420.06	63,415,746.33
General and administrative expenses		695,465,154.84	553,520,490.64
Financial expenses	46	69,998,910.60	63,343,464.01
Impairment losses	47	7,117,356.06	19,111,569.64
Add: Investment income	48	31,917,419.78	17,204,031.96
(Including: Income from investment in associates and joint ventures)		27,163,709.88	15,554,646.74
III. Operating profit		418,291,390.93	300,629,464.03
Add: Non-operating income	49	122,513,637.91	131,972,861.31
(Including: Gains from disposal of non-current assets)		9,776,812.31	19,410,509.37
Less: Non-operating expenses	50	10,392,655.92	11,914,706.33
(Including: Losses from disposal of non-current assets)		3,075,310.23	6,040,394.20
IV. Profit before income tax		530,412,372.92	420,687,619.01
Less: Income tax expenses	51	164,207,640.12	127,098,497.64
V. Net profit for the year		366,204,732.80	293,589,121.37
Attributable to:			
Shareholders of the Company		266,020,283.48	202,795,751.64
Non-controlling interests		100,184,449.32	90,793,369.73

The notes on pages 110 to 308 form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	2015	2014
VI. Other comprehensive income, net of tax	53		
(I) Items that will not be reclassified to profit or loss			
1. Remeasurement of defined benefit plan liability		(5,396,725.64)	—
(II) Items that may be reclassified subsequently to profit or loss:			
1. Translation differences arising from translation of foreign currency financial statements		14,183,009.01	785,846.04
2. Gains or losses arising from changes in fair value of available-for-sale financial assets		(752,563.35)	752,563.35
VII. Total comprehensive income for the year		<u>374,238,452.82</u>	<u>295,127,530.76</u>
Attributable to:			
Shareholders of the Company		271,184,561.15	203,719,948.24
Non-controlling interests		103,053,891.67	91,407,582.52
VIII. Earnings per share			Restated
(I) Basic earnings per share	52(1)	0.42	0.32
(II) Diluted earnings per share	52(2)	0.33	0.26

The notes on pages 110 to 308 form part of these financial statements.

INCOME STATEMENT

for the year ended 31 December 2015

(Expressed in Renminbi Yuan)

	Note V	2015	2014
I. Operating income	44	906,208,479.31	2,000,020,895.76
II. Less: Operating costs	44	764,659,929.07	1,831,615,553.84
Business taxes and surcharges	45	7,764,131.26	9,322,055.27
Selling and distribution expenses		7,616,226.87	21,226,973.43
General and administrative expenses		83,118,325.96	89,227,228.80
Financial expenses	46	13,750,333.16	15,083,059.52
Impairment losses	47	5,798,872.87	8,529,256.98
Add: Investment income	48	42,261,194.83	46,273,513.43
(Including: Income from investment in associates and joint ventures)		15,199,934.72	9,507,953.05
III. Operating profit		65,761,854.95	71,290,281.35
Add: Non-operating income	49	379,523.25	70,000.01
(Including: Gains from disposal of non-current assets)		232.95	—
Less: Non-operating expenses	50	158,535.26	15,040.00
(Including: Losses from disposal of non-current assets)		142,535.26	8,040.00
IV. Profit before income tax		65,982,842.94	71,345,241.36
Less: Income tax expenses	51	12,034,576.90	7,171,675.28
V. Net profit for the year		53,948,266.04	64,173,566.08
VI. Other comprehensive income, net of tax		—	—
VII. Total comprehensive income for the year		53,948,266.04	64,173,566.08

The notes on pages 110 to 308 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	2015	2014
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		9,817,051,074.50	11,077,335,346.13
Refund of taxes		2,341,335.01	—
Cash received relating to other operating activities		310,644,038.48	142,303,964.88
Sub-total of cash inflows		10,130,036,447.99	11,219,639,311.01
Payment for goods and services		6,965,270,877.02	8,822,305,097.53
Payment to and for employees		1,556,112,363.30	1,159,209,176.19
Payment of various taxes		431,460,256.15	369,026,989.26
Payment relating to other operating activities		210,398,455.63	168,009,923.06
Sub-total of cash outflows		9,163,241,952.10	10,518,551,186.04
Net cash inflow from operating activities	55(a)	966,794,495.89	701,088,124.97
II. Cash flows from investing activities:	44		
Proceeds from disposal of investments		6,672,076.80	12,542,166.17
Net proceeds from acquisition of subsidiaries		—	39,772,396.23
Investment returns received		22,690,782.54	6,237,917.96
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		67,644,554.32	46,451,430.03
Sub-total of cash inflows		97,007,413.66	105,003,910.39
Payment for acquisition of fixed assets, intangible assets and other long-term assets		897,252,334.71	474,836,833.19
Payment for acquisition of investments		2,400,000.00	3,600,000.00
Net payment for acquisition of subsidiaries	55(d)	62,183,928.69	2,127,947.17
Sub-total of cash outflows		961,836,263.40	480,564,780.36
Net cash outflow from investing activities		(864,828,849.74)	(375,560,869.97)

The notes on pages 110 to 308 form part of these financial statements.

for the year ended 31 December 2015

(Expressed in Renminbi Yuan)

	Note V	2015	2014
III. Cash flows from financing activities:			
Proceeds from investors		8,324,525.00	11,021,781.52
Proceeds from borrowings		751,531,425.45	695,095,885.61
Proceeds from issuance of bonds		772,940,000.00	—
Sub-total of cash inflows		1,532,795,950.45	706,117,667.13
Repayments of borrowings		1,242,717,966.65	808,448,058.04
Payment for dividends, profit distributions or interest (Including: Dividends and profits paid to non-controlling shareholders by subsidiaries)		193,022,708.59	160,103,176.77
Payment relating to other financing activities	55(e)	44,798,579.35	9,868,864.70
Sub-total of cash outflows		1,480,539,254.59	978,420,099.51
Net cash inflow/(outflow) from financing activities		52,256,695.86	(272,302,432.38)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		5,581,874.77	288,901.80
V. Net increase in cash and cash equivalents	55(b)	159,804,216.78	53,513,724.42
Add: Cash and cash equivalents at the beginning of the year		1,763,602,999.44	1,710,089,275.02
VI. Cash and cash equivalents at the end of the year	55(c)	1,923,407,216.22	1,763,602,999.44

The notes on pages 110 to 308 form part of these financial statements.

CASH FLOW STATEMENT

for the year ended 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	2015	2014
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		1,235,901,302.04	2,308,323,873.56
Proceeds from other operating activities		6,789,961.64	6,233,746.48
Sub-total of cash inflows		1,242,691,263.68	2,314,557,620.04
Payment for goods and services		937,623,608.82	2,363,278,574.06
Payment to and for employees		42,990,532.85	42,288,166.47
Payment of various taxes		27,632,811.04	52,664,659.05
Payment relating to other operating activities		159,157,354.53	230,321,686.69
Sub-total of cash outflows		1,167,404,307.24	2,688,553,086.27
Net cash inflow/(outflow) from operating activities	55(a)	75,286,956.44	(373,995,466.23)
II. Cash flows from investing activities:			
Proceeds from disposal of investments		—	12,542,166.17
Investment returns received		31,699,660.11	35,403,506.87
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		46,750.00	1,200.00
Sub-total of cash inflows		31,746,410.11	47,946,873.04
Payment for acquisition of fixed assets, intangible assets and other long-term assets		1,618,146.74	4,738,869.69
Payment for acquisition of investments		302,400,000.00	3,600,000.00
Sub-total of cash outflows		304,018,146.74	8,338,869.69
Net cash (outflow)/inflow from investing activities		(272,271,736.63)	39,608,003.35

The notes on pages 110 to 308 form part of these financial statements.

for the year ended 31 December 2015

(Expressed in Renminbi Yuan)

	Note V	2015	2014
III. Cash flows from financing activities:			
Proceeds from borrowings		200,000,000.00	320,000,000.00
Proceeds from issuance of bonds		772,940,000.00	—
Proceeds from other financing activities	55(e)	358,016,154.09	202,871,575.59
Sub-total of cash inflows		1,330,956,154.09	522,871,575.59
Repayments of borrowings		520,000,000.00	480,000,000.00
Payment for dividends, profit distributions or interest		76,086,302.37	69,900,453.37
Sub-total of cash outflows		596,086,302.37	549,900,453.37
Net cash inflow/(outflow) from financing activities		734,869,851.72	(27,028,877.78)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		—	—
V. Net increase/(decrease) in cash and cash equivalents	55(b)	537,885,071.53	(361,416,340.66)
Add: Cash and cash equivalents at the beginning of the year		843,395,937.87	1,204,812,278.53
VI. Cash and cash equivalents at the end of the year	55(c)	1,381,281,009.40	843,395,937.87

The notes on pages 110 to 308 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2015

(Expressed in Renminbi Yuan)

	Note V	Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity	
		Share capital	Other equity instrument	Capital reserve	Special reserve	Other comprehensive income	Surplus reserve	Retained earnings			
I. Balance as at 1 January 2015		417,641,867.00	281,810,000.00	170,451,076.51	22,864,907.64	(37,962,427.11)	136,839,287.38	669,480,517.83	1,661,125,229.25	1,050,777,519.57	2,711,902,748.82
II. Changes in equity for the year											
1. Total comprehensive income		-	-	-	-	5,164,277.67	-	266,020,283.48	271,184,561.15	103,053,891.67	374,238,452.82
2. Shareholders' contributions											
- Contribution by owners		-	-	-	-	-	-	-	-	8,324,525.00	8,324,525.00
- Increase from a business combination involving enterprises not under common control		-	-	-	-	-	-	-	-	64,719,601.73	64,719,601.73
- Capital reduction by owners		-	-	-	-	-	-	-	-	(1,503,218.34)	(1,503,218.34)
3. Appropriation of profits	42										
- Appropriation for surplus reserve		-	-	-	-	-	5,394,826.61	(5,394,826.61)	-	-	-
- Distributions to shareholders		-	-	-	-	-	-	(62,646,280.05)	(62,646,280.05)	(58,223,446.31)	(120,869,726.36)
- Distribution of earnings of convertible securities		-	-	-	-	-	-	(2,818,100.00)	(2,818,100.00)	-	(2,818,100.00)
4. Transfers within equity											
- Capitalisation of capital reserve	38	125,292,560.00	-	(125,292,560.00)	-	-	-	-	-	-	-
- Distribution of share dividends	42	83,528,373.00	-	-	-	-	-	(83,528,373.00)	-	-	-
5. Specific reserve	40										
- Accrued		-	-	-	25,951,796.68	-	-	-	25,951,796.68	20,181,847.07	46,133,643.75
- Utilised		-	-	-	(18,591,488.65)	-	-	-	(18,591,488.65)	(14,947,112.72)	(33,538,601.37)
Sub-total		208,820,933.00	-	(125,292,560.00)	7,360,308.03	5,164,277.67	5,394,826.61	111,632,703.82	213,080,489.13	121,606,088.10	334,686,577.23
III. Balance as at 31 December 2015		626,462,800.00	281,810,000.00	45,158,516.51	30,225,215.67	(32,798,149.44)	142,234,113.99	781,113,221.65	1,874,205,718.38	1,172,383,607.67	3,046,589,326.05

The notes on pages 110 to 308 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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for the year ended 31 December 2014

(Expressed in Renminbi Yuan)

		Attributable to shareholders of the Company							Non-controlling interests	Total shareholders' equity	
Note V	Share capital	Other equity instrument	Capital reserve	Special reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total			
I.	Balance as at 1 January 2014	417,641,867.00	281,810,000.00	172,076,352.20	14,833,820.53	(38,886,623.71)	130,421,930.77	517,684,409.50	1,495,581,756.29	715,308,525.87	2,210,890,282.16
II.	Changes in equity for the year										
1.	Total comprehensive income	—	—	—	—	924,196.60	—	202,795,751.64	203,719,948.24	91,407,582.52	295,127,530.76
2.	Shareholders' contributions										
	- Contribution by owners	—	—	—	—	—	—	—	—	11,021,781.52	11,021,781.52
	- Increase from a business combination involving enterprises not under common control	—	—	—	—	—	—	—	—	261,352,746.96	261,352,746.96
	- Acquisition of non-controlling interests	—	—	(1,230,375.65)	—	—	—	—	(1,230,375.65)	(1,944,880.76)	(3,175,256.41)
3.	Appropriation of profits	42									
	- Appropriation for surplus reserve	—	—	—	—	—	6,417,356.61	(6,417,356.61)	—	—	—
	- Distributions to shareholders	—	—	—	—	—	—	(41,764,186.70)	(41,764,186.70)	(31,252,908.07)	(73,017,094.77)
	- Distribution of earnings of convertible securities	—	—	—	—	—	—	(2,818,100.00)	(2,818,100.00)	—	(2,818,100.00)
4.	Specific reserve	40									
	- Accrued	—	—	—	24,732,415.63	—	—	—	24,732,415.63	18,799,114.58	43,531,530.21
	- Utilised	—	—	—	(16,701,328.52)	—	—	—	(16,701,328.52)	(13,914,443.05)	(30,615,771.57)
	5. Others	—	—	(394,900.04)	—	—	—	—	(394,900.04)	—	(394,900.04)
	Sub-total	—	—	(1,625,275.69)	8,031,087.11	924,196.60	6,417,356.61	151,796,106.33	165,543,472.96	335,468,983.70	501,012,466.66
III.	Balance as at 31 December 2015	417,641,867.00	281,810,000.00	170,451,076.51	22,864,907.64	(37,962,427.11)	136,839,287.38	669,480,517.83	1,661,125,229.25	1,050,777,519.57	2,711,902,748.82

The notes on pages 110 to 308 form part of these financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2015
(Expressed in Renminbi Yuan)

	Note V	Other equity			Retained	Total equity	
		Share capital	instrument	Capital reserve	Surplus reserve		earnings
I. Balance as at 1 January 2015		<u>417,641,867.00</u>	<u>281,810,000.00</u>	<u>262,889,247.11</u>	<u>134,361,198.52</u>	<u>230,987,138.34</u>	<u>1,327,689,450.97</u>
II. Changes in equity for the year							
1. Total comprehensive income		—	—	—	—	53,948,266.04	53,948,266.04
2. Appropriation of profits	42						
– Appropriation for surplus reserve		—	—	—	5,394,826.61	(5,394,826.61)	—
– Distributions to shareholders		—	—	—	—	(62,646,280.05)	(62,646,280.05)
– Distribution of earnings of convertible securities		—	—	—	—	(2,818,100.00)	(2,818,100.00)
3. Transfers within equity							
– Capitalisation of capital reserve	38	125,292,560.00	—	(125,292,560.00)	—	—	—
– Distribution of share dividends	42	83,528,373.00	—	—	—	(83,528,373.00)	—
Sub-total		<u>208,820,933.00</u>	<u>—</u>	<u>(125,292,560.00)</u>	<u>5,394,826.61</u>	<u>(100,439,313.62)</u>	<u>(11,516,114.01)</u>
III. Balance as at 31 December 2015		<u>626,462,800.00</u>	<u>281,810,000.00</u>	<u>137,596,687.11</u>	<u>139,756,025.13</u>	<u>130,547,824.72</u>	<u>1,316,173,336.96</u>

The notes on pages 110 to 308 form part of these financial statements.

for the year ended 31 December 2014

(Expressed in Renminbi Yuan)

	Note V	Share capital	Other equity instrument	Capital reserve	Surplus reserve	Retained earnings	Total equity
I. Balance as at 1 January 2014		<u>417,641,867.00</u>	<u>281,810,000.00</u>	<u>263,284,147.15</u>	<u>127,943,841.91</u>	<u>217,813,215.57</u>	<u>1,308,493,071.63</u>
II. Changes in equity for the year							
1. Total comprehensive income		—	—	—	—	64,173,566.08	64,173,566.08
2. Appropriation of profits	42						
– Appropriation for surplus reserve		—	—	—	6,417,356.61	(6,417,356.61)	—
– Distributions to shareholders		—	—	—	—	(41,764,186.70)	(41,764,186.70)
– Distribution of earnings of convertible securities		—	—	—	—	(2,818,100.00)	(2,818,100.00)
3. Others		—	—	(394,900.04)	—	—	(394,900.04)
Sub-total		<u>—</u>	<u>—</u>	<u>(394,900.04)</u>	<u>6,417,356.61</u>	<u>13,173,922.77</u>	<u>19,196,379.34</u>
III. Balance as at 31 December 2014		<u>417,641,867.00</u>	<u>281,810,000.00</u>	<u>262,889,247.11</u>	<u>134,361,198.52</u>	<u>230,987,138.34</u>	<u>1,327,689,450.97</u>

The notes on pages 110 to 308 form part of these financial statements.

(Expressed in Renminbi Yuan)

I. COMPANY STATUS

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

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

According to the resolution of the Annual General Meeting held on 11 June 2015, the Company issued two bonus shares for every 10 shares by way of the capitalisation of the retained earnings and three shares for every 10 shares by way of the capitalisation of the share premium based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014. The registered capital of the Company was changed to RMB 626,462,800.00 accordingly.

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1) Basis of preparation

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

The financial statements have been prepared in accordance with the requirements of Accounting Standard for Business Enterprises issued by the Ministry of Finance (MOF) of the PRC. These financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and the applicable disclosure requirements of the Hong Kong Companies Ordinance.

(2) Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS"). These financial statements present truly and completely the consolidated financial position and financial position of the Company as at 31 December 2015, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year then ended.

(3) Basis of accounting

The Group has adopted the accrual basis of accounting.

(4) Accounting period

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

(5) Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its domestic subsidiaries operate. Therefore, the Company and its domestic subsidiaries choose RMB as their functional currency. The Company's overseas subsidiaries choose Hong Kong dollar as their functional currency on the basis of the primary economic environment in which it operates. The Company adopts RMB to present its financial statements, and the financial statements of foreign subsidiaries have been translated based on the accounting policy as set out in Note II. (10).

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

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

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

(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

(a) General principles

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

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

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

(a) General principles (Continued)

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests. Changes in the interest in a subsidiary without a change in control are accounted for as equity transactions.

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.

(b) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements based on the carrying amount of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party 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.

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.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, unless they represent impairment losses that are recognised in the financial statements.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(7) Preparation of consolidated financial statements (Continued)

(c) Disposal of subsidiaries

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

(d) Changes in non-controlling interests

Non-controlling interests are presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling shareholders is presented separately in the consolidated income statement below the total comprehensive income line item. When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests. Changes in the interest in a subsidiary without a change in control are accounted for as equity transactions.

(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;
- its expenses, including its share of any expenses incurred jointly.

(9) Cash and cash equivalents

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

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

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

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

Monetary items denominated in foreign currencies are translated to RMB at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognised in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the purpose of acquisition or construction of qualifying assets. Non-monetary items that are measured at historical cost in foreign currencies are translated to RMB using the exchange rate at the transaction date.

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

(11) Financial instruments

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

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

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

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

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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(11) Financial instruments (Continued)

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

Subsequent to initial recognition, financial assets and liabilities are measured as follows:

- Financial assets and financial liabilities at fair value through profit or loss

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 are measured at amortised cost using the effective interest method.

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

- Financial liabilities other than the financial liabilities at fair value through profit or loss are subsequent measured at amortised cost using the effective interest method. However, a financial guarantee issued by the Group is subsequently measured at the higher of the amount initially recognised less accumulated amortisation and the amount of a provision determined in accordance with the principles for contingent liabilities (see Note II. (23)).

(b) Presentation of financial assets and financial liabilities

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

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

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

(11) Financial instruments *(Continued)*

(c) *Derecognition of financial assets and financial liabilities*

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

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

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

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

(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.

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. The impairment loss on an investment in unquoted equity instrument whose fair value cannot be reliably measured is not reversed.

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

(11) Financial instruments *(Continued)*

(e) Equity instrument

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

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

(12) Receivables and impairment

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

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

Judgment basis or criteria for receivables that are individually significant	The Group considers accounts receivable individually greater than RMB 10 million (including RMB 10 million) and other receivables individually greater than RMB 2 million (including RMB 2 million) are significant.
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Method of provisioning for bad and doubtful debts for receivables that are individually significant	Impairment is assessed on an individual basis. Where there is objective evidence that the and assessed individually Group won't be able to collect the receivables according to the original contract terms, impairment loss is provided and calculated as the excess of its carrying amount over the present value of the estimated future cash flows.
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(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.

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

(b) Cost of inventories transferred out

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

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

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

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

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

(e) Inventory system

The Group maintains a perpetual inventory system.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(14) Long-term equity investments

(1) Investment cost of long-term equity investments

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

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

For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

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

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

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

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

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

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

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

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

(b) Investment in joint ventures and associates

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

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

A long-term equity investment acquired other than through a business combination is initially recognised at the amount of cash paid if the Group acquires the investment by cash.

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

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

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

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

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

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

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

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

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

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

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

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

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

(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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(15) Investment properties (Continued)

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

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

(16) Fixed assets

(a) Recognition of fixed assets

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

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the expenditures 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 - 60	0 - 5	1.58 - 10.00
Building improvement	3 - 5	0	20.00 - 33.33
Transportation vehicle	4 - 12	0 - 5	7.92 - 25.00
Machinery and equipmen	5 - 12	0 - 5	7.92 - 20.00
Electronic equipment, office equipment and others	3 - 10	0 - 5	9.50 - 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.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(16) Fixed assets (Continued)

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

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

The Group adopts a depreciation policy for a fixed asset held under a finance lease which is consistent with that for its owned fixed asset.

(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.

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:

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(19) Intangible assets (Continued)

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

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

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

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

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

(20) Long-term deferred expenses

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

Items	Amortisation period (years)
Renovation costs of station auxiliary facilities	5 - 10
Long-term assets rental fee	2 - 23
Leasehold improvements	5 - 10

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

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

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

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

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

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

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

An asset group is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

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

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

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

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

(22) Fair value measurement

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

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

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

(23) Provisions

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

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

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

(24) Revenue recognition

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

(a) Sale of goods

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***(24) Revenue recognition** *(Continued)**(b) Rendering of services*

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

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

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

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

(c) Revenue from construction contracts

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(24) Revenue recognition (Continued)

(d) Interest income

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

(e) Royalties from intangible assets

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

(25) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group. Specific transfers from the government, such as investment grants that have been clearly defined in official documents as part of "capital reserve" are also dealt with as capital contributions rather than government grants.

A government grant is recognised when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

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

A government grant related to an asset is recognised as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset.

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

(26) Specific reserve

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)***(27) Income tax**

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

(a) Current income tax

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

(b) Deferred tax assets and deferred tax liabilities

For temporary differences arise from the 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 applicable tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

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

(27) 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.

(28) Operating leases and finance leases

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

(a) The Group as lessee under operating leases

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

(b) The Group as lessor under operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs with over an insignificant amount are capitalised when incurred, and are recognised in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss when 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)***(28) 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. The amortisation is accounted for in accordance with the principles of borrowing costs (see Note II.18).

(29) Employee benefits*(a) Short-term employee benefits*

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or at the applicable benchmarks and rates, are recognised as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(b) Post-employment benefits - defined contribution plans

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

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

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

(29) Employee benefits *(Continued)*

(c) *Post-employment benefits - defined benefit plans*

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

In accordance with the projected unit credit method, the Group measures the obligations under defined benefit plans using unbiased and mutually compatible actuarial assumptions to estimate related demographic variables and financial variables, and discount obligations under the defined benefit plans to determine the present value of the defined benefit liability.

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

(d) *Termination benefits*

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

- The Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;
- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

(30) Profit distributions to shareholders

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

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

(31) Related parties

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

(32) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes 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 the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

(33) Significant accounting estimates and judgments

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (Continued)

(33) Significant accounting estimates and judgments (Continued)

Impairment of receivables

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

Impairment of assets other than inventories and financial assets

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

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

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

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

(33) Significant accounting estimates and judgments *(Continued)*

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

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

Deferred tax assets

When assessing whether there will be sufficient future taxable profits available against which the deductible temporary differences can be utilised, the Group recognises deferred tax assets to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised, using tax rates that would apply in the period when the asset would be utilised. In determining the amount of deferred tax assets, the Group exercises judgements about the estimated timing and amount of taxable profits of the following periods, and of the tax rates applicable in the future according to the existing tax policies and other relevant regulations. Differences between such estimates and the actual timing and amount of future taxable profits and the actual applicable tax rates affect the amount of deferred tax assets that should be recognised.

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.

III. TAXATION

(1) Main types of taxes and corresponding tax rates

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

Note 1: Since 1 November 2012, the Group's subsidiaries that meet the conditions of levying VAT instead of business tax pilot shall apply the VAT rates stipulated by "The Implementation Measures of the Pilot of Changing from Business Tax into Value-added Tax for Transportation Industry and Certain Modern Service Industries" (Cai Shui [2011] No. 111) and "The Announcement of Implementation Measures on Value Added Tax Pilot Scheme including Railway Transport and Postal Service Sectors" (Cai Shui [2014] No. 106). Accordingly, for domestic subsidiaries engaged in cross-border transportation, the cross-border transportation revenues from The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited is exempted from VAT and the cross-border transportation revenues from Guangdong Yue Li Jia Passenger Transport Company apply zero VAT rate. For the subsidiaries engaged in domestic transportation, part of them apply the simplified calculation method with tax levy rate of 3% for VAT calculation purpose and the rest apply the general calculation method with tax rate of 11%.

Note 2: The Group's subsidiaries in Guangzhou are exempted from embankment protection fee since 1 January 2015. Pursuant to "The Announcement of Exemption of Business Administrative Charges issued by Guangzhou Financial Bureau and Price Bureau" (Cai Shui [2014] No. 195), the embankment protection fee in Guangzhou is exempted since 1 January 2015. The commencement date of the exemption is based on the period that the fee relates to. The exemption is not applicable for the fees relating to the period prior to 1 January 2015.

Note 3: The Group's subsidiaries Lianping Yueyun Passenger Transportation Company Limited, Dongyuan County Dengta Town Yueyun Property Lease Company Limited, Shaoguan City Xi'an Traffic Travel Agency Company Limited, Shaoguan City Qujiang District Canmoutianxia Catering Service Company Limited and Guangdong Gangtong Vehicles Transportation Company Limited meet the conditions of Small-scaled minimal profit enterprise. Since 29 November 2011, pursuant to "The Announcement of Preferential tax treatment of Small-scaled minimal profit enterprise issued by Ministry of Finance and National Tax Bureau" (Cai Shui [2015] No. 34), the Small-scaled minimal profit enterprise with an annual taxable income below RMB 200,000 (RMB 200,000 included) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of Income Tax rates as 20% from 1 January 2015 to 31 December 2017. Except for the above five subsidiaries, the income tax rate applicable to the Company and each of its subsidiaries for the year is 25% (2014: 25%).

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

1 The subsidiaries of the Group as at the end of 2015 and 2014

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
1	Guangdong New Way Advertising Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Expressway Services	RMB 33,000,000.00	RMB 33,000,000.00	100	100	Established
2	Guangdong Yueyun Jia Fu Industrial Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Material Logistics Services	RMB 10,000,000.00	RMB 10,000,000.00	100	100	Established
3	Guangdong Yueyun Transportation (HK) Company Limited	Overseas subsidiary	Hongkong China	Hongkong China	Material Logistics Services	HKD 1,500,000.00	RMB 1,323,750.00	100	100	Established
4	Guangdong Top-E Expressway Service Zone Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Expressway Services	RMB 100,000,000.00	RMB 98,631,192.00	95.56	95.56	Business combinations involving enterprises under common control
5	Guangdong Tongyi Landscape Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Expressway Services	RMB 20,000,000.00	RMB 20,000,000.00	100	100	Business combinations involving enterprises under common control
6	Guangdong Jingdaoda Expressway Economic Development Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Expressway Services	RMB 10,000,000.00	RMB 10,277,412.45	100	100	Business combinations involving enterprises under common control
7	Guangdong South China Logistics Enterprise Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Material Logistics Services	RMB 180,000,000.00	RMB 207,632,494.21	100	100	Business combinations involving enterprises under common control
8	The Motor Transport Company of Guangdong and Hong Kong Limited	Overseas subsidiary	Hongkong China	Hongkong China	Cross-border Transportation Services	HKD 9,000,000.00	RMB 120,196,428.59	62	62	Business combinations involving enterprises under common control
9	Gang Tong (HK) Motor Transport Company Limited	Overseas subsidiary	Hongkong China	Hongkong China	Cross-border Transportation Services	HKD 500,000.00	HKD 500,000.00	100	100	Business combinations involving enterprises under common control
10	Yue Kong Shipping Company Limited	Overseas subsidiary	Hongkong China	Hongkong China	Cross-border Transportation Services	HKD 20,000.00	HKD 20,000.00	100	100	Business combinations involving enterprises under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2015 and 2014 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
11	Guangdong Yue Lijia Passenger Transport Company (Hong Kong)	Overseas subsidiary	Hongkong China	Hongkong China	Cross-border Transportation Services	HKD 10,000.00	HKD 7,000.00	70	70	Business combinations involving enterprises under common control
12	The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited	Domestic and non-financial	Guangdong China	Guangdong China	Cross-border Transportation Services	HKD 25,000,000.00	RMB 25,319,234.10	62	62	Business combinations involving enterprises under common control
13	Shenzhen Yuegang Transport Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Cross-border Transportation Services	HKD 10,500,000.00	RMB 8,273,755.35	100	100	Business combinations involving enterprises under common control
14	Guangdong Yue Lijia Passenger Transport Company (Guangzhou)	Domestic and non-financial	Guangdong China	Guangdong China	Cross-border Transportation Services	HKD 3,500,000.00	RMB 2,310,000.00	70	70	Business combinations involving enterprises under common control
15	Guangdong Province Transportation Engineering Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Real Estate Leasing	RMB 17,040,000.00	RMB 69,564,656.62	100	100	Business combinations involving enterprises under common control
16	Guangdong Vehicles Transportation Group Co., Ltd. ("GVTS")	Domestic and non-financial	Guangdong China	Guangdong China	Investment and Domestic Transportation	RMB 60,000,000.00	RMB 748,110,000.00	100	100	Business combinations involving enterprises under common control
17	Guangdong Province Guangyang High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 2,010,000.00	67	67	Business combinations involving enterprises under common control
18	Guangdong Province Yangjiang City Guangyang High-Speed Railway Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 335,000.00	67	67	Business combinations involving enterprises under common control
19	Guangdong Yunxing Property Management Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Property Management	RMB 500,000.00	RMB 500,000.00	100	100	Business combinations involving enterprises under common control
20	Chaozhou City Yueyun High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 255,000.00	51	51	Business combinations involving enterprises under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2015 and 2014 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
21	Guangdong Yueyun Second Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 5,000,000.00	RMB 2,550,000.00	51	51	Business combinations involving enterprises under common control
22	Foshan City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 20,000,000.00	RMB 128,000,000.00	51	51	Business combinations involving enterprises under common control
23	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 100,000,000.00	RMB 68,212,500.00	51	51	Business combinations involving enterprises under common control
24	Deqing County Yueyun Bus Terminal Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Services	RMB 19,778,320.00	RMB 13,844,824.00	70	70	Business combinations involving enterprises under common control
25	Zhaoqing City Yueyun Logistics Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Logistics Services	RMB 2,000,000.00	RMB 2,000,000.00	100	100	Business combinations involving enterprises under common control
26	Foshan City Sanshui District Yueyun Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 20,000,000.00	RMB 10,200,000.00	51	51	Business combinations involving enterprises under common control
27	Guangdong Yueyun Traffic Rescue Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Traffic Rescue	RMB 60,000,000.00	RMB 60,000,000.00	100	100	Business combinations involving enterprises under common control
28	Guangdong Province Guangshen High Speed Coach Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 6,000,000.00	RMB 3,060,000.00	51	51	Business combinations involving enterprises under common control
29	Shenzhen City Shenwei Lighter Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 12,000,000.00	RMB 6,600,000.00	55	55	Business combinations involving enterprises under common control
30	Guangdong Yueyun Langqi Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 156,750,000.00	RMB 156,750,000.00	51	51	Business combinations involving enterprises under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2015 and 2014 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
31	Yangdong Bus Terminal Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Services	RMB 1,000,000.00	RMB 16,969,900.00	100	100	Business combinations involving enterprises under common control
32	Yangchun Langri Fuels Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Fuel Supply	RMB 1,000,000.00	RMB 1,609,540.00	100	100	Business combinations involving enterprises under common control
33	Yangchun City Yueyun Langri City-Village Railway Station Service Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China	Station Services	RMB 500,000.00	RMB 300,000.00	60	100	Business combinations involving enterprises under common control
34	Yangjiang City Yueyun Langri Public Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 2,000,000.00	RMB 1,300,000.00	65	65	Business combinations involving enterprises under common control
35	Yangchun City's Third Motor Transportation Co., Ltd. (Note 1)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 580,000.00	RMB 198,660.00	70	100	Business combinations involving enterprises under common control
36	Yangjiang Yangdong Yueyun Langri Passenger Transportation Co., Ltd. (Formerly Known as Yangdong Yueyun Langri Passenger Transportation Co., Ltd.)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,794,686.61	100	100	Business combinations involving enterprises under common control
37	Yangchun City Yueyun Langri Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 150,000.00	RMB 150,000.00	100	100	Business combinations involving enterprises under common control
38	Yangchun City Yueyun Langri City-Village Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises under common control
39	Yangxi County Yueyun Langri Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises under common control
40	Zhongshan City Yueyun Tongying Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,682,600.00	RMB 2,146,740.93	51	51	Business combinations involving enterprises under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2015 and 2014 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
41	Zhongshan City Eastern Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Services	RMB 630,000.00	RMB 630,000.00	100	100	Business combinations involving enterprises under common control
42	Zhongshan City Yueyun Airport Express Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 3,700,000.00	70	70	Business combinations involving enterprises under common control
43	Guangzhou City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 503,000.00	RMB 3,653,222.62	51	51	Business combinations involving enterprises under common control
44	Guangzhou City Yueyun Public Bus Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 900,000.00	RMB 900,000.00	100	100	Business combinations involving enterprises under common control
45	Guangzhou City Yueyun Auto Maintenance Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Maintenance Services	RMB 100,000.00	RMB 100,000.00	100	100	Business combinations involving enterprises under common control
46	Guangzhou City Zengcheng Automobile Passenger Traffic Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Reconstruction	RMB 30,000,000.00	RMB 42,000,000.00	60	60	Business combinations involving enterprises under common control
47	Guangdong Yuntong Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,296,513.20	100	100	Business combinations involving enterprises under common control
48	Heyuan City Yueyun Motor Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 10,000,000.00	RMB 151,666,660.65	51	51	Business combinations involving enterprises under common control
49	Foshan City Yueyun Heping Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Services	RMB 1,020,408.00	RMB 5,247,866.42	51	51	Business combinations involving enterprises under common control
50	Zhaoqing High-tech Zone Yueyun Development Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Reconstruction	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises under common control
51	Yang Jiang City Yueyun Langri Fuels Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Fuel Retail	RMB 3,000,000.00	RMB 3,000,000.00	100	100	Established
52	Yang Jiang City Yueyun Langri Logistics Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	General Freight	RMB 2,000,000.00	RMB 2,000,000.00	100	100	Established

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2015 and 2014 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
53	Long Chuan County Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100	Established
54	Yang Jiang City Yueyun Langri Property Development Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Property Development	RMB 5,000,000.00	RMB 5,000,000.00	100	100	Established
55	Guangdong Gaogong Vehicles Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Cross-border Transportation Services	HKD 5,000,000.00	HKD 5,000,000.00	100	100	Established
56	Yang Jiang City Yueyun Langri International Travel Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Tourism Services	RMB 500,000.00	RMB 500,000.00	100	100	Established
57	Guangzhou Yueyun Insurance Surveyors And Loss Adjusters Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Insurance Inspection, Appraisal, and Risk Assessment	RMB 2,000,000.00	RMB 1,020,000.00	51	51	Established
58	Heyuan City Chengnan Freight Station Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Station Services	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Established
59	Zijin County Yueyun Property Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Property Management	RMB 500,000.00	RMB 500,000.00	100	100	Established
60	Guangzhou Yueyun Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 48,000,000.00	RMB 48,000,000.00	100	100	Established
61	Heyuan City Yueyun Tongxing Travel Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises not under common control
62	Heyuan City Yueyun Ludu Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 9,000,000.00	RMB 9,000,000.00	100	100	Business combinations involving enterprises not under common control
63	Yang Jiang City Yangzha New Image Public Transportation Company Limited	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 7,405,000.00	100	100	Business combinations involving enterprises not under common control
64	Yueyun Transportation Technology Service (Guangzhou) Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Material Logistics Services	RMB 9,800,000.00	RMB 2,000,101.06	100	100	Business combinations involving enterprises not under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2015 and 2014 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
65	Yangjiang City Yueyun Langri Advertising Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Advertising Services	RMB 3,000,000.00	RMB 1,500,000.00	100	100	Established
66	Liangping County Zhongxin Town Yueyun Property Leasing Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Property Management	RMB 5,445,000.00	RMB 500,000.00	100	100	Established
67	Heyuan City Yuancheng District Yueyun Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100	Established
68	Liangping County Yueyun Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100	Established
69	Dongyuan County Dengta Town Yueyun Property Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Property Management	RMB 500,000.00	RMB 500,000.00	100	100	Established
70	Qingyuan Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 50,000,000.00	RMB 132,770,025.00	61.75	61.75	Business combinations involving enterprises not under common control
71	Yangshan County Yueyun Motor Inspection Co., Ltd. (Formerly Known as Yangshan County Huastun Motor Inspection Co., Ltd.)	Domestic and non-financial	Guangdong China	Guangdong China	Vehicle Inspection	RMB 400,000.00	RMB 400,000.00	100	100	Business combinations involving enterprises not under common control
72	Qingyuan City Yueyun Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 3,000,000.00	100	100	Business combinations involving enterprises not under common control
73	Qingyuan City Jinyu Vehicle Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Taxi Services	RMB 500,000.00	RMB 500,000.00	100	100	Business combinations involving enterprises not under common control
74	Shaoguan Yueyun Vehicles Transportation Co., Ltd. (Formerly Known as Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.)	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 142,779,951.08	RMB 167,240,842.09	56.86	56.86	Business combinations involving enterprises not under common control
75	Nanxiong City Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 600,000.00	RMB 600,000.00	100	100	Business combinations involving enterprises not under common control
76	Shaoguan Libao Technology Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Sales of in-vehicle Information Systems	RMB 1,000,000.00	RMB 1,000,000.00	100	100	Business combinations involving enterprises not under common control
77	Renhua County Feima Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100	Business combinations involving enterprises not under common control

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)

1 The subsidiaries of the Group as at the end of 2015 and 2014 (Continued)

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)	Established or acquired
78	Shaoguan Polycom Motor Vehicle Driving Training Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Motor/Driver Training	RMB 1,000,000.00	RMB 700,000.00	70	70	Business combinations involving enterprises not under common control
79	Shaoguan City Zhivini Trade Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Leasing and Trading	RMB 4,449,275.00	RMB 4,449,275.00	100	100	Business combinations involving enterprises not under common control
80	Shaoguan City Xian Tourist Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100	Business combinations involving enterprises not under common control
81	Nanxiong City Lutong Passenger Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 600,000.00	RMB 600,000.00	100	100	Business combinations involving enterprises not under common control
82	Shaoguan City Xian Traffic Travel Agency Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Tourism Services	RMB 300,000.00	RMB 300,000.00	100	100	Business combinations involving enterprises not under common control
83	Ruyuan Yao Autonomous County Shuanda City-Village Public Passenger Transport Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 110,000.00	RMB 110,000.00	100	100	Business combinations involving enterprises not under common control
84	Shiwang County Zhengji Vehicle Lease Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Taxi Services	RMB 400,000.00	RMB 400,000.00	100	100	Business combinations involving enterprises not under common control
85	Lechang City Pingshi Yongtong Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 500,000.00	RMB 500,000.00	100	100	Business combinations involving enterprises not under common control
86	Shiwang County Junxing City-Village Public Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 1,000,000.00	RMB 510,000.00	51	51	Business combinations involving enterprises not under common control
87	Shaoguan City Quijiang District Canmountanxia Catering Service Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Catering	RMB 3,000,000.00	RMB 1,530,000.00	51	51	Business combinations involving enterprises not under common control
88	Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 3,000,000.00	RMB 1,530,000.00	51	51	Business combinations involving enterprises not under common control
89	Shantou office of Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 2,000,000.00	RMB 1,020,000.00	51	51	Business combinations involving enterprises not under common control

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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS (Continued)**2 Subsidiaries acquired through establishment or investment during the year**

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)
1	Zhaodong Yueyun Travel Service Co., Ltd	Domestic and non-financial	Guangdong China	Guangdong China	Tourism Services	RMB 1,000,000.00	RMB 1,000,000.00	100	100
2	Yangjiang Yueyun Langri Vehicle Driving Training Co., Ltd	Domestic and non-financial	Guangdong China	Guangdong China	Motor Driver Training	RMB 3,000,000.00	RMB 500,000.00	100	100

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

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital	Year end actual investment	Share holding percentage (%)	Voting rights percentage (%)
1	Shanwei Yueyun Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 35,000,000.00	RMB 35,000,000.00	51	51
2	Lufeng Land Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 40,000,000.00	RMB 40,000,000.00	100	100
3	Haifeng Vehicles Transportation Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 30,000,000.00	RMB 30,000,000.00	100	100
4	Shanwei General Vehicle Railway Station	Domestic and non-financial	Guangdong China	Guangdong China	Station Service	RMB 110,000.00	RMB 110,000.00	100	100
5	Shanwei City Special Line Bus Co., Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	RMB 580,000.00	RMB 580,000.00	54.74	54.74
6	Haifeng Vehicle Railway Stations	Domestic and non-financial	Guangdong China	Guangdong China	Station Service	RMB 6,640,000.00	—	100	100

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

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

On 28 January 2015, the acquisition date, the Group's subsidiary, GVTG acquired 51% equity interests of Shanwei Yueyun Vehicles Transportation Co., Ltd. by paying cash of RMB66,846,000.00 as acquisition costs.

The fair value of the 51% equity interests as at the acquisition date was RMB67,334,634.64.

Shanwei Yueyun Vehicles Transportation Co., Ltd. was established on 21 June 1988 in Shanwei, Guangdong, with its head office located in Shanwei City. It is mainly engaged in providing passenger and freight transportation services. Before the acquisition, its ultimate holding company was Shanwei State-owned Assets Supervision and Administration Commission.

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

	From 28 January 2015 (acquisition date) to 31 December 2015 RMB
Revenue	105,372,630.74
Net profit	2,551,540.99
Net cash outflow	2,513,593.96

The identifiable assets and liabilities:

	28 January 2015		31 December 2014
	Carrying Amount	Fair value	Carrying Amount
	RMB	RMB	RMB
Current assets	44,195,674.17	44,195,674.17	47,629,638.25
Investment properties	20,856,166.81	20,856,166.81	20,924,030.72
Fixed assets and construction in progress	61,645,094.17	61,645,094.17	53,932,453.56
Intangible assets	89,196,029.43	89,196,029.43	89,340,861.71
Other non-current assets	4,340,803.23	4,340,803.23	5,064,138.32
Current liabilities	(76,538,436.63)	(76,538,436.63)	(70,588,970.25)
Non-current liabilities	(11,656,791.23)	(11,656,791.23)	(13,311,799.86)
Identifiable net assets	132,038,539.95	132,038,539.95	132,990,352.45

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

5 Former subsidiaries that ceased to be consolidated during the year

Man Kam To Coach Management Co., Ltd. and Yangjiang City High-tech Zone Yueyun Langri Industrial Co., Ltd., subsidiaries of the Group, completed their deregistration on 29 May 2015 and 7 September 2015 (date of deregistration) respectively. Their operating results and cash flows before the date of deregistration have been included in the Group's consolidated income statement and consolidated cash flow for the year 2015.

6 Material non-controlling interests

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

2015

Name of the subsidiary	Proportion of ownership interest held by NCI	Profit or loss allocated to NCI during the year RMB	Dividends paid to NCI during the year RMB	Other changes during the year RMB	Accumulated NCI at the end of the year RMB
Foshan City Yueyun Public Transportation Co., Ltd.	49%	11,002,081.41	(8,575,000.00)	(799,754.69)	143,067,777.93
Zhaoqing City Yueyun Motor Transportation Co., Ltd.	49%	27,261,354.31	(23,684,650.52)	590,254.83	163,957,299.53
Guangdong Yueyun Langri Co., Ltd.	49%	36,142,453.67	(13,825,350.00)	2,710,979.82	167,627,017.49
Heyuan City Yueyun Motor Transportation Co., Ltd.	49%	2,051,805.72	(564,715.11)	(738,375.66)	112,463,238.66
Qingyuan Yueyun Vehicles Transportation Co., Ltd.	38.25%	16,023,760.24	—	6,407,662.82	155,672,734.39
Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.	43.14%	7,851,163.70	—	1,467,588.39	139,706,290.45
The Motor Transport Company of Guangdong and Hong Kong Limited	38%	7,129,536.05	(1,313,641.00)	5,692,474.92	105,446,698.81

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6 Material non-controlling interests (Continued)

2014

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

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6 Material non-controlling interests (Continued)

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

	2015						
	The Motor Transport Company of Guangdong and Hong Kong Limited	Foshan City Yueyun Public Transportation Co., Ltd.	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Guangdong Yueyun Langri Co., Ltd.	Heyuan City Yueyun Motor Transportation Co., Ltd.	Qingyuan Yueyun Yueyun Vehicles Transportation Co., Ltd.	Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Current assets	180,996,770.01	117,395,194.71	112,194,670.70	168,345,245.15	93,203,213.78	393,521,640.17	169,910,187.98
Non-current assets	153,213,352.39	392,074,751.62	310,384,878.72	435,297,771.85	495,154,843.53	386,992,090.60	342,932,200.37
Total assets	<u>334,210,122.40</u>	<u>509,469,946.33</u>	<u>422,579,549.42</u>	<u>603,643,017.00</u>	<u>588,358,057.31</u>	<u>780,513,730.77</u>	<u>512,842,388.35</u>
Current liabilities	(55,876,714.63)	(189,250,881.24)	(72,377,889.63)	(170,834,667.70)	(254,700,624.24)	(188,360,275.24)	(124,553,513.65)
Non-current liabilities	(5,034,429.69)	(28,244,008.08)	(9,546,000.00)	(98,124,819.70)	(100,469,549.46)	(156,910,964.37)	(61,593,803.01)
Total liabilities	<u>(60,911,144.32)</u>	<u>(217,494,889.32)</u>	<u>(81,923,889.63)</u>	<u>(268,959,487.40)</u>	<u>(355,170,173.70)</u>	<u>(345,271,239.61)</u>	<u>(186,147,316.66)</u>
Operating income	223,912,848.44	362,592,086.35	511,021,203.60	568,121,268.35	229,704,626.06	343,563,846.11	211,330,416.27
Net profit for the year	18,405,313.52	22,453,227.36	55,713,236.18	69,302,549.11	4,187,358.61	41,896,017.25	23,540,289.32
Total comprehensive income	33,284,975.65	22,453,227.36	55,713,236.18	69,302,549.11	4,187,358.61	41,896,017.25	23,540,289.32
Net cash inflow/(outflow) from operating activities	36,531,099.49	85,206,868.56	100,980,600.13	135,246,858.66	75,439,743.61	58,522,537.15	97,537,588.87

(Expressed in Renminbi Yuan)

IV. BUSINESS COMBINATIONS AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

6 Material non-controlling interests (Continued)

	2014						
	The Motor Transport Company of Guangdong and Hong Kong Limited	Foshan City Yueyun Public Transportation Co., Ltd.	Zhaoqing City Yueyun Motor Transportation Co., Ltd.	Guangdong Yueyun Langri Co., Ltd.	Heyuan City Yueyun Motor Transportation Co., Ltd.	Qingyuan Yueyun Vehicles Transportation Co., Ltd.	Guangdong Shaoguan Vehicles Transportation Group Co., Ltd.
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Current assets	183,395,071.75	100,527,040.15	106,790,328.75	144,623,254.35	56,065,942.60	250,413,927.16	124,139,385.68
Non-current assets	122,146,973.14	405,097,407.23	314,703,364.77	327,277,399.07	286,176,546.47	360,978,558.70	296,469,365.96
Total assets	305,542,044.89	505,624,447.38	421,493,693.52	471,900,653.42	342,242,489.07	611,392,485.86	420,608,751.64
Current liabilities	(59,971,623.75)	(216,610,465.27)	(86,567,030.22)	(124,423,708.72)	(90,955,751.10)	(189,644,181.54)	(87,104,945.79)
Non-current liabilities	(2,645,457.28)	(360,000.04)	(2,852,819.92)	(55,439,234.24)	(20,368,251.31)	(166,065,169.05)	(28,476,176.58)
Total liabilities	(62,617,081.03)	(216,970,465.31)	(89,419,850.14)	(179,862,942.96)	(111,324,002.41)	(355,709,350.59)	(115,581,122.37)
Operating income	225,706,658.71	327,387,065.84	531,476,876.68	565,482,014.89	154,212,923.69	115,231,516.70	104,947,671.65
Net profit/(losses) for the year	8,373,232.69	21,396,218.50	72,177,913.70	75,608,223.23	(2,625,056.53)	16,440,321.37	5,622,565.33
Total comprehensive income	9,004,884.46	21,396,218.50	72,177,913.70	75,608,223.23	(2,625,056.53)	16,440,321.37	5,622,565.33
Net cash inflow/(outflow) from operating activities	42,057,538.53	59,993,448.27	119,494,794.67	125,099,245.25	9,770,219.09	(25,841,496.62)	9,898,389.40

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

As at 31 December 2015, overseas subsidiaries translate all asset and liability items in their balance sheet by applying the spot exchange rate at the year end as HKD 1 against RMB 0.8378; and all items in the income statement and items reflecting the distributions of profits are translated by applying the average exchange rate during the year as HKD 1 against RMB 0.8133.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS

1 Cash at bank and on hand

The Group

	Original currency	2015		Original currency	2014	
		Exchange Rate	Amount in RMB		Exchange Rate	Amount in RMB
Cash on hand						
RMB	—	—	18,029,329.87	—	—	16,672,749.46
HKD	159,577.57	0.8378	133,694.08	74,088.36	0.7889	58,448.31
Deposits with banks						
RMB	—	—	1,814,895,582.37	—	—	1,656,167,821.94
USD	1,399,322.00	6.4936	9,086,637.33	455,388.44	6.1190	2,786,521.86
HKD	96,994,476.70	0.8378	81,261,972.57	111,443,095.29	0.7889	87,917,457.87
Other monetary funds (Note)						
RMB	—	—	8,092,328.65	—	—	7,964,847.73
HKD	2,700,000.00	0.8378	2,262,060.00	2,710,964.21	0.7889	2,138,679.67
Total			<u>1,933,761,604.87</u>			<u>1,773,706,526.84</u>

Note: Other monetary funds as at 31 December 2015 comprise deposits for issuing bank acceptance bills, letter of guarantee, bidding deposits and property maintenance funds with total amount of RMB10,354,388.65 (31 December 2014: RMB10,103,527.40).

The Company

	Original currency	2015		Original currency	2014	
		Exchange Rate	RMB		Exchange Rate	RMB
Cash on hand						
RMB	—	—	718.81	—	—	1,201.59
Deposits with banks						
RMB	—	—	1,381,280,290.59	—	—	843,394,736.28
Total			<u>1,381,281,009.40</u>			<u>843,395,937.87</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**2 Bills receivable**

- (1) Classification of bills receivable

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Bank acceptance bills	41,465,258.58	1,500,000.00	4,500,000.00	1,300,000.00

The above bills receivable are due within one year.

- (2) The Company had no undue discounted bank acceptance bills or undue endorsed bank acceptance bills at 31 December 2015 and 31 December 2014.

3 Accounts receivable*The Group*

- (1) Accounts receivable by category:

	2015				2014			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount RMB	Percentage (%)	Amount RMB	Percentage (%)	Amount RMB	Percentage (%)	Amount RMB	Percentage (%)
Individually significant and assessed individually for impairment	334,031,583.74	48.99	14,264,922.29	4.27	382,730,978.79	54.76	14,264,922.29	3.73
Individually insignificant but assessed individually for impairment	347,839,790.18	51.01	26,122,372.79	7.51	316,230,342.55	45.24	16,409,261.69	5.19
Total	681,871,373.92	100.00	40,387,295.08	5.92	698,961,321.34	100.00	30,674,183.98	4.39

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**3 Accounts receivable** (Continued)*The Group (Continued)*

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

As at 31 December 2015

	Amount	Provision for bad and doubtful debts	Carrying amount
	RMB	RMB	RMB
Within 3 months (inclusive)	469,553,051.38	—	469,553,051.38
Over 3 months and within 6 months (inclusive)	20,695,438.69	—	20,695,438.69
Over 6 months and within 1 year (inclusive)	29,902,804.34	—	29,902,804.34
Over 1 year and within 2 years (inclusive)	23,777,777.55	737,373.72	23,040,403.83
Over 2 years and within 3 years (inclusive)	5,630,226.68	1,419,584.21	4,210,642.47
Over 3 years	132,312,075.28	38,230,337.15	94,081,738.13
Total	<u>681,871,373.92</u>	<u>40,387,295.08</u>	<u>641,484,078.84</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**3 Accounts receivable** (Continued)*The Group (Continued)*

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

As at 31 December 2014

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

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

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

	The Group	
	2015	2014
	RMB	RMB
Balance at the beginning of the year	30,674,183.98	24,867,502.88
Addition during the year	12,081,916.46	7,141,854.06
Reversal during the year	(3,065,779.15)	(1,625,859.39)
Written-off during the year	(1,025.03)	(107,642.10)
Addition arising from business combination not under common control	697,998.82	398,328.53
Balance at the end of the year	<u>40,387,295.08</u>	<u>30,674,183.98</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**3 Accounts receivable** (Continued)*The Company*

(1) Accounts receivable by category:

	2015				2014			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
	RMB	(%)	RMB	(%)	RMB	(%)	RMB	(%)
Individually significant and assessed individually for impairment	181,075,872.32	72.53	14,264,922.29	7.88	246,993,764.81	64.59	14,264,922.29	5.78
Individually insignificant but assessed individually for impairment	68,566,884.74	27.47	19,780,711.17	28.85	135,435,746.16	35.41	12,574,602.17	9.28
Total	249,642,757.06	100.00	34,045,633.46	13.64	382,429,510.97	100.00	26,839,524.46	7.02

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

As at 31 December 2015

	Amount	Provision for bad and doubtful debts	Carrying amount
	RMB	RMB	RMB
Within 3 months (inclusive)	108,712,164.17	—	108,712,164.17
Over 3 months and within 6 months (inclusive)	445,231.98	—	445,231.98
Over 6 months and within 1 year (inclusive)	24,259,810.90	—	24,259,810.90
Over 1 year and within 2 years (inclusive)	2,952,544.29	—	2,952,544.29
Over 2 years and within 3 years (inclusive)	3,836,371.92	335,225.00	3,501,146.92
Over 3 years	109,436,633.80	33,710,408.46	75,726,225.34
Total	249,642,757.06	34,045,633.46	215,597,123.60

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**3 Accounts receivable** (Continued)

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

As at 31 December 2014

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

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

V. NOTES TO THE FINANCIAL STATEMENTS *(Continued)***3 Accounts receivable** *(Continued)*

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

	The Company	
	2015	2014
	RMB	RMB
Balance at the beginning of the year	26,839,524.46	22,981,577.86
Addition during the year	9,612,517.00	5,289,446.60
Reversal during the year	(2,406,408.00)	(1,431,500.00)
Balance at the end of the year	<u>34,045,633.46</u>	<u>26,839,524.46</u>

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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**4 Prepayments**

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

The Group

	2015				2014			
	Amount	Percentage	Provision for	Carrying	Amount	Percentage	Provision for	Carrying
	RMB	(%)	RMB	amount	RMB	(%)	RMB	amount
Within 1 year (inclusive)	209,287,660.11	30.47	—	209,287,660.11	183,525,705.91	27.52	514,536.48	183,011,169.43
Over 1 year but within 2 years (inclusive)	2,334,852.12	0.34	1,152,624.88	1,182,227.24	5,281,097.76	0.79	—	5,281,097.76
Over 2 years but within 3 years (inclusive)	927,649.43	0.13	—	927,649.43	278,040.04	0.04	—	278,040.04
Over 3 years	474,319,561.75	69.06	474,065,484.25	254,077.50	477,687,760.40	71.65	477,490,263.25	197,497.15
Total	686,869,723.41	100.00	475,218,109.13	211,651,614.28	666,772,604.11	100.00	478,004,799.73	188,767,804.38

The Company

	2015				2014			
	Amount	Percentage	Provision for	Carrying	Amount	Percentage	Provision for	Carrying
	RMB	(%)	RMB	amount	RMB	(%)	RMB	amount
Within 1 year (inclusive)	1,734,542.99	0.36	—	1,734,542.99	58,310,388.18	10.85	—	58,310,388.18
Over 1 year but within 2 years (inclusive)	153,946.50	0.03	—	153,946.50	1,637,565.90	0.30	—	1,637,565.90
Over 2 years but within 3 years (inclusive)	548,463.56	0.12	—	548,463.56	—	0.00	—	—
Over 3 years	474,065,484.25	99.49	474,065,484.25	—	477,490,263.25	88.85	477,490,263.25	—
Total	476,502,437.30	100.00	474,065,484.25	2,436,953.05	537,438,217.33	100.00	477,490,263.25	59,947,954.08

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

- (2) As at 31 December 2015, individually significant prepayments aged over 3 years mainly include a payment for purchase of materials of RMB 474,065,484.25. The Company has filed a lawsuit in previous year. Since the court judgement of the case is still in process and the case involves other creditors, the final judgement remains uncertain. The Group and the Company have made full provision for the prepayment in previous year.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**5 Other receivables***The Group*

(1) Other receivables by category:

	2015				2014			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
	RMB	(%)	RMB	(%)	RMB	(%)	RMB	(%)
Individually significant and assessed individually for impairment	266,705,796.50	66.26	43,000,312.36	16.12	219,384,346.15	62.85	38,011,374.34	17.33
Individually insignificant but assessed individually for impairment	135,796,822.47	33.74	10,185,597.57	7.50	129,675,991.41	37.15	12,335,539.23	9.51
Total	402,502,618.97	100.00	53,185,909.93	13.21	349,060,337.56	100.00	50,346,913.57	14.42

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

As at 31 December 2015

	Amount	Provision for bad and doubtful debts	Carrying amount
	RMB	RMB	RMB
Within 1 year (inclusive)	166,312,721.47	—	166,312,721.47
Over 1 year but within 2 years (inclusive)	87,471,616.29	1,838,263.92	85,633,352.37
Over 2 years but within 3 years (inclusive)	10,687,778.77	34,003.89	10,653,774.88
Over 3 years	138,030,502.44	51,313,642.12	86,716,860.32
Total	402,502,618.97	53,185,909.93	349,316,709.04

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**5 Other receivables** (Continued)*The Group (Continued)*

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

As at 31 December 2014

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

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

	The Group	
	2015	2014
	RMB	RMB
Balance at the beginning of the year	50,346,913.57	41,954,159.50
Addition during the year	4,542,372.70	8,803,528.59
Addition arising from business combination		
not under common control	1,599,680.50	1,939,768.59
Reversal during the year	(3,256,004.46)	—
Written-off during the year	(47,052.38)	(2,350,543.11)
Balance at the end of the year	<u><u>53,185,909.93</u></u>	<u><u>50,346,913.57</u></u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 Other receivables (Continued)

The Company

(1) Other receivables by category:

	2015				2014			
	Carrying amount		Provision for bad and doubtful debts		Carrying amount		Provision for bad and doubtful debts	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
	RMB	(%)	RMB	(%)	RMB	(%)	RMB	(%)
Individually significant and assessed individually for impairment	489,328,503.67	97.18	32,384,587.67	6.62	448,596,709.13	97.23	32,384,587.67	7.22
Individually insignificant but assessed individually for impairment	14,211,748.71	2.82	2,544,964.07	17.91	12,786,588.45	2.77	527,421.20	4.12
Total	503,540,252.38	100.00	34,929,551.74	6.94	461,383,297.58	100.00	32,912,008.87	7.13

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

As at 31 December 2015

	Amount	Provision for bad and doubtful debts	Carrying amount
	RMB	RMB	RMB
Within 1 year (inclusive)	318,735,019.74	—	318,735,019.74
Over 1 year but within 2 years (inclusive)	29,194,178.88	—	29,194,178.88
Over 2 years but within 3 years (inclusive)	8,699,908.96	—	8,699,908.96
Over 3 years	146,911,144.80	34,929,551.74	111,981,593.06
Total	503,540,252.38	34,929,551.74	468,610,700.64

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**5 Other receivables** (Continued)*The Company (Continued)*

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

As at 31 December 2014

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

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

	The Company	
	2015	2014
	RMB	RMB
Balance at the beginning of the year	32,912,008.87	32,912,008.87
Addition during the year	<u>2,017,542.87</u>	—
Balance at the end of the year	<u><u>34,929,551.74</u></u>	<u><u>32,912,008.87</u></u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**6 Inventories***The Group*

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

	Balance at the beginning of the year RMB	Additions during the year RMB	Reductions during the year RMB	Balance at the end of the year RMB
Raw materials	35,145,193.83	167,009,678.87	(165,734,263.62)	36,420,609.08
Finished goods	112,053,899.95	5,262,362,663.96	(5,321,519,097.13)	52,897,466.78
Construction contracts cost (completed but unsettled)	5,939,516.71	17,441,055.92	(19,630,728.04)	3,749,844.59
Sub-total	153,138,610.49	5,446,813,398.75	(5,506,884,088.79)	93,067,920.45
Less: Provision for impairment of inventories	—	—	—	—
Total	<u>153,138,610.49</u>	<u>5,446,813,398.75</u>	<u>(5,506,884,088.79)</u>	<u>93,067,920.45</u>

The Company

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

	Balance at the beginning of the year RMB	Additions during the year RMB	Reductions during the year RMB	Balance at the end of the year RMB
Finished goods	33,430,248.59	694,155,895.35	(713,379,323.46)	14,206,820.48
Sub-total	33,430,248.59	694,155,895.35	(713,379,323.46)	14,206,820.48
Less: Provision for impairment of inventories	—	—	—	—
Total	<u>33,430,248.59</u>	<u>694,155,895.35</u>	<u>(713,379,323.46)</u>	<u>14,206,820.48</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**7 Other current assets**

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Deductable input VAT	15,332,126.96	10,508,042.37	867,811.37	—
Prepaid corporate income tax	5,173,128.03	3,779,052.29	—	3,628,030.91
Prepaid business tax and surcharges	1,140,288.81	2,749,817.70	—	—
Total	<u>21,645,543.80</u>	<u>17,036,912.36</u>	<u>867,811.37</u>	<u>3,628,030.91</u>

8 Long-term receivables

	The Group	
	2015 RMB	2014 RMB
Finance leases	19,482,586.64	13,357,969.44
Payment on behalf of third parties	29,958,503.78	30,484,283.27
Total	<u>49,441,090.42</u>	<u>43,842,252.71</u>
Less: Due within one year	(9,991,756.62)	(7,985,219.32)
Provision for bad and doubtful debts	—	(398,458.89)
Total	<u>39,449,333.80</u>	<u>35,458,574.50</u>

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

	The Group	
	2015 RMB	2014 RMB
Amount due from lessees	25,356,068.67	27,066,234.45
Less: Unearned finance income	(5,873,482.03)	(13,708,265.01)
Finance leases	<u>19,482,586.64</u>	<u>13,357,969.44</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**8 Long-term receivables** (Continued)

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

	The Group	
	2015	2014
	RMB	RMB
Within 1 year (inclusive)	10,559,806.00	7,985,219.32
Over 1 year but within 2 year (inclusive)	7,488,391.63	7,537,615.82
Over 2 year but within 3 years (inclusive)	6,205,131.64	3,988,098.82
Over 3 years	1,102,739.40	7,555,300.49
Sub-total	25,356,068.67	27,066,234.45
Less: Unearned finance income	(5,873,482.03)	(13,708,265.01)
Total	19,482,586.64	13,357,969.44

9 Long-term equity investments

	Note	The Group		The Company	
		2015	2014	2015	2014
		RMB	RMB	RMB	RMB
			Restated		Restated
Investments in subsidiaries	(1)	—	—	1,139,275,429.77	759,275,429.77
Investments in joint ventures	(2)	34,209,737.76	33,306,525.72	—	—
Investments in associates	(3)	178,530,940.43	171,359,390.15	55,507,056.93	44,573,522.21
Total		212,740,678.19	204,665,915.87	1,194,782,486.70	803,848,951.98

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(1) As at 31 December 2015, the Company's investments in subsidiaries were as follows:

Investee	Balance at the		Increase/ Decrease RMB	Balance at the end of the year RMB	Shareholding percentage %	Voting rights percentage %	Cash dividend for the year RMB
	Investment	beginning					
	cost RMB	of the year RMB					
Guangdong Top-E Expressway Service Zone Company Limited	98,831,192.00	98,831,192.00	—	98,831,192.00	95.56	95.56	14,068,633.43
Guangdong South China Logistics Enterprise Company Limited	127,632,494.21	127,632,494.21	80,000,000.00	207,632,494.21	100.00	100.00	8,055,858.20
Guangdong New Way advertising Company Limited	19,800,000.00	19,800,000.00	—	19,800,000.00	60.00	60.00	1,459,260.88
The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited	25,319,234.10	25,319,234.10	—	25,319,234.10	62.00	62.00	1,023,000.00
The Motor Transport Company of Guangdong and Hong Kong Limited	120,196,428.59	120,196,428.59	—	120,196,428.59	62.00	62.00	2,162,781.65
Yueyun Transportation (HK) Company Limited	1,323,750.00	1,323,750.00	—	1,323,750.00	100.00	100.00	—
GVTG	366,172,330.87	366,172,330.87	300,000,000.00	666,172,330.87	100.00	100.00	—
Guangdong Province Transportation Engineering Company Limited (Note)	—	—	—	—	100.00	100.00	—
Total	759,275,429.77	759,275,429.77	380,000,000.00	1,139,275,429.77			26,769,534.16

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

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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(2) As at 31 December 2015, the Group's investments in joint ventures were as follows:

Name of investee	Investment cost RMB	Balance at	Increase/ Decrease RMB	Balance at end of the year RMB	Shareholding percentage (%)	Voting rights Percentage (%)	Cash dividend for the year RMB
		the beginning of the year RMB					
(i) Material joint ventures							
Guangdong Zhong Yue Tong Oil Products Operation Company Limited (Zhong Yue Tong)	15,000,000.00	32,240,018.77	1,342,547.48	33,582,566.25	50.00	50.00	4,000,000.00
Sub-total	15,000,000.00	32,240,018.77	1,342,547.48	33,582,566.25			4,000,000.00
(ii) Immaterial joint ventures							
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company	1,500,000.00	552,701.85	(439,040.26)	113,661.59	50.00	50.00	—
Guangdong Province Bus Terminal Co., Ltd.	500,000.00	513,805.10	(295.18)	513,509.92	50.00	50.00	—
Sub-total	2,000,000.00	1,066,506.95	(439,335.44)	627,171.51			—
Total	17,000,000.00	33,306,525.72	903,212.04	34,209,737.76			4,000,000.00

All joint ventures of the Group are non-listed companies. As at 31 December 2015, the ability to transfer fund from above joint ventures to the Group is not restricted (2014: nil).

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

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

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(2) As at 31 December 2015, the Group's investments in joint ventures were as follows: (Continued)

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

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

	Zhong Yue Tong	
	2015	2014
	RMB	RMB
Current assets	59,161,270.68	55,498,867.29
Including: Cash and cash equivalents	51,815,196.09	51,878,431.35
Non-current assets	9,829,292.45	11,010,272.71
Total assets	68,990,563.13	66,509,140.00
Current liabilities	(1,825,430.63)	(2,029,102.47)
Total liabilities	(1,825,430.63)	(2,029,102.47)
Net assets	67,165,132.50	64,480,037.53
Group's share of net assets	33,582,566.25	32,240,018.77
Carrying amount of interests in joint venture	33,582,566.25	32,240,018.77
Operating income	105,456,222.96	136,034,340.07
Financial expenses	494,721.16	(543,610.20)
Income tax expense	3,716,649.27	3,263,175.58
Net profit	11,117,177.05	9,932,397.89
Other comprehensive income	—	—
Total comprehensive income	11,117,177.05	9,932,397.89

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**9 Long-term equity investments** (Continued)

(2) As at 31 December 2015, the Group's investments in joint ventures were as follows: (Continued)

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

	The Group	
	2015 RMB	2014 RMB
Aggregate carrying amount of investments	627,171.51	1,066,506.95
Aggregate amount of share of		
– Net losses	(439,335.44)	(380,000.00)
– Other comprehensive income	—	—
– Total comprehensive income	(439,335.44)	(380,000.00)

(3) As at 31 December 2015, the Group's investments in associates were as follows:

Investee	Investment	Balance at	Increase/	Balance at the	Shareholding	Voting rights	Cash dividend
	cost	the Beginning	(Decrease)	end of the year	percentage	(%)	for the year
	RMB	RMB	RMB	RMB	(%)		RMB
(i) Material associates							
Southern United Assets and Equity Exchange Company Limited	20,000,000.00	27,479,265.49	7,884,226.74	35,363,492.23	25.00	25.00	5,000,000.00
Shenzhen Yueyun Investment Development Company Limited	48,590,602.00	47,104,142.96	168,572.97	47,272,715.93	20.00	20.00	—
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	17,019,117.00	15,131,907.21	(3,903,708.71)	11,228,198.50	48.00	48.00	—
Guangzhou City Tianhe Coach Terminal Co., Ltd.	2,000,000.00	16,970,565.25	(1,307,157.84)	15,663,407.41	20.00	20.00	10,747,935.21
Shantou City Automobile Passenger Traffic Center Co., Ltd.	25,206,264.00	29,521,466.37	(1,358,402.57)	28,163,063.80	35.00	35.00	—
CNPC Yueyun Natural Gas Co. Ltd.	12,000,000.00	13,011,598.01	2,208,371.42	15,219,969.43	24.00	24.00	672,000.00
Sub-total	124,815,983.00	149,218,945.29	3,691,902.01	152,910,847.30			16,419,935.21

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2015, the Group's investments in associates were as follows: (Continued)

Investee	Investment cost RMB	Balance at	Increase/ (Decrease) RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights (%)	Cash dividend for the year RMB
		the Beginning of the year RMB					
(ii) Immaterial associates							
Guangdong Foda Expressway Economy Development Co., Ltd.	490,000.00	1,200,098.68	(177,300.37)	1,022,798.31	49.00	49.00	—
Lufeng Shenshan Expressway Company Limited	450,000.00	2,301,233.13	297,183.89	2,598,417.02	45.00	45.00	649,012.35
Express Cross-Border Coach Management Company Limited (Note 5)	41,351.00	—	—	—	23.62	23.62	—
Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd. (Note 4)	420,000.00	1,687,161.11	307,498.04	1,994,659.15	51.00	42.00	210,000.00
Jiangmen Guangjiang High Speed Passenger Traffic Co., Ltd.	420,000.00	1,196,641.20	(47,498.47)	1,149,142.73	42.00	42.00	210,000.00
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd. (Note 3 and 5)	200,000.00	—	—	—	51.00	40.00	—
Shantou City Chaonian Yueyun Sky Island Transportation Co., Ltd. (Note 3)	800,000.00	1,764,505.61	(64,000.73)	1,700,504.88	51.00	40.00	—
Yangjiang City Jiqiang Automobile Sales & Maintenance Co., Ltd.	490,000.00	292,134.58	3,148.33	295,282.91	49.00	49.00	—
Guangdong Guangye Shentong Natural Gas Co., Ltd.	6,000,000.00	6,215,128.07	795,461.75	7,010,589.82	30.00	30.00	—
Guangdong south passenger network center Co., Ltd. (Note 1)	3,600,000.00	3,600,000.00	2,400,000.00	6,000,000.00	12.00	12.00	—
Qingyuan zhongguan development Co., Ltd.	100,000.00	674,535.91	59,322.81	733,858.72	20.00	20.00	—
Qingyuan kuaitong Car Lease Co., Ltd. (Note 5)	800,000.00	—	—	—	40.00	40.00	—
Guangdong Guangye Shaoyun Natural Gas Co., Ltd.	3,400,000.00	3,209,006.57	(94,166.98)	3,114,839.59	34.00	34.00	—
Sub-total	17,211,351.00	22,140,444.86	3,479,648.27	25,620,093.13			1,069,012.35
Total	142,027,334.00	171,359,390.15	7,171,550.28	178,530,940.43			17,488,947.56

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2015, the Group's investments in associates were as follows: (Continued)

As at 31 December 2015, the Company's investments in associates were as follows:

Investee	Investment cost RMB	Balance at the Beginning RMB	Increase/ (Decrease) RMB	Balance at the end of the year RMB	Shareholding percentage (%)	Voting rights (%)	Cash dividend for the year RMB
(i) Material associates							
Southern United Assets and Equity Exchange Company Limited	20,000,000.00	27,479,265.49	7,884,226.74	35,363,492.23	25.00	25.00	5,000,000.00
Zhong Yue Tong (Note 2)	6,250,000.00	13,494,256.72	649,307.98	14,143,564.70	20.83	20.83	1,666,400.00
Sub-total	26,250,000.00	40,973,522.21	8,533,534.72	49,507,056.93			6,666,400.00
(ii) Immaterial associates							
Guangdong South Passenger Network Center (Note 1)	3,600,000.00	3,600,000.00	2,400,000.00	6,000,000.00	12.00	12.00	—
Sub-total	3,600,000.00	3,600,000.00	2,400,000.00	6,000,000.00			—
Total	29,850,000.00	44,573,522.21	10,933,534.72	55,507,056.93			6,666,400.00

Note 1: At the end of this year, the Group and the Company held 12% equity interests in Guangdong South Passenger Network Center ("Nanyuetong"). According to the shareholders' agreement, the Group and the Company have rights of participation and decision in the board of director of Nanyuetong. Consequently, the Group and the Company have significant influence to Nanyuetong.

Note 2: At the end of this year, the Company and Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, hold 20.83% and 29.17% equity interests in Zhong Yue Tong respectively. The Group holds a total of 50% equity interests in Zhong Yue Tong. Consequently, Zhong Yue Tong is a joint venture of the Group and an associate of the Company.

Note 3: The Group formerly held 40% equity interests in Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd. and Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd. In 2006, GVTG, the subsidiary of the Group, further acquired 11% equity interests in each of the above companies at the considerations of RMB 110,000.00 and RMB 55,000.00 respectively. After the share transfer, the shareholding percentages in the above companies both reached 51%. According to relevant agreement, GVTG nominally increased its equity interests by 11%, while it continues to share the operating results and bears the operating risks in accordance with the original share percentage of 40%. Therefore GVTG does not have control over these companies, and these companies do not fall into the scope of consolidation of the Group.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2015, the Group's investments in associates were as follows: (Continued)

Note 4: The Group formerly held 42% equity interests in Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd. In 2007, GVTG, the subsidiary of the Group, further acquired 9% equity interests in the above company at a consideration of RMB 90,000.00. After the share transfer, the shareholding percentages in the above company reached 51%. According to relevant agreement, GVTG nominally acquired 9% equity interests, while the Group continues to share the operating results and bears the operating risks in accordance with the original share percentage of 42%. Therefore GVTG does not have control over this company, and this company does not fall into the scope of consolidation of the Group.

Note 5: The Group and the Company adopt equity method in accounting for investments in associates. The Group and the Company ceased recognising its share of losses of the associates due to excess losses of the investee. As at 31 December, 2015, the unrecognised share of losses of associates is as follows:

Investee	Accumulated unrecognised share of losses at the beginning of the year	Unrecognised share of losses (or recognised share of profits) during the year	Accumulated unrecognised share of losses at the end of the year
	RMB	RMB	RMB
Express Cross-Border Coach Management Company Limited	151,172.81	(151,172.81)	—
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	284,803.72	384,519.18	669,322.90
Qingyuan Kwaitong Car Lease Co., Ltd.	69,392.11	(9,178.51)	60,213.60
Total	<u>505,368.64</u>	<u>224,167.86</u>	<u>729,536.50</u>

Note 6: All associates of the Group and the Company are non-listed companies. As at 31 December 2015, the ability to transfer fund from the above associates to the Group is not restricted (2014: Nil).

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**9 Long-term equity investments** (Continued)

(3) As at 31 December 2015, the Group's investments in associates were as follows: (Continued)

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

The Group

Name of associates	Principal place of business	Registered place	Registered capital RMB	Shareholding percentage	Business nature	Strategic to the Group's activities?
Southern United Assets and Equity Exchange Company Limited	Guangdong China	Guangdong China	80,000,000.00	25%	Property Exchange	Yes
Shenzhen Yueyun Investment Development Company Limited	Guangdong China	Guangdong China	30,000,000.00	20%	Passenger Terminal	Yes
Guangdong Province Shenshan High Speed Passenger Co., Ltd.	Guangdong China	Guangdong China	10,000,000.00	48%	Transportation	Yes
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Guangdong China	Guangdong China	10,000,000.00	20%	Station Services	Yes
Shantou City Automobile Terminal Co., Ltd.	Guangdong China	Guangdong China	7,575,000.00	35%	Station Operation	Yes
CNPC Yueyun Natural Gas Co. Ltd.	Guangdong China	Guangdong China	50,000,000.00	24%	Gas Wholesale and Retail	Yes

The Company

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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

9 Long-term equity investments (Continued)

(3) As at 31 December 2015, the Group's investments in associates were as follows: (Continued)

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

	Southern United Assets and Equity Exchange Company Limited		Shenzhen Yueyun Investment Development Company Limited		Guangdong Province Shenshan High Speed Passenger Co., Ltd.		Guangzhou City Tianhe Coach Terminal Co., Ltd.		Shantou City Automobile Terminal Co., Ltd.		CNPC Yueyun Natural Gas Co., Ltd.		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Current assets	83,382,185.69	79,464,083.63	7,060,863.85	6,335,100.23	26,124,602.92	30,679,731.44	78,211,653.83	94,036,712.74	5,197,054.42	4,541,865.59	53,139,146.39	40,913,651.95	253,314,907.10	256,031,245.58
Non-current assets	74,670,627.29	87,188,779.05	259,763,315.31	267,415,893.35	353,267.59	3,017,990.34	108,279,091.00	77,720,240.19	83,893,594.20	83,832,487.67	28,420,199.76	25,276,828.42	555,179,995.15	544,450,225.02
Total assets	158,052,812.98	166,652,862.68	266,824,179.16	273,750,993.58	26,477,870.51	33,697,721.78	186,490,744.83	171,816,952.93	88,890,648.62	88,374,453.26	81,559,346.15	66,190,480.37	808,494,902.25	800,481,470.60
Current liabilities	(11,288,744.06)	(22,254,535.23)	(29,260,599.51)	(36,630,274.78)	(3,085,790.30)	(2,172,915.10)	(108,173,107.79)	(86,964,126.68)	(19,973,360.82)	(19,425,227.16)	(18,142,866.87)	(11,915,488.65)	(188,934,409.35)	(179,422,567.60)
Non-current liabilities	(5,500,000.00)	(7,000,000.00)	(1,200,000.00)	(1,600,000.00)	—	—	—	—	(2,279.05)	(3,373.09)	—	—	(6,702,279.05)	(8,603,373.09)
Total liabilities	(16,788,744.06)	(29,254,535.23)	(30,460,599.51)	(38,230,274.78)	(3,085,790.30)	(2,172,915.10)	(108,173,107.79)	(86,964,126.68)	(19,975,639.87)	(19,428,600.25)	(18,142,866.87)	(11,915,488.65)	(195,636,688.40)	(188,025,940.69)
Net assets	141,464,068.92	137,398,327.45	236,363,579.65	235,520,718.80	23,392,080.21	31,524,806.68	78,317,632.04	84,852,828.25	68,915,008.75	69,945,853.01	63,416,539.28	54,274,991.72	611,858,213.85	612,455,529.91
Group's share of net assets	35,363,492.23	27,479,265.49	47,272,715.93	47,104,142.96	11,228,198.50	15,131,907.21	15,653,407.41	16,970,565.25	24,120,253.06	24,131,052.05	15,219,959.43	13,011,596.01	148,868,036.55	143,828,530.97
Add: Debt difference of long-term equity investments	—	—	—	—	—	—	—	—	4,042,810.74	5,390,414.32	—	—	4,042,810.74	5,390,414.32
Carrying amount of interests in associates	35,363,492.23	27,479,265.49	47,272,715.93	47,104,142.96	11,228,198.50	15,131,907.21	15,653,407.41	16,970,565.25	28,163,063.80	29,521,866.37	15,219,959.43	13,011,596.01	152,910,847.30	149,218,945.29
Operating income	43,720,000.00	96,887,980.04	28,341,492.79	28,456,733.31	—	12,260,458.59	—	—	3,634,642.18	8,956,800.42	141,222,474.91	116,954,803.95	216,918,009.88	263,496,936.31
Net profit/(loss)	16,820,000.00	37,030,000.00	903,864.85	(5,006,499.40)	(1,926,201.58)	(8,853,729.11)	19,141,428.99	16,401,739.20	(916,183.57)	(1,506,540.36)	11,089,241.92	5,320,555.85	45,712,150.61	43,395,476.18
Other comprehensive income	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	16,820,000.00	37,030,000.00	903,864.85	(5,006,499.40)	(1,926,201.58)	(8,853,729.11)	19,141,428.99	16,401,739.20	(916,183.57)	(1,506,540.36)	11,089,241.92	5,320,555.85	45,712,150.61	43,395,476.18
Dividends received from associates for the year	5,000,000.00	—	—	—	—	2,736,000.00	10,747,895.21	—	—	—	672,000.00	—	16,419,895.21	2,736,000.00

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**9 Long-term equity investments** (Continued)

(3) As at 31 December 2015, the Group's investments in associates were as follows: (Continued)

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

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Aggregate carrying amount of investments	25,620,093.13	22,140,444.86	6,000,000.00	3,600,000.00
Aggregate amount of share of				
– Net profit	2,148,660.62	2,047,557.53	—	—
– Other comprehensive income	—	—	—	—
– Total comprehensive income	2,148,660.62	2,047,557.53	—	—

10 Available-for-sale financial assets

	Note	The Group		The Company	
		2015 RMB	2014 RMB	2015 RMB	2014 RMB
Available-for-sale equity instruments					
– At cost	(1)	563,228.22	563,228.22	777,412.45	777,412.45
– At fair value	(2)	—	7,675,494.60	—	—
Total		563,228.22	8,238,722.82	777,412.45	777,412.45

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**10 Available-for-sale financial assets** (Continued)

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

As at 31 December 2015, an analysis of available-for-sale financial assets measured at cost by the Group is as follows:

	2015	2014
	RMB	RMB
Guangdong Southern Container Transportation Joint Company (Note 2)	1,268,476.29	1,268,476.29
Yangjiang City Haoxing Automobile Comprehensive Examination Co., Ltd. (Note 1)	308,228.22	308,228.22
Puning City Yueyun Development Co., Ltd. (Note 1)	255,000.00	255,000.00
Huadu Jindaoda Expressway Economic Development Company Limited (Note 2)	80,000.00	80,000.00
Sub-total	1,911,704.51	1,911,704.51
Less: Provision for impairment (Note 2)	(1,348,476.29)	(1,348,476.29)
Total	563,228.22	563,228.22

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

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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**10 Available-for-sale financial assets** (Continued)(1) *Available-for-sale financial assets at cost* (Continued)

As at 31 December 2015, an analysis of available-for-sale financial assets measured at cost by the Company is as follows:

	2015	2014
	RMB	RMB
		Restated
Guangdong Jindaoda Expressway Economic Development Company Limited	<u>777,412.45</u>	<u>777,412.45</u>

At the end of the year, The Company and Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Company, holds 5% and 95% equity interests of Guangdong Jindaoda Expressway Economic Development Company Limited (“Jindaoda”) respectively, and the Group holds 100% equity interests in total. Accordingly, Jindaoda is the subsidiary of the Group. The Company measured the equity interests based on financial instruments.

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

As at 31 December 2015, an analysis of available-for-sale financial assets measured at fair value by the Group is as follows:

	2015	2014
	RMB	RMB
Guangdong Shaoneng Group Co., Ltd.	<u>—</u>	<u>7,675,494.60</u>

Guangdong Shaoneng Group Co., Ltd. (“Shaoneng Group”) is a listed company. The Group measured the investment at fair value. In May 2015, the Group disposed the 1,303,140 shares it held of Shaoneng Group.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**11 Investment properties***The Group*

	Buildings	Land use rights	Total
	RMB	RMB	RMB
Cost			
Balance at 1 January 2014	45,220,034.67	34,842,910.27	80,062,944.94
Additions during the year	1,346,229.83	41,971.70	1,388,201.53
Additions arising from business combinations not under common control during the year	99,507,253.57	—	99,507,253.57
Decrease during the year	<u>(11,231,672.67)</u>	<u>—</u>	<u>(11,231,672.67)</u>
Balance at 31 December 2014	134,841,845.40	34,884,881.97	169,726,727.37
Additions during the year	6,889,486.19	8,073,509.83	14,962,996.02
Additions arising from business combinations not under common control during the year	9,850,693.16	11,005,473.65	20,856,166.81
Decrease during the year	<u>(10,110,630.74)</u>	<u>(4,579,027.15)</u>	<u>(14,689,657.89)</u>
Balance at 31 December 2015	<u>141,471,394.01</u>	<u>49,384,838.30</u>	<u>190,856,232.31</u>
Accumulated depreciation or amortisation			
Balance at 1 January 2014	(11,624,056.20)	(2,927,174.71)	(14,551,230.91)
Additions during the year	(4,688,654.94)	(831,697.53)	(5,520,352.47)
Decrease during the year	<u>3,038,827.96</u>	<u>—</u>	<u>3,038,827.96</u>
Balance at 31 December 2014	(13,273,883.18)	(3,758,872.24)	(17,032,755.42)
Additions during the year	(4,735,920.31)	(1,856,657.18)	(6,592,577.49)
Decrease during the year	<u>6,345,831.77</u>	<u>1,594,909.81</u>	<u>7,940,741.58</u>
Balance at 31 December 2015	<u>(11,663,971.72)</u>	<u>(4,020,619.61)</u>	<u>(15,684,591.33)</u>
Carrying amounts			
As at 31 December 2015	<u>129,807,422.29</u>	<u>45,364,218.69</u>	<u>175,171,640.98</u>
As at 31 December 2014	<u>121,567,962.22</u>	<u>31,126,009.73</u>	<u>152,693,971.95</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**11 Investment properties** (Continued)*The Group (Continued)*

Note1: The increase in cost for current year included purchase and transfer from construction in progress to investment properties of RMB269,492.17, transfer from self-owned properties to investment properties of RMB13,770,959.09 and translation differences of financial statements denominated in foreign currency of RMB922,544.76. The decrease in cost included disposal of RMB9,533,590.78 and the transfer from investment properties to self-owned properties of RMB5,156,067.11.

Note2: The increase in accumulated depreciation and amortisation for current year included depreciation and amortisation charges of RMB 6,128,171.92, transfer from self-owned properties to investment properties of RMB 207,891.52 and translation differences of financial statements denominated in foreign currency of RMB 256,514.05. The decrease in accumulated depreciation and amortisation was due to disposal of RMB 6,125,143.83 and transfer from investment properties to self-owned properties of RMB 1,815,597.75.

Note3: The remaining period of amortisation of land use rights is 16 to 67 years.

Note4: As at 31 December 2015, investment properties with carrying amount of RMB1,847,361.44 (31 December 2014: RMB1,910,355.60) were pledged for short-term bank loans.

12 Fixed assets*The Group*

	Buildings	Building improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Pier	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Cost							
Balance as at 1 January 2014	589,738,031.53	113,992,901.56	103,470,106.50	160,848,823.90	1,527,194,054.46	60,228,941.19	2,555,472,859.14
Additions during the year	22,525,422.16	—	1,590,595.37	19,400,904.60	134,186,020.82	—	177,702,942.95
Transfer from construction in progress	41,468,929.31	9,620,897.64	1,689,838.17	7,276,647.32	228,694,885.94	23,916,998.74	312,668,197.12
Additions arising from business combinations not under common control	155,374,164.43	—	2,065,690.39	3,800,408.12	129,327,424.49	—	290,567,687.43
Disposals during the year	(102,082,253.66)	(10,722,496.62)	(994,162.16)	(9,675,432.48)	(197,070,106.51)	—	(320,544,451.43)
Balance as at 31 December 2014	707,024,293.77	112,891,302.58	107,822,068.27	181,651,351.46	1,822,332,279.20	84,145,939.93	3,015,867,235.21
Additions during the year	13,535,700.59	—	3,449,745.06	19,537,046.77	464,540,394.55	—	501,062,886.97
Transfer from construction in progress	88,289,217.96	1,246,968.24	5,832,489.74	11,325,992.33	162,597,911.03	6,482,521.95	275,775,101.25
Additions arising from business combinations not under common control	30,598,728.23	—	348,866.14	205,601.16	23,106,550.02	—	54,259,745.55
Disposals during the year	(46,358,169.22)	—	(2,556,990.73)	(14,760,335.64)	(143,536,090.43)	—	(207,211,586.02)
Balance as at 31 December 2015	793,089,771.33	114,138,270.82	114,896,178.48	197,959,656.08	2,329,041,044.37	90,628,461.88	3,639,753,382.96

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Fixed assets (Continued)

The Group (Continued)

	Buildings	Building improvements	Machinery and equipment	Electronic equipment, office equipment and others	Transportation vehicles	Pier	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Accumulated depreciation							
Balance as at 1 January 2014	(136,510,438.34)	(80,943,381.04)	(39,454,945.89)	(99,734,753.95)	(826,818,168.82)	(3,744,892.08)	(1,187,206,580.12)
Charge for the year	(26,029,751.74)	(10,058,838.85)	(9,288,137.36)	(22,235,574.00)	(212,879,212.80)	(1,643,044.60)	(282,134,559.35)
Written off on disposal	14,864,707.30	—	184,719.79	9,236,583.07	169,004,185.64	—	193,290,195.80
Balance as at 31 December 2014	(147,675,482.78)	(91,002,219.89)	(48,558,363.46)	(112,733,744.88)	(870,693,195.98)	(5,387,936.68)	(1,276,050,943.67)
Charge for the year	(27,023,563.61)	(3,635,726.31)	(7,190,239.98)	(35,627,875.10)	(278,644,204.70)	(2,405,179.83)	(354,526,789.53)
Written off on disposal	5,736,935.49	—	2,428,794.78	10,980,793.21	112,355,182.70	—	131,501,706.18
Balance as at 31 December 2015	(168,962,110.90)	(94,637,946.20)	(53,319,808.66)	(137,380,826.77)	(1,036,982,217.98)	(7,793,116.51)	(1,499,076,027.02)
Provision for impairment							
Balance as at 1 January 2014, 31 December 2014 and 31 December 2015	—	—	(875,852.00)	—	—	—	(875,852.00)
Carrying amounts							
As at 31 December 2015	624,127,660.43	19,500,324.62	60,700,517.82	60,578,829.31	1,292,058,826.39	82,835,345.37	2,139,801,503.94
As at 31 December 2014	559,348,810.99	21,889,082.69	58,387,852.81	68,917,606.58	951,639,083.22	78,758,003.25	1,738,940,439.54

As at 31 December 2015, the original costs of fixed assets that are fully depreciated but are still in use were RMB664,020,690.76 (31 December 2014: RMB506,029,996.37).

As at 31 December 2015, fixed assets with carrying amount of RMB202,384,006.22 (31 December 2014: RMB128,771,634.97) were pledged for bank loans, among which, RMB 201,137,259.11 were pledged for long-term loans and RMB 1,246,747.11 were pledged for short-term loans. As at 31 December 2015, there are no other restricted fixed assets than those pledged for bank loans.

V. NOTES TO THE FINANCIAL STATEMENTS *(Continued)***12 Fixed assets** *(Continued)**The Group (Continued)*

As at 31 December 2015, the carrying amount of buildings without certificate or title of which had not been officially transferred in the Group was RMB147,707,859.22 (31 December 2014: RMB117,893,241.13).

The fixed assets acquired under finance leases as at 31 December 2015 are as follows:

	Transportation vehicles RMB
At the end of the year	
Cost	12,825,810.00
Less: Accumulated depreciation	<u>(6,738,292.09)</u>
Net book value	<u><u>6,087,517.91</u></u>
At the beginning of the year	
Cost	9,848,110.00
Less: Accumulated depreciation	<u>(3,875,845.44)</u>
Net book value	<u><u>5,972,264.56</u></u>

As at 31 December 2015, fixed assets with carrying amount of RMB21,572,864.57 (2014: RMB8,312,671.84) were leased out under operating leases.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

12 Fixed assets (Continued)

The Company

	Transportation Vehicles RMB	Electronic equipment office equipment and others RMB	Buildings RMB	Total RMB
Cost				
Balances as at 1 January 2014	16,025,429.66	8,164,669.97	—	24,190,099.63
Additions during the year	—	1,335,086.68	—	1,335,086.68
Disposals during the year	(308,000.00)	—	—	(308,000.00)
Balances as at 31 December 2014	15,717,429.66	9,499,756.65	—	25,217,186.31
Additions during the year	—	200,372.08	3,424,779.00	3,625,151.08
Disposals during the year	(4,886,572.00)	(20,341.03)	—	(4,906,913.03)
Balances as at 31 December 2015	10,830,857.66	9,679,787.70	3,424,779.00	23,935,424.36
Accumulated depreciation				
Balances as at 1 January 2014	(14,828,675.87)	(5,493,749.64)	—	(20,322,425.51)
Charge for the year	(328,845.12)	(762,382.04)	—	(1,091,227.16)
Written off on disposal	298,760.00	—	—	298,760.00
Balances as at 31 December 2014	(14,858,760.99)	(6,256,131.68)	—	(21,114,892.67)
Charge for the year	(162,747.28)	(753,024.05)	—	(915,771.33)
Written off on disposal	4,698,866.84	19,323.98	—	4,718,190.82
Balances as at 31 December 2015	(10,322,641.43)	(6,989,831.75)	—	(17,312,473.18)
Carrying amount				
As at 31 December 2015	508,216.23	2,689,955.95	3,424,779.00	6,622,951.18
As at 31 December 2014	858,668.67	3,243,624.97	—	4,102,293.64

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**12 Fixed assets** (Continued)*The Company (Continued)*

As at 31 December 2015, the original costs of fixed assets that are fully depreciated but are still in use were RMB14,832,186.77 (31 December 2014: RMB18,254,785.53).

As at 31 December 2015, the Company had no restricted fixed assets (31 December 2014: Nil) and had no buildings without certificate or title of which had not been officially transferred in the Company (31 December 2014: Nil).

As at 31 December 2015, the Company had no fixed asset acquired under finance lease (31 December 2014: Nil) and no fixed asset leased out under operating lease (31 December 2014: Nil).

13 Construction in progress

	The Group	The Company
	RMB	RMB
Cost		
Balance as at 1 January 2014	147,890,514.01	10,365,330.46
Additions during the year	352,744,828.83	269,293.03
Transfer to fixed assets	(312,668,197.12)	—
Other decrease	<u>(14,898,873.23)</u>	<u>(10,393,099.54)</u>
Balance as at 31 December 2014	173,068,272.49	241,523.95
Additions during the year	297,032,468.16	258,448.30
Transfer to fixed assets	(275,775,101.25)	—
Other decrease	<u>(6,463,414.41)</u>	<u>(499,972.25)</u>
Balance as at 31 December 2015	<u>187,862,224.99</u>	—
Provision for impairment		
Balance as at 1 January 2014,		
31 December 2014 and		
31 December 2015	<u>(451,957.10)</u>	—
Carrying amount		
As at 31 December 2015	<u>187,410,267.89</u>	—
As at 31 December 2014	<u>172,616,315.39</u>	<u>241,523.95</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**13 Construction in progress** (Continued)

Top ten items of construction in progress of the Group as at 31 December 2015 are outlined below:

	Balances at the beginning of the year RMB	Additions during the year RMB	Transfer to fixed assets RMB	Balances at the end of the year RMB
Construction of				
Chengnan Station	11,446,288.14	62,707,782.32	—	74,154,070.46
Purchase of vehicles	65,376,366.00	139,328,246.58	(162,597,911.03)	42,106,701.55
Zengcheng passenger				
traffic station	12,861,263.58	3,039,753.34	(1,612,717.93)	14,288,298.99
Reconstruction project				
of “Three Old”	14,134,037.93	744,524.63	—	14,878,562.56
Constuction of self-owned				
station building	—	11,898,590.30	—	11,898,590.30
Renovation of parking-lot	4,470,580.86	2,485,867.87	—	6,956,448.73
Decoration of				
service building	2,428,130.75	6,858,131.77	(3,952,429.15)	5,333,833.37
Lechang New Station	472,700.00	2,785,511.46	—	3,258,211.46
Construction of self-owned				
service building	5,676,824.18	10,964,416.81	(14,094,881.16)	2,546,359.83
Construction of				
concrete floor	—	1,834,444.78	—	1,834,444.78
Total	<u>116,866,191.44</u>	<u>242,647,269.86</u>	<u>(182,257,939.27)</u>	<u>177,255,522.03</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Intangible assets

The Group (Continued)

	Land use rights RMB	Joint Operation earning rights RMB	Computer Software RMB	Coastline use rights RMB	Passenger service licenses RMB	Station and toll bridge franchise operating rights RMB	Line license use rights and route operation rights RMB	Trademark rights and others RMB	Total RMB
Cost									
Balances as at 1 January 2014	393,457,949.67	—	17,506,080.19	7,110,000.00	5,510,601.57	327,479,559.48	114,556,854.30	45,900.00	665,666,855.21
Additions during the year	51,160,042.89	—	4,324,456.74	—	—	—	10,038,608.90	—	65,523,106.53
Reclassification	—	—	—	—	—	58,538,736.56	9,260,522.05	3,500,000.00	71,299,258.61
Additions arising from business combination not under common control	127,575,217.39	—	—	—	—	—	—	—	127,575,217.39
Foreign currency financial statement translation differences	119,149.82	—	—	—	18,924.73	—	—	—	138,074.55
Disposals during the year	(2,628,949.90)	—	—	—	—	—	(576,000.00)	—	(3,204,949.90)
Balances as at 31 December 2014	569,663,409.87	—	21,830,546.93	7,110,000.00	5,529,526.30	386,018,286.04	133,279,965.25	3,545,900.00	1,126,997,664.39
Additions during the year	5,564,036.63	42,747,190.60	6,553,653.30	—	11,349,532.88	1,460,160.22	21,755,437.77	130,000.00	89,580,011.40
Additions arising from business combination not under common control	88,817,104.62	—	—	—	—	—	378,924.80	—	88,196,029.42
Foreign currency financial statement translation differences	2,134,911.29	—	—	—	683,206.02	—	—	—	2,818,117.31
Transferred to investment properties	(7,787,811.81)	—	—	—	—	—	—	—	(7,787,811.81)
Disposals during the year	—	—	(14,002.08)	—	—	—	—	—	(14,002.08)
Balances as at 31 December 2015	656,411,650.60	42,747,190.60	28,370,198.15	7,110,000.00	17,562,265.20	387,478,456.26	155,414,347.82	3,675,900.00	1,300,770,008.63

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 Intangible assets (Continued)

The Group (Continued)

	Land use rights RMB	Joint Operation earning rights RMB	Computer Software RMB	Coastline use rights RMB	Passenger service licenses RMB	Station and toll bridge franchise operating rights RMB	Line license use rights and route operation rights RMB	Trademark rights and others RMB	Total RMB
Accumulated amortisation									
Balances as at 1 January 2014	(54,853,795.53)	—	(11,293,106.81)	(1,510,339.80)	—	(144,711,104.52)	(38,770,817.41)	(34,807.50)	(251,173,970.57)
Charge for the year	(10,584,383.82)	—	(2,235,537.93)	(155,266.20)	—	(29,954,104.99)	(10,010,386.34)	(237,639.84)	(53,177,319.11)
Reclassification	—	—	—	—	—	(1,619,410.01)	(799,933.61)	(92,105.26)	(2,511,448.88)
Foreign currency financial statement									
translation differences	(99,049.27)	—	—	—	—	—	—	—	(99,049.27)
Written off on disposal	273,453.75	—	—	—	—	—	416,000.00	—	689,453.75
Balances as at 31 December 2014	(65,253,774.87)	—	(13,528,644.74)	(1,665,605.00)	—	(176,284,619.51)	(49,165,137.36)	(364,552.60)	(306,272,334.08)
Charge for the year	(16,537,636.69)	(3,901,780.17)	(4,666,333.61)	(155,266.20)	—	(18,134,669.44)	(11,379,886.74)	(280,973.31)	(55,056,546.16)
Foreign currency financial statement									
translation differences	(614,081.48)	—	—	—	—	—	—	—	(614,081.48)
Transferred to investment properties	481,887.90	—	—	—	—	—	—	—	481,887.90
Written off on disposal	—	—	14,002.08	—	—	—	—	—	14,002.08
Balances as at 31 December 2015	(81,933,035.14)	(3,901,780.17)	(18,180,976.27)	(1,820,871.20)	—	(194,419,288.95)	(60,545,024.10)	(645,525.91)	(361,447,071.74)
Carrying amount									
As at 31 December 2015	576,478,045.46	38,845,410.43	10,189,221.88	5,289,128.80	17,562,265.20	193,059,167.31	94,869,323.72	3,030,374.09	939,322,936.89
As at 31 December 2014	504,419,635.00	—	8,301,902.19	5,444,395.00	5,529,526.30	209,733,676.53	84,114,847.89	3,181,347.40	820,725,330.31

V. NOTES TO THE FINANCIAL STATEMENTS *(Continued)***14 Intangible assets** *(Continued)**The Group (Continued)*

As at 31 December 2015, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB 142,174,375.66 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Company as mentioned in Note V. 32 (31 December 2014: Nil). In addition, intangible assets with carrying amount of RMB 78,270,052.85 (31 December 2014: RMB 4,231,094.09) were pledged for bank loans, among which, RMB 42,282,981.17 were pledged for long-term loans and RMB 35,987,071.68 were pledged for short-term loans. As at 31 December 2015, there was no other restricted intangible assets of the Group.

As at 31 December 2015, the carrying amount of land use rights without certificate of title for the Group was RMB3,900,107.80 (31 December 2014: RMB7,682,418.62).

As at 31 December 2015, land use rights with original costs of RMB36,761,641.08 (31 December 2014: RMB32,307,747.95) were obtained through allocation. As the certificates of title did not stipulate useful life, these land use rights had not been amortised.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**14 Intangible assets** (Continued)*The Company*

	Computer Software RMB	Toll bridge franchise operating rights RMB	Total RMB
Cost			
Balances as at 1 January 2014	19,856,003.63	334,103,442.14	353,959,445.77
Additions during the year	<u>3,577,534.18</u>	<u>—</u>	<u>3,577,534.18</u>
Balances as at 31 December 2014	23,433,537.81	334,103,442.14	357,536,979.95
Additions during the year	<u>245,283.02</u>	<u>—</u>	<u>245,283.02</u>
Balances as at 31 December 2015	<u>23,678,820.83</u>	<u>334,103,442.14</u>	<u>357,782,262.97</u>
Accumulated amortisation			
Balances as at 1 January 2014	(15,769,661.64)	(146,499,196.73)	(162,268,858.37)
Charges for the year	<u>(2,644,719.29)</u>	<u>(28,518,715.91)</u>	<u>(31,163,435.20)</u>
Balances as at 31 December 2014	(18,414,380.93)	(175,017,912.64)	(193,432,293.57)
Charges for the year	<u>(3,460,304.91)</u>	<u>(16,911,153.84)</u>	<u>(20,371,458.75)</u>
Balances as at 31 December 2015	<u>(21,874,685.84)</u>	<u>(191,929,066.48)</u>	<u>(213,803,752.32)</u>
Carrying amount			
As at 31 December 2015	<u>1,804,134.99</u>	<u>142,174,375.66</u>	<u>143,978,510.65</u>
As at 31 December 2014	<u>5,019,156.88</u>	<u>159,085,529.50</u>	<u>164,104,686.38</u>

As at 31 December 2015, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB 142,174,375.66 was pledged as counter guarantee to GCGC in connection with the issuance of the 2014 corporate bonds of the Company as mentioned in Note V. 32. As at 31 December 2014, there was no restricted intangible assets of the Company. As at 31 December 2015, there was no other restricted intangible assets of the Company.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Goodwill

2015

Name of investee from which goodwill arising

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

2014

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

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 Goodwill (Continued)

For the purpose of impairment testing, the Group, taking the above subsidiaries as separate asset groups, allocates the goodwill to such asset groups for impairment testing. The Group estimates the recoverable amount of each asset group individually based on the present value of expected future cash flow of such asset groups on the assumption of going concern in light of the operating characteristics of such asset groups. Cash flow projections are based on the financial budget covering of five-year period forecasted by the management and the assumption that the growth rate of cash flow beyond five-year period is zero. The adopted discount rate is 10.5%. Other key assumptions used in estimating future cash flow include the past performance of such asset groups and the management's expectation of market development. The management considers that the reasonable changes in above assumptions would not result in carrying amount in excess of the recoverable amount, therefore there is no impairment on goodwill.

16 Long-term deferred expenses

	The Group			
	Balance at	Additions	Amortisation	Balance at
	the beginning			during the year
	of the year	for the year	the year	of the year
RMB	RMB	RMB	RMB	
Long term asset rental expenses	4,381,863.02	120,277.00	(490,452.84)	4,011,687.18
Renovation of station auxiliary facilities	6,508,663.72	5,496,846.83	(4,279,869.71)	7,725,640.84
Decoration design fee of Yueyun Building	3,904,418.14	2,408,503.37	(1,723,899.61)	4,589,021.90
Decoration expenses for Jiaotong Hotel	2,497,258.33	—	(196,069.60)	2,301,188.73
Litong building office decoration	8,738,079.22	—	(982,022.53)	7,756,056.69
In-vehicle multimedia systems	1,098,602.08	487,509.19	(323,519.11)	1,262,592.16
Route license use rights and others	6,028,056.37	3,486,197.33	(2,741,901.43)	6,772,352.27
Sub-total	33,156,940.88	11,999,333.72	(10,737,734.83)	34,418,539.77
Less: Provision for impairment				
Litong building office decoration	(7,162,543.22)	—	—	(7,162,543.22)
Total	25,994,397.66	11,999,333.72	(10,737,734.83)	27,255,996.55

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**16 Long-term deferred expenses** (Continued)

	Balance at the beginning of the year RMB	The Company		Balance at the end of the year RMB
		Additions during the year RMB	Amortisation for the year RMB	
Prepaid lease expense in respect of land use right of				
Taiping interchange	3,858,064.90	120,277.00	(476,208.96)	3,502,132.94
Litong building office decoration	8,738,079.22	—	(982,022.53)	7,756,056.69
Decoration design fee of				
Yueyun Building	3,904,418.14	2,408,503.37	(1,723,899.61)	4,589,021.90
Others	1,688,212.48	—	(5,850.00)	1,682,362.48
	<u>18,188,774.74</u>	<u>2,528,780.37</u>	<u>(3,187,981.10)</u>	<u>17,529,574.01</u>
Sub-total				
Less: Provision for impairment				
Litong building office decoration	(7,162,543.22)	—	—	(7,162,543.22)
Total	<u>11,026,231.52</u>	<u>2,528,780.37</u>	<u>(3,187,981.10)</u>	<u>10,367,030.79</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Deferred tax assets and deferred tax liabilities

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

The Group

	Amount of temporary differences		Deferred tax assets (liabilities)		Amount of temporary differences	
	at the beginning of the year	Balances at the beginning of the year	Current year increase/ (decrease) charge to profit or loss	Other changes during the year	Balances at the end of the year	at the end of the year
	RMB	RMB	RMB	RMB	RMB	RMB
Deferred tax assets:						
Provision for bad and doubtful debts	544,459,930.92	136,114,982.73	(358,447.42)	—	135,756,535.31	543,026,141.24
Including: Accounts receivable	28,018,019.84	7,004,504.96	1,756,123.13	—	8,760,628.09	35,042,512.36
Prepayments	472,177,720.52	118,044,430.13	(841,512.88)	—	117,202,917.25	468,811,669.00
Other receivables	43,865,731.68	10,966,432.92	(1,173,442.95)	—	9,792,989.97	39,171,959.88
Long-term receivables	398,458.88	99,614.72	(99,614.72)	—	—	—
Accrued Expenses	105,359,630.44	26,339,907.61	(5,417,521.18)	—	20,922,386.43	83,689,545.72
Employee benefits payable	68,582,857.56	17,145,714.39	(7,467,806.07)	—	9,677,908.32	38,711,633.28
Amortisation of intangible assets	15,875,272.88	3,968,818.22	(680,472.32)	—	3,288,345.90	13,153,383.60
Unrealised profits arising from transactions						
within the Group	11,310,756.20	2,827,689.05	(557,248.60)	—	2,270,440.45	9,081,761.80
Long-term payables	9,582,654.44	2,395,663.61	(561,368.50)	—	1,834,295.11	7,337,180.44
Deductible tax losses	9,196,373.72	2,299,093.43	(1,195,987.01)	—	1,103,106.42	4,412,425.68
Provision for impairment against non-current assets	8,490,352.32	2,122,588.08	200,000.01	—	2,322,588.09	9,290,352.36
Deferred revenue	5,578,986.72	1,394,746.68	8,281,918.58	—	9,676,665.26	38,706,661.04
Others	15,971,465.64	3,992,866.41	(677,647.28)	(254,300.95)	3,060,918.18	12,243,672.72
Sub-total	794,408,280.84	198,602,070.21	(8,434,579.79)	(254,300.95)	189,913,189.47	759,652,757.88
Amount of offsetting	(29,346,542.28)	(7,336,635.57)			(2,450,300.24)	(9,801,200.96)
Balance after offsetting	765,061,738.56	191,265,434.64			187,462,889.23	749,851,556.92

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**17 Deferred tax assets and deferred tax liabilities** (Continued)

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

The Group (Continued)

	Amount of temporary differences at the beginning of the year		Deferred tax assets (liabilities)		Amount of temporary differences at the end of the year	
	RMB	RMB	Current year increase/ (decrease) charge to profit or loss RMB	Current year increase/ (decrease) change to equity RMB	RMB	RMB
Deferred tax liabilities:						
Assets appraisal appreciation	(114,850,770.92)	(28,712,692.73)	1,175,355.60	—	(27,537,337.13)	(110,149,348.52)
Debit difference of long-term equity investments	(19,753,399.64)	(4,938,349.91)	114,845.34	—	(4,823,504.57)	(19,294,018.28)
Investment income	(9,390,840.72)	(2,347,710.18)	(494,377.04)	—	(2,842,087.22)	(11,368,348.88)
Changes in fair value	(6,055,044.60)	(1,513,761.15)	—	1,513,761.15	—	—
Depreciation of fixed assets	(3,812,894.64)	(953,223.66)	300,835.90	—	(652,387.76)	(2,609,551.04)
Sub-total	(153,862,950.52)	(38,465,737.63)	<u>1,096,659.80</u>	<u>1,513,761.15</u>	(35,855,316.68)	(143,421,266.72)
Amount of offsetting	<u>29,346,542.28</u>	<u>7,336,635.57</u>			<u>2,450,300.24</u>	<u>9,801,200.96</u>
Balance after offsetting	<u>(124,516,408.24)</u>	<u>(31,129,102.06)</u>			<u>(33,405,016.44)</u>	<u>133,620,065.76</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 Deferred tax assets and deferred tax liabilities (Continued)

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

The Company

	Amount of temporary differences at the beginning of the year RMB	Balances at the beginning of the year RMB	Deferred tax assets		Amount of temporary differences at the end of the year RMB
			Current year Increase/ (decrease) charge to profit or loss RMB	Balances at the end of the year RMB	
Deferred tax assets:					
Provision for bad and doubtful debts	524,987,844.84	131,246,961.21	1,449,718.22	132,696,679.43	530,786,717.72
Including: Accounts					
receivable	25,149,651.76	6,287,412.94	1,801,527.25	8,088,940.19	32,355,760.76
Prepayments	471,663,184.08	117,915,796.02	(856,194.75)	117,059,601.27	468,238,405.08
Other					
receivables	28,175,009.00	7,043,752.25	504,385.72	7,548,137.97	30,192,551.88
Accrued expenses	—	—	2,575,814.72	2,575,814.72	10,303,258.88
Employee benefits payable	18,778,140.40	4,694,535.10	177,186.26	4,871,721.36	19,486,885.44
Amortisation of					
intangible assets	14,630,552.64	3,657,638.16	(711,590.32)	2,946,047.84	11,784,191.36
Provision for impairment	7,162,543.28	1,790,635.82	—	1,790,635.82	7,162,543.28
Total	<u>565,559,081.16</u>	<u>141,389,770.29</u>	<u>3,491,128.88</u>	<u>144,880,899.17</u>	<u>579,523,596.68</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**17 Deferred tax assets and deferred tax liabilities** (Continued)

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

	The Group	
	2015	2014
	RMB	RMB
Deductible tax losses	303,221,288.67	248,848,632.91
Deductible temporary differences	518,545,105.45	308,236,259.27
Total	821,766,394.12	557,084,892.18

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

Tax losses of RMB29,508,226.59 for which deferred tax assets are not recognised in previous years were expired in this year. The tax losses which are not recognised as deferred tax assets as at 31 December 2015 will be expired during the period from 31 December 2016 to 31 December 2020. (The tax losses which are not recognised as deferred tax assets as at 31 December 2014 would be expired during the period from 31 December 2015 to 31 December 2019.)

18 Other non-current assets

	The Group	
	2015	2014
	RMB	RMB
Prepayments for land use rights	88,190,620.53	69,722,680.88
Prepayments for operation expenses of express service zones	90,394,141.95	53,245,952.80
Revaluation increment of asset value of Guangdong Yueyun Langri Co., Ltd. (Note)	19,294,018.27	19,753,399.67
Prepaid tax	16,019,255.04	16,481,537.01
Prepayments for vehicles	11,979,336.40	26,561,023.29
Prepayments for purchasing house	7,459,724.67	—
Others	20,472,453.70	22,983,356.65
Total	253,809,550.56	208,747,950.30

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 Other non-current assets (Continued)

Note: This other non-current asset represents revaluation increment of net identifiable asset value of Guangdong Yueyun Langri Co. Ltd. as at 23 November 2007, the date on which GVTG, the company's subsidiary, acquired their equity interests. GVTG adopted CAS since 1 January 2009, and pursuant to the provision of "the Experts' view on implementation issues of CAS" in relation to the treatment on the balance of the debit difference of long-term equity investments in subsidiaries arising from combination of companies held by the acquirer which are not under a business combination involving enterprises under common control, if the acquirer can determine the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date, the balance of the differences between the fair value of identifiable assets and liabilities of the acquiree as at the acquisition date and their carrying amounts, net of amortisation, as at the initial implementation date, shall be allocated to each of identifiable assets and liabilities of the acquiree in a reasonable method, and shall be depreciated and amortised over the remaining useful life of identifiable assets of the acquiree. Such depreciation and amortisation is included under the investment income item in the consolidated income statement; in case such balance could not be allocated to each of identifiable assets and liabilities of the acquiree, it shall be amortised evenly over the remaining amortisation period of differences of original equity investments and shall be included under the investment income item in the consolidated income statement. Balance that is not amortised completely shall be included in the consolidated balance sheet as other non-current asset. Since GVTG could not allocate the balance of such valuation increment to identifiable assets and liabilities of Guangdong Yueyun Langri Co., Ltd., thus GVTG accounts for the balance of such valuation increment as other non-current assets. Amortisation period is from the acquisition date to the termination date of operation that is from November 2007 to October 2057.

19 Provisions for impairment

Details of provisions for impairment of the Group as at 31 December 2015 are as follows:

	Note V	Balance at the beginning of the year RMB	Charge during the year RMB	Additions arising from business combinations not under common control RMB	Decrease during the year Reversal Write-off RMB RMB	Balance at the end of the year RMB
Accounts receivable	3	30,674,183.98	12,081,916.46	697,998.82	(3,065,779.15) (1,025.03)	40,387,295.08
Prepayments	4	478,004,799.73	642,770.74	—	(3,429,461.34)	475,218,109.13
Other receivables	5	50,346,913.57	4,542,372.70	1,599,680.50	(3,256,004.46) (47,052.38)	53,185,909.93
Long-term receivables	8	398,458.89	—	—	(398,458.89)	—
Available-for-sale financial assets	10	1,348,476.29	—	—	—	1,348,476.29
Fixed assets	12	875,852.00	—	—	—	875,852.00
Construction in progress	13	451,957.10	—	—	—	451,957.10
Long-term deferred expenses	16	7,162,543.22	—	—	—	7,162,543.22
Total		<u>569,263,184.78</u>	<u>17,267,059.90</u>	<u>2,297,679.32</u>	<u>(10,149,703.84)</u> <u>(48,077.41)</u>	<u>578,630,142.75</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**19 Provisions for impairment** (Continued)

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

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

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 Provisions for impairment (Continued)

Details of provisions for impairment of the Company as at 31 December 2015 are as follows:

	Note V	Balance at the beginning of the year RMB	Charge during the year RMB	Decrease during the year		Balance at the end of the year RMB
				Reversal RMB	Written-off RMB	
Accounts receivable	3	26,839,524.46	9,612,517.00	(2,406,408.00)	—	34,045,633.46
Prepayments	4	477,490,263.25	—	(3,424,779.00)	—	474,065,484.25
Other receivables	5	32,912,008.87	2,017,542.87	—	—	34,929,551.74
Long-term deferred expenses	16	7,162,543.22	—	—	—	7,162,543.22
Total		544,404,339.80	11,630,059.87	(5,831,187.00)	—	550,203,212.67

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

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

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 Assets with restricted ownership or right of use

	Note V	The Group			Balance as at 31 December 2015 RMB
		Balance as	Addition	Decrease	
		At 1 January			
		2015	during the year	during the year	
		RMB	RMB	RMB	RMB
Assets pledged as collateral					
– Investment properties	11	1,910,355.60	1,847,361.44	(1,910,355.60)	1,847,361.44
– Fixed assets	12	128,771,634.97	165,238,815.80	(91,626,444.55)	202,384,006.22
– Intangible assets	14	4,231,094.09	74,937,825.96	(898,867.20)	78,270,052.85
Sub-total		<u>134,913,084.66</u>	<u>242,024,003.20</u>	<u>(94,435,667.35)</u>	<u>282,501,420.51</u>
Assets pledged as counter guarantee					
– Intangible assets	14	—	142,174,375.66	—	142,174,375.66
Sub-total		<u>—</u>	<u>142,174,375.66</u>	<u>—</u>	<u>142,174,375.66</u>
Assets with restrictions arising from other reasons					
– Cash at bank and on hand	1	10,103,527.40	869,754.89	(618,893.64)	10,354,388.65
		<u>10,103,527.40</u>	<u>869,754.89</u>	<u>(618,893.64)</u>	<u>10,354,388.65</u>
Total		<u>145,016,612.06</u>	<u>385,068,133.75</u>	<u>(95,054,560.99)</u>	<u>435,030,184.82</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**20 Assets with restricted ownership or right of use** (Continued)

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

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

	Note V	The Company			Balance as at 31 December 2015 RMB
		Balance as	Addition	Decrease	
		At 1 January			
		2015	during the year	during the year	
		RMB	RMB	RMB	RMB
Assets pledged as counter guarantee					
– Intangible assets	14	—	142,174,375.66	—	142,174,375.66

As at 31 December 2014, the Company has no assets with restricted ownership or right of use.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**21 Short-term loans**

	Note	The Group		The Company	
		2015 RMB	2014 RMB	2015 RMB	2014 RMB
Unsecured loans		91,300,000.00	257,700,000.00	—	200,000,000.00
Loans secured by mortgages	(1)	34,900,000.00	15,848,513.34	—	—
Loans secured by letter of credit	(2)	—	12,201,399.44	—	—
Total	(3)	126,200,000.00	285,749,912.78	—	200,000,000.00

Note 1: For the details of assets pledged for secured loans as at 31 December 2015, please refer to Note V. 11, 12 and 14.

Note 2: As at 31 December 2015, the Group had no loans secured by letter of credit. As at 31 December 2014, the loans secured by letter of credit of RMB 12,201,399.44 represented the loans from Agricultural Bank of China Hong Kong Branch, which were secured by the letter of credit issued by the Company to its subsidiary, Guangdong Yueyun Transportation (HK) Company Limited and were repaid in February 2015.

Note 3: As at 31 December 2015, the Group's short-term loans were bank borrowings within 1 year, which bear interest rates ranging from 5.60% - 6.00% per annum (31 December 2014: 5.60% - 8.10%). The Group had no overdue short-term loan as at 31 December 2015 (31 December 2014: Nil).

22 Bills payable

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Bank acceptance bills	177,631,886.38	319,317,371.36	55,631,886.38	221,317,371.36
Commercial acceptance bills	38,228,190.00	—	—	—
Total	215,860,076.38	319,317,371.36	55,631,886.38	221,317,371.36

The above bills are all due within one year.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**23 Accounts payable**

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

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Within 3 months (inclusive)	642,421,416.64	713,148,402.84	102,247,698.74	112,129,797.98
Over 3 months and within 6 months (inclusive)	47,327,567.67	42,895,778.94	23,957,614.15	649,686.36
Over 6 months and within 1 year (inclusive)	38,523,740.82	55,363,083.79	1,451,986.66	593,716.02
Over 1 year and within 2 years (inclusive)	100,774,641.37	61,910,993.16	6,201,687.37	8,363,253.32
Over 2 years and within 3 years (inclusive)	19,019,994.29	56,800,532.77	3,556,686.56	1,554,631.93
Over 3 years	29,337,878.78	31,644,076.20	9,304,544.91	7,749,912.98
Total	877,405,239.57	961,762,867.70	146,720,218.39	131,040,998.59

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**23 Accounts payable** (Continued)

- (2) As at 31 December 2015, the Group's accounts payable aged over one year were mainly the deposits for purchasing construction materials and raw materials. The Group's accounts payable with ageing over one year and individual amount over RMB 10 million are as follows:

The Group

	Balance at the end of the year RMB	Reasons for unsettlement
Xiamen Golden Dragon Bus Co., Ltd.	30,337,860.00	Car payment which are not urged for settlement
Xiamen King Long United Automotive Industry Co., Ltd.	33,302,850.00	Car payment which are not urged for settlement
Total	<u>63,640,710.00</u>	

As at 31 December 2015, the Company had no accounts payable with ageing over one year and individual amount over RMB 10 million.

24 Advances from customers

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

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Within 1 year (inclusive)	424,386,442.52	329,525,924.27	108,418,016.80	30,247,649.36
Over 1 year and within 2 years (inclusive)	3,075,742.88	470,877.09	1,587,525.26	—
Over 2 years and within 3 years (inclusive)	22,066.17	138,480.00	—	969.20
Over 3 years	4,364,528.24	4,609,076.42	3,859,506.78	3,858,537.58
Total	<u>431,848,779.81</u>	<u>334,744,357.78</u>	<u>113,865,048.84</u>	<u>34,107,156.14</u>

- (2) As at 31 December 2015, the Group and the Company had no advances from customers with ageing over one year and individual amount over RMB 10 million.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 Employee benefits payable

	Note	The Group		The Company	
		2015 RMB	2014 RMB	2015 RMB	2014 RMB
Short-term employee benefits	(1)	136,714,897.49	121,997,133.76	17,753,194.46	14,954,745.85
Post-employment benefits					
– defined contribution plans	(2)	12,224,058.55	12,415,019.68	45,491.13	1,493,963.57
Termination benefits		4,386,837.60	8,479,772.46	2,329,431.04	2,329,431.04
Long-term employee benefits due within one year (Note V. 34)		6,184,385.97	3,892,684.33	—	—
Total		159,510,179.61	146,784,610.23	20,128,116.63	18,778,140.46

(1) Short-term employee benefits

	The Group				
	Balance at 1 January 2015 RMB	Increase arising from business combinations not under common control RMB	Accrued during the year RMB	Paid during the year RMB	Balance at 31 December 2015 RMB
Salaries, bonuses, allowances	112,898,923.00	4,957,900.54	1,132,137,013.78	(1,130,716,958.81)	119,276,878.51
Staff welfare	82,656.86	—	49,271,180.95	(49,344,143.55)	9,694.26
Social insurance	2,255.92	—	63,282,610.67	(61,604,715.70)	1,680,150.89
Including: Medical insurance	166,346.50	—	52,772,114.87	(51,106,485.15)	1,831,976.22
Work-related injury insurance	(98,965.12)	—	4,591,626.90	(4,593,470.25)	(100,808.47)
Maternity insurance	(65,125.46)	—	5,384,522.86	(5,370,414.26)	(51,016.86)
Others	—	—	534,346.04	(534,346.04)	—
Housing fund	101,906.50	3,908,076.00	67,846,717.06	(67,072,495.26)	4,784,204.30
Labor union fee, staff and workers' education fee	8,686,913.21	430,187.70	19,751,304.64	(18,049,887.09)	10,818,518.46
Non-monetary benefits	—	—	156,259.80	(156,259.80)	—
Other short-term employee benefits	224,478.27	—	2,492,026.82	(2,571,054.02)	145,451.07
Labor protection fee	—	—	8,002,949.31	(8,002,949.31)	—
Labor service charge	—	—	59,672,765.76	(59,672,765.76)	—
Total	121,997,133.76	9,296,164.24	1,402,612,828.79	(1,397,191,229.30)	136,714,897.49

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**25 Employee benefits payable** (Continued)

(1) Short-term employee benefits (Continued)

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

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**25 Employee benefits payable** (Continued)

(1) Short-term employee benefits (Continued)

	The Company			Balance at 31 December 2015 RMB		
	Balance at 1 January 2015 RMB	Accrued during the year RMB	Paid during the year RMB			
	Salaries, bonuses, allowances	14,233,619.73	30,659,875.26		(29,536,630.11)	15,356,864.88
	Staff welfare	—	1,030,342.32		(1,030,342.32)	—
Social insurance	16,677.13	1,948,494.48	(500,021.30)	1,465,150.31		
Including: Medical insurance	15,840.51	1,696,294.88	(247,822.69)	1,464,312.70		
Work-related injury insurance	487.58	53,959.47	(53,958.48)	488.57		
Maternity insurance	349.04	175,606.09	(175,606.09)	349.04		
Others	—	22,634.04	(22,634.04)	—		
Housing fund	249,335.00	5,009,154.00	(5,009,154.00)	249,335.00		
Labor union fee, staff and workers' education fee	354,500.90	832,514.70	(545,784.42)	641,231.18		
Other short-term employee benefits	100,613.09	425,250.00	(485,250.00)	40,613.09		
Labor service charge	—	68,350.00	(68,350.00)	—		
Total	<u>14,954,745.85</u>	<u>39,973,980.76</u>	<u>(37,175,532.15)</u>	<u>17,753,194.46</u>		

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**25 Employee benefits payable** (Continued)

(1) Short-term employee benefits (Continued)

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

(2) Post-employment benefits - defined contribution plans

	The Group				
	Balance	Increase arising			Balance at
	at 1 January	from business	Accrued during	Paid during	31 December
	2015	combination not	the year	the year	2015
	under common	RMB	RMB	RMB	
	control	RMB	RMB	RMB	
Basic pension insurance	4,661,880.11	2,909,739.88	96,885,889.55	(96,539,920.29)	7,917,589.25
Unemployment insurance	140,715.30	—	6,009,601.45	(5,986,741.09)	163,575.66
Annuity	4,178,634.46	—	3,449,840.82	(6,808,118.45)	820,356.83
Mandatory provident fund	3,433,789.81	—	801,772.23	(913,025.23)	3,322,536.81
Total	12,415,019.68	2,909,739.88	107,147,104.05	(110,247,805.06)	12,224,058.55

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**25 Employee benefits payable** (Continued)(2) *Post-employment benefits - defined contribution plans* (Continued)

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

	The Company			Balance at 31 December 2015 RMB
	Balance at 1 January 2015 RMB	Accrued during the year RMB	Paid during the year RMB	
Basic pension insurance	36,683.71	2,698,040.32	(2,698,040.57)	36,683.46
Unemployment insurance	8,837.67	185,908.23	(185,908.23)	8,837.67
Annuity	1,448,442.19	1,339,914.56	(2,788,386.75)	(30.00)
Total	1,493,963.57	4,223,863.11	(5,672,335.55)	45,491.13

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**25 Employee benefits payable** (Continued)

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

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

The Group and the Company paid termination benefits amounting to RMB 25,434,941.57 and nil respectively in 2015 (The Group and the Company paid termination benefits amounting to RMB 9,428,256.71 and RMB 150,452.00 respectively in 2014).

26 Taxes payable

	The Group				
	Balance at	Accrued during	Increase arising	Paid during	Balance at
			from business		
			combinations not		
1 January 2015	the year	under common	the year	31 December 2015	
	RMB	RMB	control	RMB	RMB
VAT	56,942,072.08	125,095,291.26	263,899.26	(140,238,369.76)	42,062,892.84
Business tax	6,174,143.04	40,086,880.44	1,931.62	(39,312,729.80)	6,950,225.30
Corporate income tax	72,155,858.05	156,869,720.13	—	(169,569,172.30)	59,456,405.88
Urban maintenance and construction tax	4,616,578.68	10,448,289.71	25,558.38	(11,318,329.83)	3,772,096.94
Property tax	2,863,057.58	14,358,492.48	10,442.24	(13,608,449.58)	3,623,542.72
Land use tax	3,120,709.52	2,895,441.54	5,547.60	(3,696,897.09)	2,324,801.57
Individual income tax	5,243,139.17	38,576,131.14	(15,212.99)	(36,776,287.44)	7,027,769.88
Education surcharges and					
local education surcharges	3,303,927.04	8,016,257.48	28,899.83	(8,864,262.21)	2,484,822.14
Others	<u>14,013,671.31</u>	<u>29,601,560.68</u>	<u>29,469.70</u>	<u>(39,241,721.66)</u>	<u>4,402,980.03</u>
Total	<u>168,433,156.47</u>	<u>425,948,064.86</u>	<u>350,535.64</u>	<u>(462,626,219.67)</u>	<u>132,105,537.30</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**26 Taxes payable** (Continued)

	Balance at 1 January 2015 RMB	The Company		Balance at 31 December 2015 RMB
		Accrued during the year RMB	Paid during the year RMB	
VAT	1,801,617.09	4,271,332.71	(6,072,949.80)	—
Business tax	629,589.04	6,658,713.52	(6,685,053.35)	603,249.21
Corporate income tax	—	15,525,705.78	(9,134,151.01)	6,391,554.77
Urban maintenance and construction tax	302,770.52	521,790.44	(783,286.26)	41,274.70
Individual income tax	595,302.77	3,637,028.72	(3,779,693.87)	452,637.62
Education surcharges and local education surcharges	217,979.64	451,408.89	(637,900.17)	31,488.36
Others	<u>7,333,624.24</u>	<u>662,850.06</u>	<u>(7,079,689.99)</u>	<u>916,784.31</u>
Total	<u>10,880,883.30</u>	<u>31,728,830.12</u>	<u>(34,172,724.45)</u>	<u>8,436,988.97</u>

27 Interest payable

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Interest payable for bank loans	551,954.97	3,900,687.61	—	604,666.58
Interest payable for bonds	4,577,888.89	1,256,666.63	4,577,888.89	—
Total	5,129,843.86	5,157,354.24	4,577,888.89	604,666.58

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**28 Dividends payable**

	The Group	
	2015 RMB	2014 RMB
Zhaoqing Communications Group Company Limited	8,230,327.40	8,408,734.73
Guangzhou Long-Distance Transportation Company	—	3,960,000.00
Guangdong Xinyue Communications Investment Company Limited	2,780,436.84	2,780,436.84
Individual shareholders of subsidiaries	2,424,701.32	2,367,519.17
Labor Union Committee of Zhaoqing City Yueyun Motor Transportation Co., Ltd.	1,312,081.18	1,340,522.93
Committee of Shaoguan Vehicles Transportation Group	1,698,685.64	1,698,685.64
Shenzhen Communication Company Limited	313,500.00	1,531,316.04
Foshan City Railway Port Management Coordination Center	137,200.00	96,040.00
Mami Hong Kong Tourism Trade Co., Ltd.	313,500.00	—
Guangdong Heyuan City, Motor Transport Group Co., Ltd.	374,555.94	—
Total	17,584,988.32	22,183,255.35

29 Other payables

(1) Other payables by customer:

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Related Party	20,016,629.70	65,684,826.15	1,120,429,306.32	761,453,240.65
Third Party	564,898,509.72	480,646,004.74	30,901,279.36	25,382,408.83
Total	584,915,139.42	546,330,830.89	1,151,330,585.68	786,835,649.48

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**29 Other payables** (Continued)

- (2) As at 31 December 2015, the Group had the following other payables to customers with ageing over one year and individual amount over RMB 10 million:

The Group

	Amount RMB	Reasons for unsettlement
China Petrochemical Sales Co., Ltd. Guangdong Branch	18,000,000.00	Deposit, contract term is not due yet

As at 31 December 2015, the the Company had no other payables with ageing over one year and individual amount over RMB 10 million.

30 Non-current liabilities due within one year

	Note V	The Group	
		2015 RMB	2014 RMB
Long-term loans due within one year	31	69,482,371.94	54,148,390.58
Long-term payables due within one year	33	42,749,365.73	53,978,917.13
Bonds payables due within one year (Note 1)		—	299,073,061.26
Deferred income due within one year	35	35,688,674.41	4,402,111.05
Total		147,920,412.08	411,602,480.02

Note 1: Bonds payables due within one year

Item	Period	Issue date	Face value RMB	Discount amount RMB	Amortisation	Amortisation for the year RMB	Carrying amount as at 31 December 2015 RMB
					as at 1 January 2015 RMB		
Non-public directional debt financing	3 years	2012/11/30	300,000,000.00	(3,041,667.00)	2,114,728.26	926,938.74	—

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**30 Non-current liabilities due within one year** (Continued)

On 30 November 2012, according to “GVTG non-public directional debt financing issuance agreement” and “GVTG underwriting of non-financial corporate debt financing instruments of inter-bank bond market agreement”, GVTG entrusted the Bank of HuaXia as the underwriter to issue the non-public directional debt financing instrument for the first phase. The issued amount of first phase is RMB 300 million with a term of three years. The interest is calculated and paid annually at the coupon rate of 5.8% p.a. On the maturity, the principal will be returned. GCGC provides unconditional and irrevocable joint guarantee in full on the principal and interest of the bond. As of 31 December 2015, GVTG had fully repaid the principal and relevant interests.

31 Long-term loans

		The Group	
	Note	2015	2014
		RMB	RMB
Unsecured loans		8,307,959.44	133,298,553.34
Loans secured by mortgages	(1)	132,963,310.39	90,554,344.92
Pledged loans	(2)	184,650,000.00	129,825,000.00
Total	(3)	325,921,269.83	353,677,898.26
Less: long-term loans due within one year			
Including: Unsecured loans		3,115,077.15	4,004,780.89
Loans secured by Mortgages		66,367,294.79	50,143,609.69
Sub-total (Note V. 30)		69,482,371.94	54,148,390.58
Long-term loans due after 1 year		256,438,897.89	299,529,507.68
Including: Due after 1 year but within 2 years		43,402,151.39	37,493,441.35
Due after 2 years but within 5 years		213,036,746.50	262,036,066.33

Note 1: For the details of assets pledged for secured loans as at 31 December 2015, please refer to Note V. 12 and 14.

Note 2: GVTG, a subsidiary of the Group, obtained the secured bank loans by pledge of 51% equity interests in each of Guangdong Shaoguan Vehicles Transportation Group Co., Ltd. and Qingyuan Yueyun Vehicles Transportation Co., Ltd.

Note 3: As at 31 December 2015, all the Group's long-term loans were bank borrowings with interest rates ranging from 4.75% - 8.30% per annum (31 December 2014: 5.54% - 8.30% per annum). The Group did not have any expired but outstanding long-term loans as at 31 December 2015 (31 December 2014: Nil).

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**31 Long-term loans** (Continued)

	The Company	
	2015	2014
	RMB	RMB
Unsecured loans (Note)	—	120,000,000.00
Including: Due after two years but within five years	—	120,000,000.00

Note: The Company repaid the unsecured loans in advance in 2015.

32 Bonds payable

Item	Period	Issue date	Face value	Discount	Amortisation		Carrying
					amount	as at 1 January	Amortisation
			RMB	RMB	2015	for the year	2015
					RMB	RMB	RMB
2014 corporate bond (first phase)	7 years	28/09/2015	400,000,000.00	(3,620,513.00)	—	111,248.91	396,490,735.91
2014 corporate bond (second phase)	5 years	21/12/2015	380,000,000.00	(3,439,487.00)	—	17,389.83	376,577,902.83
Total			<u>780,000,000.00</u>	<u>(7,060,000.00)</u>	<u>—</u>	<u>128,638.74</u>	<u>773,068,638.74</u>

On 28 September 2015, the Company issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB 400 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum and the principal will be returned upon maturity. On 21 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB 380 million with a term of 5 years. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum and the principal will be returned upon maturity. In connection with the issuance of these bonds, GCGC provided an unconditional and irrevocable joint liability guarantee in full on the principal and interest of the bonds. In the meantime, the Company provided counter guarantee to GCGC with a pledge of the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 Long-term payables

The Group

	Note	2015 RMB	2014 RMB
Deposits		21,689,333.05	14,788,476.51
Obligations under finance lease	(1)	406,875.00	1,386,279.00
Payables for purchasing cars		42,577,522.06	51,648,602.52
Station construction fees		6,980,376.00	6,980,376.00
Others		19,478,046.10	20,398,800.58
Total		91,132,152.21	95,202,534.61
Less: Long-term payables due within one year			
Including: Deposits		1,071,798.00	1,462,936.48
Obligations under finance lease		406,875.00	992,351.00
Payables for purchasing cars		26,177,492.87	46,723,554.75
Others		15,093,199.86	4,800,074.90
Sub-total (Note V. 30)		42,749,365.73	53,978,917.13
Long-term payables due after one year		48,382,786.48	41,223,617.48

(1) The obligations under finance lease are represent payables for cars under finance lease. As at 31 December, the total future minimum lease payment of finance lease is as follows:

	2015 RMB	2014 RMB
Within 1 year (inclusive)	406,875.00	992,351.00
Over 1 year and within 2 years (inclusive)	—	406,875.00
Sub-total	406,875.00	1,399,226.00
Less: Unrecognised finance charges	—	12,947.00
Carrying amounts	406,875.00	1,386,279.00

No asset was pledged for finance lease during the year.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**34 Long-term employee benefits payable***The Group (Continued)*

	Note V	2015	2014
		RMB	RMB
Termination benefits		181,752,614.09	185,592,506.95
Less: Settled within one year	25	6,184,385.97	3,892,684.33
Total		175,568,228.12	181,699,822.62

The above termination benefits are classified as defined benefit plans. The Group provides the staff in some of its subsidiaries with the following two kinds of defined benefit plans:

- (i) Retirement subsidy plan: retired staff are entitled to a supplementary monthly pension after meeting specific requirements. The pension amounts are determined at a level of a certain proportion of the respective staff's final wages before retirement. As of 31 December 2015, there was no adjustment to the retirement subsidy plan above made by the Group.
- (ii) Post-retirement medical benefits plan: reimbursement of certain medical expenses incurred by retired staff.

The above defined benefit plans expose the Group to actuarial risk such as longevity risk and inflation risk. Disclosures are summarised as follows since defined benefit plans discussed above have same risks and characteristics:

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**34 Long-term employee benefits payable***The Group (Continued)*

- (a) Amounts recognised in the financial statements and related movements in liability of defined benefit plans are as follows:

	2015
	RMB
Balance at the beginning of the year	185,592,506.95
Included in profit or loss:	
– Current service cost	6,182,664.13
– Addition arising from business combinations not under common control	5,478,924.29
– Net interest	4,124,811.17
Included in other comprehensive income:	
– Actuarial loss	5,396,725.64
Other movements	
– Benefits paid	(25,023,018.09)
Balance at the end of the year	181,752,614.09
Including: Retirement subsidy plan	181,202,545.46
Post-retirement medical benefits plan	550,068.63

- (b) Actuarial assumptions and sensitivity analysis

The following are the principal actuarial assumptions adopted by the Group to evaluate the present value of the defined benefit plan obligations (expressed as a weighted average):

	2015	2014
Discount rate	4.00%-4.42%	4.69% - 5.41%
Average longevity expectancy	75 - 82.5 years	75 - 82.5 years

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**34 Long-term employee benefits payable** (Continued)*The Group (Continued)*

(b) Actuarial assumptions and sensitivity analysis (Continued)

Reasonably possible changes to one of the relevant actuarial assumptions at the reporting date, holding other assumptions constant, would have affected the defined benefit obligations of the Group by the amounts shown below:

2015:

	The Group	
	Increase	Decrease
	RMB	RMB
Discount rate (changes 0.1%)	852,342.29	836,450.63
Average longevity expectancy (changes 1 year)	2,332,885.28	2,434,974.64

2014:

	The Group	
	Increase	Decrease
	RMB	RMB
Discount rate (changes 0.1%)	648,080.45	636,359.94
Average longevity expectancy (changes 1 year)	2,634,536.46	2,655,870.53

Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide the approximation of the sensitivity of the assumptions shown.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**35 Deferred income***The Group*

	Note	2015 RMB	2014 RMB
Government grant related to assets	(1)	265,068,149.28	52,764,166.47
Prepayments of gas station contracts and others		291,472,087.27	237,166,928.58
Sub-total		556,540,236.55	289,931,095.05
Less: Government grants due within one year (Note V.30)		35,688,674.41	4,402,111.05
Deferred income due after one year		520,851,562.14	285,528,984.00

(1) Government grant related to assets:

Item	Balance at the beginning of the year RMB	Additions during the year RMB	Recognition as non-operating income RMB	Balance at the end of the year RMB
Station construction funds	26,892,049.02	41,330,000.00	(5,847,244.75)	62,374,804.27
Tax subsidies for vehicle purchase	14,787,234.04	200,000.00	(423,529.44)	14,563,704.60
Vehicle replacement subsidies	6,284,417.63	4,486,060.14	(2,638,648.91)	8,131,828.86
New energy vehicles subsidies	—	178,114,490.00	(3,521,444.35)	174,593,045.65
Software development subsidies	2,500,000.00	—	—	2,500,000.00
Others	2,300,465.78	1,100,000.04	(495,699.92)	2,904,765.90
Total	52,764,166.47	225,230,550.18	(12,926,567.37)	265,068,149.28

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**36 Share capital***The Group and the Company*

	Balance at the beginning of the year RMB	Changes during the year			Balance at the end of the year RMB
		Bonus share RMB	Conversion from reserves to shares RMB	Sub-total RMB	
2015 and 2014:					
I. Restricted tradable shares					
1. State-owned shares	—	—	—	—	—
2. State-owned representative shares	—	—	—	—	—
3. Other domestic-owned shares	—	—	—	—	—
Total restricted tradable shares	—	—	—	—	—
II. Tradable shares					
1. Ordinary shares denominated in RMB	279,641,867.00	55,928,373.00	83,892,560.00	139,820,933.00	419,462,800.00
2. Foreign-owned shares listed overseas	138,000,000.00	27,600,000.00	41,400,000.00	69,000,000.00	207,000,000.00
Total tradable shares	417,641,867.00	83,528,373.00	125,292,560.00	208,820,933.00	626,462,800.00
Total shares	417,641,867.00	83,528,373.00	125,292,560.00	208,820,933.00	626,462,800.00

37 Other equity instruments*The Group and The Company*

	2015 RMB	2014 RMB
PSCS	281,810,000.00	281,810,000.00

V. NOTES TO THE FINANCIAL STATEMENTS *(Continued)***37 Other equity instruments** *(Continued)**The Group and The Company (Continued)*

Note 1: On 31 December 2012, the Company issued PSCS to GCGC, with a principal amount of RMB 281,810,000.00, which equals to the issue price. According to the PSCS agreement, principle terms of the PSCS are as follows:

(1) Conversion

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

(2) Distribution of earnings

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

(3) Status and claims

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

Note 2: As of 31 December 2015, no PSCS had been converted into domestic ordinary shares. In September 2015, the Company announced the distribution of annual earnings of PSCS for 2014 in an amount of RMB 2,818,100.00 to GCGC. As of 31 December 2015, the accumulated annual earnings of PSCS distributed to GCGC amounted to RMB 5,636,200.00.

Note 3: On 5 February 2016, the Company entered into a supplemental PSCS agreement with GCGC, whereby GCGC will execute the conversion of PSCS held by it with a principal amount of RMB 281,810,000. Taken into account of the diluted events such as capitalisation of share premium and distribution of profits, the adjusted conversion price is RMB 1.625333335 per share, and the number of shares to be converted is 173,385,000. As of the date of the approval of financial statements, such conversion is still pending for the completion of registration procedures with China Securities Depository and Clearing Co., Ltd.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 Capital Reserve

	The Group		
	Balance as at 1 January 2015 RMB	Reductions During the year RMB	Balance as at 31 December 2015 RMB
Share premiums	151,650,585.01	(125,292,560.00)	26,358,025.01
Including: Capital contributed by shareholders	330,927,986.84	(125,292,560.00)	205,635,426.84
Effect of acquisition of minority interests	(1,709,516.77)	—	(1,709,516.77)
Differences arising from business combination involving enterprises under common control	(177,567,885.06)	—	(177,567,885.06)
Other capital reserve	18,800,491.50	—	18,800,491.50
Including: Transfer from capital reserves under the previous standards	2,170,000.00	—	2,170,000.00
Others	16,630,491.50	—	16,630,491.50
Total	<u>170,451,076.51</u>	<u>(125,292,560.00)</u>	<u>45,158,516.51</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 Capital Reserve (Continued)

	Balance as at 1 January 2014 RMB	The Group Reductions During the year RMB	Balance as at 31 December 2014 RMB
Share premiums	152,880,960.66	(1,230,375.65)	151,650,585.01
Including: Capital contributed by shareholders	330,927,986.84	—	330,927,986.84
Effect of acquisition of minority interests	(479,141.12)	(1,230,375.65)	(1,709,516.77)
Differences arising from business combination involving enterprises under common control	(177,567,885.06)	—	(177,567,885.06)
Other capital reserve	19,195,391.54	(394,900.04)	18,800,491.50
Including: Transfer from capital reserves under the previous standards	2,170,000.00	—	2,170,000.00
Others	17,025,391.54	(394,900.04)	16,630,491.50
Total	<u>172,076,352.20</u>	<u>(1,625,275.69)</u>	<u>170,451,076.51</u>

	Balance as at 1 January 2015 RMB	The Company Reductions During the year RMB	Balance as at 31 December 2015 RMB
Share premiums	250,259,171.30	(125,292,560.00)	124,966,611.30
Including: Capital contributed by shareholders	286,240,404.65	(125,292,560.00)	160,947,844.65
Differences arising from business combination involving enterprises under common control	(35,981,233.35)	—	(35,981,233.35)
Other capital reserve	12,630,075.81	—	12,630,075.81
Total	<u>262,889,247.11</u>	<u>(125,292,560.00)</u>	<u>137,596,687.11</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**38 Capital Reserve** (Continued)

	The Company		
	Balance as at 1 January 2014 RMB	Reductions During the year RMB	Balance as at 31 December 2014 RMB
Share premiums	250,259,171.30	—	250,259,171.30
Including: Capital contributed			
by shareholders	286,240,404.65	—	286,240,404.65
Differences arising from business combination involving enterprises under common control	(35,981,233.35)	—	(35,981,233.35)
Other capital reserve	13,024,975.85	(394,900.04)	12,630,075.81
Total	<u>263,284,147.15</u>	<u>(394,900.04)</u>	<u>262,889,247.11</u>

39 Other comprehensive income

	The Group			
	Balance at the beginning of the year attributable to shareholders of the Company RMB	Increase/ (decrease) during the year RMB	Less: Attributable to non-controlling interests RMB	Balance at the end of the year attributable to shareholders of the Company RMB
Remeasurement of defined benefit plan liability	—	(5,396,725.64)	2,064,058.67	(3,332,666.97)
Translation differences of foreign currency financial statements	(38,390,306.03)	14,183,009.01	(5,258,185.45)	(29,465,482.47)
Gains or losses of changes in fair value of available-for-sale financial assets	427,878.92	(752,563.35)	324,684.43	—
Total	<u>(37,962,427.11)</u>	<u>8,033,720.02</u>	<u>(2,869,442.35)</u>	<u>(32,798,149.44)</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**40 Special reserve**

	The Group	
	2015	2014
	RMB	RMB
Balance at the beginning of the year	22,864,907.64	14,833,820.53
Additions during the year	25,951,796.68	24,732,415.63
Reductions during the year	(18,591,488.65)	(16,701,328.52)
Balance at the end of the year	30,225,215.67	22,864,907.64

According to the Administration instruction on using and provision of enterprises' safety special reserve (Cai Qi [2012] 16) and Administration instruction of safely operation of Guangdong Yueyun Transportation Co., Ltd., transportation enterprises should provide safety reserve monthly based on last year's actual operating income, at the rates of 1% for ordinary freight transportation service and 1.5% for passengers transportation service, respectively. Enterprises serve for production and storage of hazardous goods should set provision of safety reserve by regressive method monthly based on last year's actual operating income.

41 Surplus reserve

	The Group	The Company
	RMB	RMB
Balance as at 1 January 2014	130,421,930.77	127,943,841.91
Additions during the year	<u>6,417,356.61</u>	<u>6,417,356.61</u>
Balance as at 31 December 2014	136,839,287.38	134,361,198.52
Additions during the year	<u>5,394,826.61</u>	<u>5,394,826.61</u>
Balance as at 31 December 2015	<u>142,234,113.99</u>	<u>139,756,025.13</u>

Statutory surplus reserve can be used to make up for the losses, expand the production and operation or to be transferred to increase capital; when being transferred to capital, the statutory surplus reserve remained shall be no less than 25% of the Company's registered capital before the surplus reserve was transferred to increase capital. Please see Note V. 42 for the provision of statutory surplus reserve for the year.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**42 Retained earnings**

	Note	The Group	
		2015 RMB	2014 RMB
Retained earnings at the beginning of the year		669,480,517.83	517,684,409.50
Add: Net profit for the year attributable to the shareholders of the Company		266,020,283.48	202,795,751.64
Less: Appropriation for statutory surplus reserve		5,394,826.61	6,417,356.61
Final dividends in respect of the previous financial year, approved and declared during the year	(1)	62,646,280.05	41,764,186.70
Distribution of share dividends	(1)	83,528,373.00	—
Distribution of earnings of PSCS for previous year		2,818,100.00	2,818,100.00
Retained earnings at the end of the year	(2)	781,113,221.65	669,480,517.83
Including: Accumulated undistributed earnings attributable to the holder of PSCS	(4)	2,818,100.00	2,818,100.00

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

42 Retained earnings

	Note	The Company	
		2015 RMB	2014 RMB
Retained earnings at the beginning of the year		230,987,138.34	217,813,215.57
Add: Net profit for the year attributable to the shareholders of the Company		53,948,266.04	64,173,566.08
Less: Appropriation for statutory surplus reserve		5,394,826.61	6,417,356.61
Final dividends in respect of the previous financial year, approved and declared during the year	(1)	62,646,280.05	41,764,186.70
Distribution of share dividends	(1)	83,528,373.00	—
Distribution of earnings of PSCS for previous year		2,818,100.00	2,818,100.00
Retained earnings at the end of the year	(5)	130,547,824.72	230,987,138.34
Including: Accumulated undistributed earnings attributable to the holder of PSCS	(4)	2,818,100.00	2,818,100.00

Note 1: The resolutions were approved at the Annual General Meeting held on 11 June 2015: (i) A final dividend of RMB 0.15 per share (tax included) for year 2014 with an aggregate amount of RMB 62,646,280.05 were approved for distribution by shareholders. (2014: RMB 0.10 per share (tax included), amounting to RMB 41,764,186.70 in total). (ii) Two bonus shares for every 10 shares by way of the capitalisation of the retained earnings based on the total share capital of 417,641,867 shares of the Company as at 31 December 2014, which resulted in a decrease in retained earnings of RMB 83,528,373.00.

Note 2: As at 31 December 2015, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB 354,949,546.09 (31 December 2014: RMB 297,333,208.03).

Note 3: On 18 March 2016, the Board of Directors approved to recommend distribution of final dividend of 2015 of the Company of RMB 0.13 before tax per share, totalling RMB 81,440,164.00, calculated based on the total number of shares of 626,462,800 of the Company as of 31 December 2015. As mentioned in Note V. 37 (3), according to the supplemental PSCS agreement entered into on 5 February 2016, GCGC will execute the conversion of PSCS. Should the conversion registration procedures be completed prior to the date of record of distribution of the 2015 final dividend, the 173,385,000 PSCS conversion shares would be entitled to the 2015 final dividend of the Company with an aggregated amount of RMB 22,540,050.00. Taking into account of PSCS conversion shares, grand total amount of 2015 final dividend recommended to be distributed is RMB 103,980,214.00, calculated based on the total number of shares of 799,847,800 including PSCS conversion shares. The above proposal is subjected to approval by the annual general meeting.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**42 Retained earnings** (Continued)

Note 4: As mentioned in Note V. 37, according to the PSCS agreement, the Company is required to distribute an annual earning to the holder of PSCS, which is calculated at 1% of the principal of RMB 281,810,000.00 and on a time proportion of the actual days of holding PSCS in a year.

Note 5: As at 31 December 2015, 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 RMB127,729,724.72 (31 December 2014: RMB228,169,038.34).

43 Equity attributable to the shareholders of the Company

	The Group	The Company
	RMB	RMB
(1) Equity attributable to the common share holders of the Company	1,589,577,618.38	1,376,497,129.25
(2) Equity attributable to holders of other equity instrument		
Including: principal	281,810,000.00	281,810,000.00
Accumulated undistributed earnings at the beginning of the year	2,818,100.00	2,818,100.00
Add: Earnings and comprehensive income attributable for the year	2,818,100.00	2,818,100.00
Less: Earnings distributed during the year	(2,818,100.00)	(2,818,100.00)
Accumulated undistributed earnings at the end of the year	2,818,100.00	2,818,100.00
Sub-total	284,628,100.00	284,628,100.00
Total equity attributable to the shareholders of the Company	1,874,205,718.38	1,661,125,229.25

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**44 Operating income and operating costs***The Group*

	2015		2014	
	Operating income	Operating cost	Operating income	Operating cost
	RMB	RMB	RMB	RMB
1. Principal operating income				
Construction materials sales	4,621,764,801.52	4,470,830,080.59	6,456,585,747.85	6,270,180,818.81
Taiping Interchange service	183,636,681.29	30,990,385.82	173,173,952.08	38,997,069.58
Construction contracts income (Note 3)	19,339,313.80	13,625,492.03	23,989,585.95	19,031,409.75
Expressway service income	765,959,769.76	561,546,782.60	649,563,917.83	515,104,459.14
Cross-border transportation	223,156,166.47	190,105,527.07	238,260,705.84	206,955,373.98
Domestic transportation service (Note 1)	2,299,675,357.75	1,731,023,472.20	1,910,595,961.17	1,487,735,713.97
Station operations	224,441,591.59	210,342,293.47	150,310,675.56	138,970,820.66
Others	196,286,022.54	162,227,144.68	146,991,263.17	133,691,303.29
Sub-total	8,534,259,704.72	7,370,691,178.46	9,749,471,809.45	8,810,666,969.18
2. Other operating income				
Lease and other services (Note 2)	175,074,234.62	31,878,080.30	128,600,480.72	23,667,380.60
Total	8,709,333,939.34	7,402,569,258.76	9,878,072,290.17	8,834,334,349.78

Note1: Operating income of Foshan City Yueyun Public Transportation Company Limited includes income derived from its operation of public traffic community business (hereinafter referred to as "TC Business"). Pursuant to the Public Traffic Service Contract signed between Foshan City Yueyun Public Transportation Company Limited and Foshan Chancheng Public Transport Management Co., Ltd. (hereinafter referred to as "Public Transport Management Company"), Foshan City Yueyun Public Transportation Company Limited shall operate certain bus lines in Chancheng District, Foshan City, and all fare income derived from routes operation shall be enjoyed by Public Transport Management Company, while Foshan City Yueyun Public Transportation Company Limited shall settle operating income with Public Transport Management Company monthly based on actual operating mileages of each operating route under price per kilometre of each route method as agreed in the Public Traffic Service Contract. During the year, income derived from Public Transport Management Company was RMB343,762,464.50, representing 3.95% of total operating income (2014: RMB311,087,229.95, representing 3.15% of total operating income).

Note2: Other operating income includes lease income except for property lease, line license management fee income and index fee income.

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**44 Operating income and operating costs** (Continued)*The Group (Continued)*

Note 3: Details of construction contracts income with individual amount over RMB 2 million are as follows:

Item	Total contract revenue RMB	Accumulated costs incurred RMB	Accumulated gross profits RMB	Operating income recognised in the year RMB	Operating costs recognised in the year RMB
Road greening project of Shanzhan high way JieboShiba LH2	4,477,125.61	3,345,009.80	518,034.20	3,863,044.00	3,345,009.80
Road greening project of Shanzhan high way JieboShiba the ninth phase	4,172,182.00	5,107,241.67	876,760.01	3,803,995.05	3,233,395.80
Road greening project of Yuexiang high way Boluo to Shenzhen	7,981,541.00	7,084,838.65	896,700.35	2,712,961.00	2,408,168.52
Garden greening project of Ordnance Cadre Training Center reconstruction and extension project	2,587,237.81	2,584,240.98	115,057.69	2,699,298.67	2,584,240.98
Total	19,218,086.42	18,121,331.10	2,406,552.25	13,079,298.72	11,570,815.10

The Company

	2015		2014	
	Operating income RMB	Operating cost RMB	Operating income RMB	Operating cost RMB
Principal operating income				
Construction materials sales	714,909,798.02	725,904,981.54	1,826,246,943.68	1,792,260,277.56
Taiping Interchange service	183,636,681.29	31,092,947.53	173,173,952.08	39,355,276.28
Other operating income	7,662,000.00	7,662,000.00	600,000.00	—
Total	906,208,479.31	764,659,929.07	2,000,020,895.76	1,831,615,553.84

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

45 Business taxes and surcharges

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Business tax	40,086,880.44	30,201,468.04	6,658,713.52	5,833,098.60
Urban maintenance and construction tax	10,448,289.71	14,697,203.06	521,790.44	1,914,838.39
Education surcharges and local education surcharges	8,016,257.48	10,839,814.79	451,408.89	1,441,855.73
Anti-flood and maintenance fee	1,094,678.30	1,304,189.72	—	—
Cultural undertakings fee	2,313,539.27	2,326,659.62	—	—
Others	3,529,222.67	1,551,902.47	132,218.41	132,262.55
Total	<u>65,488,867.87</u>	<u>60,921,237.70</u>	<u>7,764,131.26</u>	<u>9,322,055.27</u>

46 Financial expenses

	Note	The Group		The Company	
		2015 RMB	2014 RMB	2015 RMB	2014 RMB
Interest expense from loans, bonds and payables		69,743,262.79	80,217,703.58	27,359,946.26	27,278,083.27
Including: Interest expenses from loans	(1)	68,319,047.45	80,217,703.58	21,401,249.90	25,026,722.18
Less: Borrowing costs capitalised		1,424,215.34	—	—	—
Net interest expenses		68,319,047.45	80,217,703.58	27,359,946.26	27,278,083.27
Less: Interest income		19,240,658.96	28,342,607.90	19,420,302.40	17,679,947.71
Net exchange losses		8,052,767.76	2,476,642.70	4,089,764.40	1,485,696.53
Amortisation of unrecognised financing charges		3,559,521.18	2,019,206.42	—	—
Bank charges		2,889,957.83	2,989,021.12	569,892.08	648,562.62
Others		6,418,275.34	3,983,498.09	1,151,032.82	3,350,664.81
Total		<u>69,998,910.60</u>	<u>63,343,464.01</u>	<u>13,750,333.16</u>	<u>15,083,059.52</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**46 Financial expenses** (Continued)

- (1) Interest expenses related to bank loans of the Group due within 5 years were RMB 48,368,235.16 (2014: RMB 61,768,721.22). Interest expenses related to other loans were RMB 19,950,812.29 (2014: RMB 18,448,982.36).

Interest expenses from loans of the Company in 2015 and 2014 are all related to the loans due within five years.

Capitalised interest expense of the Group in 2015 was RMB1,424,215.34 (2014: Nil).

There was no capitalised interest expense of the Company in 2015 (2014: Nil).

47 Impairment losses

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Accounts receivable	9,016,137.31	5,515,994.67	7,206,109.00	3,857,946.60
Prepayments	(2,786,690.60)	2,874,876.55	(3,424,779.00)	2,751,433.67
Other receivables	1,286,368.24	8,803,528.59	2,017,542.87	—
Long-term receivables	(398,458.89)	—	—	—
Long-term deferred expense	—	1,919,876.71	—	1,919,876.71
Others	—	(2,706.88)	—	—
Total	<u>7,117,356.06</u>	<u>19,111,569.64</u>	<u>5,798,872.87</u>	<u>8,529,256.98</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

48 Investment income

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Income from investments in subsidiaries accounting for using cost method	—	—	26,769,534.16	35,403,506.87
Income from investments in associates accounting for using equity method	22,260,497.84	10,968,447.79	15,199,934.72	7,406,000.00
Income from investments in joint ventures accounting for using equity method	4,903,212.04	4,586,198.95	—	2,101,953.05
Gain on disposal of long-term equity investments	215,952.89	1,352,973.71	—	1,362,053.51
Income from financial products	—	44,975.35	—	—
Gain on disposal of available-for-sale financial assets	4,992,187.50	—	—	—
Others	(454,430.49)	251,436.16	291,725.95	—
Total	<u>31,917,419.78</u>	<u>17,204,031.96</u>	<u>42,261,194.83</u>	<u>46,273,513.43</u>
Including:				
Income from investment in associates accounting for using equity method attributable to shareholders of the parent company	<u>22,178,696.77</u>	<u>11,401,157.15</u>	<u>15,199,934.72</u>	<u>7,406,000.00</u>
Income from investment in joint ventures accounting for using equity method attributable to shareholders of the parent company	<u>4,788,313.76</u>	<u>4,475,898.43</u>	<u>—</u>	<u>2,101,953.05</u>

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

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

49 Non-operating income

	Note	The Group		The Company	
		2015 RMB	2014 RMB	2015 RMB	2014 RMB
Total gains on disposal of					
non-current assets		9,776,812.31	19,410,509.37	232.95	—
Including: Disposal of					
fixed assets		9,731,209.35	17,245,224.61	232.95	—
Government grants	(1)	102,944,309.49	98,063,204.35	—	—
Compensations		1,787,798.01	366,186.68	—	20,000.00
Others		8,004,718.10	14,132,960.91	379,290.30	50,000.01
Total		122,513,637.91	131,972,861.31	379,523.25	70,000.01

(1) Details of government grants are as follows:

Items	2015 RMB	2014 RMB	Related to assets/ income
Fuels subsidies	44,405,512.67	46,495,915.99	Income
Subsidies for operation	23,746,126.84	27,050,357.00	Income
Subsidies for vehicle disposals	8,323,240.00	6,852,000.00	Income
Subsidies of elderly			
concessionary travel card	7,703,593.94	4,685,273.50	Income
Subsidies for station renovation	5,847,244.75	5,840,140.92	Assets
Subsidies of new energy			
vehicles replacement	3,521,444.35	383,335.00	Assets
Subsidies for vehicles			
replacement	2,638,648.91	1,213,177.36	Assets
Other subsidies related to			
income	5,839,268.67	5,098,860.69	Income
Other subsidies related to			
assets	919,229.36	444,143.89	Assets
Total	102,944,309.49	98,063,204.35	

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**50 Non-operating expenses**

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Losses on disposal of non-current assets	3,075,310.23	6,040,394.20	142,535.26	8,040.00
Road accident losses	4,293,188.99	2,650,630.75	—	—
Donations to third parties	1,014,786.00	865,668.37	—	—
Penalty expenses	516,955.86	452,063.64	9,000.00	—
Compensation	11,250.00	—	—	—
Others	1,481,164.84	1,905,949.37	7,000.00	7,000.00
Total	10,392,655.92	11,914,706.33	158,535.26	15,040.00

51 Income tax expenses*The Group*

(1) Income tax expenses

	2015 RMB	2014 RMB
Current tax expense for the year based on tax law and regulations	156,680,904.03	137,194,559.47
Including: Mainland China	155,579,342.63	136,830,845.56
Hong Kong	1,101,561.40	363,713.91
Tax filing differences	188,816.10	(868,233.80)
Changes in deferred	7,337,919.99	(9,227,828.03)
Total	164,207,640.12	127,098,497.64

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**51 Income tax expenses** (Continued)*The Group (Continued)*

(2) Reconciliation between income tax expense and accounting profit is as follows:

	2015	2014
	RMB	RMB
Profits before taxation	530,412,372.92	420,687,619.01
Expected income tax expense at tax rate of 25% (2014: 25%)	132,603,093.23	105,171,904.75
Effect of non-deductible expenses	11,553,291.46	6,285,047.03
Effect of equity transfer within the Group	6,253,525.77	—
Effect of non-taxable income	(11,511,446.20)	(5,352,446.61)
Effect of unrecognised deductible temporary differences and tax losses	23,174,296.33	26,366,959.94
Reversal of deferred tax asset that recognised in previous year	4,607,365.94	—
Effect of utilisation of tax losses and deductible temporary differences unrecognised in previous periods	(2,209,459.98)	(4,332,037.03)
Effect of different tax rates applied by certain subsidiaries	(451,842.53)	(172,696.64)
Effect of adjusting income tax in previous year	188,816.10	(868,233.80)
Total	164,207,640.12	127,098,497.64

The Company

(1) Income tax expenses

	2015	2014
	RMB	RMB
Current tax expense for the year based on tax law and regulations	14,499,963.50	13,156,503.49
Effect of adjusting income tax in previous year	1,025,742.28	—
Changes in deferred tax assets/liabilities	(3,491,128.88)	(5,984,828.21)
Total	12,034,576.90	7,171,675.28

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**51 Income tax expenses** (Continued)*The Company (Continued)*

(2) Reconciliation between income tax expense and accounting profit is as follows:

	2015	2014
	RMB	RMB
Profits before taxation	65,982,842.94	71,345,241.36
Expected income tax expense at tax rate of 25% (2014: 25%)	16,495,710.73	17,836,310.34
Effect of non-deductible expenses	3,826,136.87	563,229.92
Effect of non-taxable income	(10,024,603.30)	(11,227,864.98)
Reversal of deferred tax asset that recognized in previous period	711,590.32	—
Effect of adjusting income tax in previous year	1,025,742.28	—
Total	<u>12,034,576.90</u>	<u>7,171,675.28</u>

The details of the Company and its subsidiaries' applicable income tax rates are set out in Note III.

52 Earnings per share(1) *Basic earnings per share*

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

	2015	2014
	RMB	RMB
Net profit attributable to shareholders of the Company	266,020,283.48	202,795,751.64
Less: Earnings attributable to the holder of PSCS	(2,818,100.00)	(2,818,100.00)
Net profit attributable to ordinary shareholders of the Company	<u>263,202,183.48</u>	<u>199,977,651.64</u>
Weighted average number of ordinary shares in issue during the year (2014 restated)	<u>626,462,800.00</u>	<u>626,462,800.00</u>
Basic earnings per share (RMB/share) (2014 restated)	<u>0.42</u>	<u>0.32</u>

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**52 Earnings per share** (Continued)(1) *Basic earnings per share* (Continued)

Weighted average number of ordinary shares in issue during the year is calculated as follows:

	2015	2014
	Shares	Shares
		Restated
Issued ordinary shares at the beginning of the year	417,641,867.00	417,641,867.00
Effect of capitalisation of share premium	125,292,560.00	125,292,560.00
Effect of issue of bonus share	83,528,373.00	83,528,373.00
	626,462,800.00	626,462,800.00

Note: The weighted average number of ordinary shares of 2014 was restated according to the capitalisation of share premium and issue of bonus share in 2015.

(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:

	2015	2014
	RMB	RMB
Net profit attributable to the shareholders of the Company	266,020,283.48	202,795,751.64
Weighted average number of ordinary shares in issue (diluted) (2014 restated)	799,847,800.00	789,798,800.00
Diluted earnings per share (RMB/share) (2014 restated)	0.33	0.26

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**52 Earnings per share** (Continued)

(2) Diluted earnings per share (Continued)

Weighted average number of ordinary shares (diluted) in issue during the year is calculated as follows:

	2015	2014
	Shares	Shares
		Restated
Issued ordinary shares at the end of the year	626,462,800.00	626,462,800.00
Diluted adjustment:		
Effect of PSCS (Note)	173,385,000.00	163,336,000.00
Issued ordinary shares at the end of the year (diluted)	799,847,800.00	789,798,800.00

Note: As mentioned in Note V. 37 (1), the Company's potential diluted shares are PSCS. As mentioned in Note V. 38 and 42 (1), due to the occurrence of certain diluted events such as capitalisation of share premium and distribution of profits, the PSCS conversion price was adjusted accordingly. The number of PSCS conversion shares is calculated by dividing the principal amount of PSCS of RMB 281,810,000.00 by the adjusted conversion price of RMB 1.625333335 per share. Diluted earnings per share of 2014 was restated accordingly.

53 Other comprehensive income

	The Group			
	Balance at the beginning of the year RMB	Charge to other comprehensive income during the year RMB	Transfer to profit or loss during the year RMB	Balance at the end of the year RMB
Items that will not be reclassified to profit or loss				
Including: Remeasurement of defined benefit plan liability				
(1) Attributable to shareholders of the Company	—	(3,332,666.97)	—	(3,332,666.97)
(2) Attributable to non-controlling interests	—	(2,064,058.67)	—	(2,064,058.67)
Subtotal	—	(5,396,725.64)	—	(5,396,725.64)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

53 Other comprehensive income

	The Group			
	Balance at the beginning of the year RMB	Charge to other	Transfer to	Balance at the end of the year RMB
		comprehensive	profit or loss	
		income during the year RMB	during the year RMB	
Items that may be reclassified subsequently to profit or loss				
Including: Exchange differences on translation of financial statements denominated in foreign currencies				
(1) Attributable to shareholders of the Company	(38,390,306.03)	8,924,823.56	—	(29,465,482.47)
(2) Attributable to non-controlling interests	<u>(23,450,422.16)</u>	<u>5,258,185.45</u>	<u>—</u>	<u>(18,192,236.71)</u>
Subtotal	<u>(61,840,728.19)</u>	<u>14,183,009.01</u>	<u>—</u>	<u>(47,657,719.18)</u>
Gains or losses arising from changes in fair value of available-for-sale financial assets				
(1) Attributable to shareholders of the Company	427,878.92	—	(427,878.92)	—
(2) Attributable to non-controlling interests	<u>324,684.43</u>	<u>—</u>	<u>(324,684.43)</u>	<u>—</u>
Subtotal	<u>752,563.35</u>	<u>—</u>	<u>(752,563.35)</u>	<u>—</u>
Total	<u>(61,088,164.84)</u>	<u>8,786,283.37</u>	<u>(752,563.35)</u>	<u>(53,054,444.82)</u>

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**54 Supplement to income statement**

Expenses are analysed by their nature as follows:

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Operating income	8,709,333,939.34	9,878,072,290.17	906,208,479.31	2,000,020,895.76
Less: Changes in finished goods	5,329,086,073.73	6,311,427,211.15	713,379,323.46	1,776,668,417.90
Raw materials used	170,858,513.62	228,017,591.64	—	—
Employee benefits expenses	1,526,599,145.96	1,132,678,205.33	44,197,843.87	43,213,092.79
Depreciation	360,654,961.45	287,933,608.55	915,771.33	1,091,227.16
Amortisation	65,794,280.99	60,566,740.94	23,559,439.85	32,672,721.43
Impairment losses for assets	7,117,356.06	19,111,569.64	5,798,872.87	8,529,256.98
Rental expenses	172,589,458.13	158,268,042.53	4,031,306.88	5,171,141.05
Annual audit fee	6,380,000.00	5,640,000.00	3,447,468.00	4,103,986.40
Financial expenses	69,998,910.60	63,343,464.01	13,750,333.16	15,083,059.52
Other expenses	581,963,847.87	1,310,456,392.35	31,366,264.94	42,197,711.18
Operating profit	418,291,390.93	300,629,464.03	65,761,854.95	71,290,281.35

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**55 Supplement to cash flow statement**

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

	The Group	
	2015	2014
	RMB	RMB
Net profit	366,204,732.80	293,589,121.37
Add: Impairment provisions for assets	7,117,356.06	19,111,569.64
Depreciation of fixed assets	354,526,789.53	282,134,559.35
Depreciation of investment properties and other non-current assets	6,128,171.92	5,799,049.20
Amortisation of intangible assets	55,056,546.16	53,177,319.11
Amortisation of long-term deferred expenses	10,737,734.83	7,389,421.83
Gains on disposal of fixed assets, intangible assets, and other long-term assets	(6,701,502.08)	(13,370,115.17)
Financial expenses	66,296,693.86	81,948,008.20
Investment income	(31,917,419.78)	(17,204,031.96)
Decrease/(increase) in deferred tax assets	3,802,545.41	(9,497,193.77)
Increase in deferred tax liabilities	2,275,914.38	269,365.74
Decrease in inventories	60,576,189.05	35,827,500.69
(Increase)/decrease in operating receivables	(59,694,147.46)	395,800,148.86
Increase/(decrease) in operating payables	122,885,297.75	(440,872,624.49)
Intermediary expenses related to business combination	387,030.00	2,127,947.17
Increase in special reserve	12,595,042.38	12,915,758.64
Increase in restricted cash	(250,861.25)	(2,198,802.71)
Increase in long-term receivables	(3,209,477.23)	(2,945,543.69)
Decrease in long-term payables	(22,140.44)	(2,913,333.04)
Net cash inflow from operating activities	966,794,495.89	701,088,124.97

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**55 Supplement to cash flow statement** (Continued)

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

	The Company	
	2015	2014
	RMB	RMB
Net profit	53,948,266.04	64,173,566.08
Add: Impairment provisions for assets	5,798,872.87	8,529,256.98
Depreciation of fixed assets	915,771.33	1,091,227.16
Amortisation of intangible assets	20,371,458.75	31,163,435.20
Amortisation of long-term deferred expenses	3,187,981.10	1,509,286.23
Losses on disposal of fixed assets, intangible assets, and other long-term assets	142,302.31	8,040.00
Financial expenses	15,728,783.37	15,777,263.14
Investment income	(42,261,194.83)	(46,273,513.43)
Increase in deferred tax assets	(3,491,128.88)	(5,984,828.21)
Decrease in inventories	19,223,428.11	50,151,794.72
Decrease in operating receivables	146,627,534.90	48,027,775.66
Decrease in operating payables	(144,905,118.63)	(542,168,769.76)
Net cash flow from operating activities	<u>75,286,956.44</u>	<u>(373,995,466.23)</u>

(b) Change in cash and cash equivalents:

	The Group	
	2015	2014
	RMB	RMB
Cash at the end of the year (Note)	1,923,407,216.22	1,763,602,999.44
Less: Cash at the beginning of the year (Note)	1,763,602,999.44	1,710,089,275.02
Net increase in cash and cash equivalents	<u>159,804,216.78</u>	<u>53,513,724.42</u>

Note: As at 31 December 2015, the balance of cash included security deposits for bank acceptance bills, letter of guarantee and performance bonds, bidding deposits and housing repairment fund in an aggregate amount of RMB10,354,388.65 (31 December 2014: RMB10,103,527.40), which was deducted from the balance of cash and cash equivalents.

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**55 Supplement to cash flow statement** (Continued)

(b) Change in cash and cash equivalents: (Continued)

	The Company	
	2015	2014
	RMB	RMB
Cash at the end of the year	1,381,281,009.40	843,395,937.87
Less: Cash at the beginning of the year	843,395,937.87	1,204,812,278.53
Net increase/(decrease) in cash and cash equivalents	537,885,071.53	(361,416,340.66)

(c) Details of cash and cash equivalents

	The Group	
	2015	2014
	RMB	RMB
(a) Cash at bank and on hand		
– Cash on hand	18,163,023.95	16,731,197.77
– Bank deposits available on demand	1,905,244,192.27	1,746,871,801.67
– Cash with restricted usage	10,354,388.65	10,103,527.40
(b) Closing balance of cash and cash equivalents	1,933,761,604.87	1,773,706,526.84
Less: Cash with restricted usage	10,354,388.65	10,103,527.40
(c) Closing balance of cash and cash equivalents available on demand	1,923,407,216.22	1,763,602,999.44

	The Company	
	2015	2014
	RMB	RMB
(a) Cash at bank and on hand		
– Cash on hand	718.81	1,201.59
– Bank deposits available on demand	1,381,280,290.59	843,394,736.28
(b) Closing balance of cash and cash equivalents	1,381,281,009.40	843,395,937.87
(c) Closing balance of cash and cash equivalents available on demand	1,381,281,009.40	843,395,937.87

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**55 Supplement to cash flow statement** (Continued)

(d) Information on acquisition of subsidiaries during the year:

The Group	RMB
Consideration of acquisition	66,846,000.00
Cash and cash equivalents paid for acquisition of subsidiaries	66,846,000.00
Intermediary expenses paid for acquisition of subsidiaries	387,030.00
Less: Cash and cash equivalents held by subsidiaries	5,049,101.31
Net cash outflow for the acquisition	62,183,928.69
Non-cash assets and liabilities held by the acquired subsidiaries	
Current assets	39,146,572.86
Non-current assets	176,038,093.64
Current liabilities	(76,538,436.63)
Non-current liabilities	(11,656,791.23)

(e) Cash payment for other financing activities of the Group represents the net cash outflow in the cash pool accounts, which centrally managed the funds from the bank accounts of 5 related parties.

Cash proceeds from other financing activities of the Company represent the net cash inflow in the cash pool accounts, which centrally managed the funds from the bank accounts of certain subsidiaries.

The cash pool accounts centrally managed and daily collected or allocated changes with reference to the account balance of the Group and the Company. Due to the frequent transactions, the Group and the Company only disclose the net cash inflow or outflow of the cash centrally managed during the year.

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

	The Company	
	2015	2014
	RMB	RMB
Conversion of debt into capital injection in a subsidiary	<u>80,000,000.00</u>	—

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**56 Segment reporting**

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

(1) Segment reporting

	2015						
	Motor transporting and auxiliary services	Material logistics services	Expressway services	Taiping Interchange	Others	Inter-segment eliminations	Total
	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Operating income							
Operating income from external customers	3,028,006,011.13	4,656,192,398.63	830,386,645.99	191,298,681.29	3,450,202.30	—	8,709,333,939.34
Inter-segment operating income	11,023,651.60	—	3,666,316.48	—	9,333,556.50	(24,023,524.58)	—
Total segment operating income	3,039,029,662.73	4,656,192,398.63	834,052,962.47	191,298,681.29	12,783,758.80	(24,023,524.58)	8,709,333,939.34
Operating costs	2,288,099,989.70	4,485,455,879.12	598,331,055.10	38,754,947.53	5,273,842.12	(13,346,454.81)	7,402,569,258.76
Interest in the profit or loss of associates and joint ventures	8,607,080.06	—	3,366,895.11	—	15,199,934.71	—	27,163,709.88
Impairment loss/(reversal)	1,999,448.48	5,516,366.47	(398,458.89)	—	—	—	7,117,356.06
Depreciation and amortisation	351,905,951.35	19,467,771.10	34,418,870.59	17,345,890.35	5,354,083.37	(2,043,324.32)	426,449,242.44
Profit before income tax	276,199,603.24	48,095,216.26	123,038,734.06	72,341,950.31	41,033,226.75	(30,296,357.70)	530,412,372.92
Income tax expenses	97,428,841.91	24,709,735.41	28,982,860.27	12,034,576.90	—	1,051,625.63	164,207,640.12
Net profit	178,770,761.33	23,385,480.85	94,055,873.79	60,307,373.41	41,033,226.75	(31,347,983.33)	366,204,732.80
Total assets	4,908,948,817.53	1,860,450,454.13	1,007,624,881.67	2,929,153,959.06	41,257,726.58	(3,194,651,186.76)	7,552,784,652.21
Total liabilities	2,661,212,308.69	1,860,639,671.17	625,731,555.87	1,284,813,824.92	56,536,246.69	(1,982,738,281.18)	4,506,195,326.16
Other important non-cash items:							
– Investments in associates and joint ventures	134,059,742.80	—	23,173,878.47	—	55,507,056.92	—	212,740,678.19
– The amounts of increase/ (decrease) of non-current assets other than long-term equity investments	621,524,863.57	(45,227,243.65)	11,775,220.87	(16,868,755.93)	(784,319.06)	36,624,485.16	607,044,250.96

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

56 Segment reporting (Continued)

(1) Segment reporting (Continued)

	2014							Total RMB
	Motor transporting and auxiliary services	Material logistics services	Expressway services	Taiping Interchange	Others	Inter-segment eliminations		
	RMB	RMB	RMB	RMB	RMB	RMB		
Operating income								
Operating income from external customers	2,503,719,420.52	6,491,250,400.01	706,300,116.35	173,173,952.08	3,628,401.21	—	9,878,072,290.17	
Inter-segment operating income	3,735,083.87	—	912,516.65	—	4,831,622.35	(9,479,222.87)	—	
Total segment operating income	2,507,454,504.39	6,491,250,400.01	707,212,633.00	173,173,952.08	8,460,023.56	(9,479,222.87)	9,878,072,290.17	
Operating costs	1,941,660,285.58	6,305,801,120.86	552,873,779.87	39,355,276.28	2,931,423.58	(8,287,536.39)	8,834,334,349.78	
Interest in the profit or loss of associates and joint ventures	2,911,648.65	—	3,135,045.04	—	9,507,953.05	—	15,554,646.74	
Impairment loss	9,035,196.51	9,132,440.86	455,555.56	—	488,376.71	—	19,111,569.64	
Depreciation and amortisation	267,617,582.51	16,668,294.41	33,743,247.08	28,518,715.91	1,952,509.58	—	348,500,349.49	
Profit before income tax	244,011,778.30	44,675,485.12	61,647,869.15	59,171,638.01	46,965,084.11	(35,784,235.68)	420,687,619.01	
Income tax expenses	87,964,310.29	8,157,753.59	14,829,906.16	15,211,603.51	13,393.27	921,530.82	127,098,497.64	
Net profit	156,047,468.01	36,517,731.53	46,817,962.99	43,960,034.50	46,951,690.84	(36,705,766.50)	293,589,121.37	
Total assets	3,872,636,130.94	2,070,014,497.08	916,423,866.36	2,084,324,118.14	42,497,349.08	(2,232,815,982.12)	6,753,079,979.48	
Total liabilities	2,113,021,519.24	2,165,797,081.71	611,277,025.39	477,088,172.18	56,547,901.11	(1,382,554,468.97)	4,041,177,230.66	
Other important non-cash items:								
– Investments in associates and joint ventures	137,292,597.95	—	22,799,795.71	—	44,573,522.21	—	204,665,915.87	
– The amounts of increase/ (decrease) of non-current assets other than long-term equity investments	843,038,216.40	31,801,164.48	19,799,805.38	(27,590,056.27)	1,532,286.87	(33,449,031.77)	835,132,385.09	

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)

56 Segment reporting (Continued)

(2) Geographic information

The following table sets out information about the geographical location of the Group's operating income from external customers and the Group's non-current assets (excluding financial instruments, deferred tax assets, same as below). The geographical information is based on the location of customers receiving services or goods. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets; the location of the operation to which they are allocated, in the case of intangible assets and goodwill; and the location of operations, in the case of interests in associates and joint ventures.

	Operating income from external customers		Non-current assets	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
China				
Including: Mainland China	8,485,421,090.90	9,653,090,123.24	3,906,345,848.17	3,322,281,459.66
Hongkong	223,912,848.44	224,982,166.93	153,213,352.39	122,158,727.62
Total	8,709,333,939.34	9,878,072,290.17	4,059,559,200.56	3,444,440,187.28

(3) Major customers

The Group had one customer (2014: one), the operating income from which is over 10% of the Group's total operating income. The operating income from this customer represents approximately 10.37 % of the Group's total operating income (2014: 12.47%), which is summarised in the table below:

	2015 RMB	2014 RMB
Guangdong Provincial Changda Highway Engineering Company Limited	903,367,453.95	1,231,875,773.13

(Expressed in Renminbi Yuan)

V. NOTES TO THE FINANCIAL STATEMENTS (Continued)**57 Net current assets/(liabilities)**

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Current assets	3,305,199,334.20	3,109,135,634.74	2,088,523,418.54	1,725,763,446.67
Less: Current liabilities	2,698,480,196.35	3,202,066,196.82	1,500,690,733.78	1,403,564,865.91
Net current assets/(liabilities)	606,719,137.85	(92,930,562.08)	587,832,684.76	322,198,580.76

58 Total assets less current liabilities

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Total assets	7,552,784,652.21	6,753,079,979.48	3,589,932,709.48	2,851,254,316.88
Less: Current liabilities	2,698,480,196.35	3,202,066,196.82	1,500,690,733.78	1,403,564,865.91
Total assets less current liabilities	4,854,304,455.86	3,551,013,782.66	2,089,241,975.70	1,447,689,450.97

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1 Related parties where a controlling relationship exists:

The Company's ultimate holding company is GCGC.

2 Information on the subsidiaries of the Company:

Except for the subsidiaries newly established and deregistered during the year as disclosed in Note IV to the financial statements, there is no significant change on the information of other subsidiaries.

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

	Related party relationships
Guangzhou Top-E Ya Tu Expressway Tourism Service Company Limited	Joint venture
Guangdong Province Bus Terminal Co., Ltd.	Joint venture
Guangdong Feida Traffic Engineering Company Limited	Being associate before 30 April 2014, and being associate of a subsidiary of the ultimate holding company since 1 May 2014
Lufeng Shenshan Expressway Company Limited	Associate
Shenzhen Yueyun Investment Development Company Limited ("Shenzhen Yueyun")	Associate
Express Cross-Border Coach Management Company Limited	Associate
Guangdong Guangjiang Expressway Passenger Traffic Co., Ltd.	Associate
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	Associate
Guangdong Guangye Shentong Natural Gas Co., Ltd.	Associate
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Associate
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	Associate
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	Associate
Shantou City Automobile Passenger Traffic Center Co., Ltd.	Associate
Jiangmen Guangjiang Expressway Passenger Co., Ltd.	Associate
Qingyuan Zhongguan Development Co., Ltd.	Associate
Guangzhou Shen-Fo Expressway Co., Ltd.	Associate
Southern United Assets and Equity Exchange Co., Ltd.	Associate

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

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

	Related party relationships
Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	Being associate before 31 August 2014, and being subsidiary of the Company since 1 September 2014
Guangdong Provincial Highway Construction Company Limited	Controlled by the ultimate holding company
Guangdong Province Road & Bridge Construction Development Company Limited	Controlled by the ultimate holding company
Zhaoqing City Guang-He Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Oriental Thought Technology Company Limited	Controlled by the ultimate holding company
Guangdong Nan Yue Logistics International Services Company Limited	Controlled by the ultimate holding company
Guangdong Xinyue Communications Investment Company Limited	Controlled by the ultimate holding company
Meizhou Yueyun Vehicles Transportation Company Limited ("Meizhou Yueyun")	Controlled by the ultimate holding company
Guangzhou Yueyun Investment Management Company Limited ("Yueyun Investment Management")	Controlled by the ultimate holding company
Guangdong Yangjiang Vehicles Transportation Group Company Limited ("Yangjiang Transportation")	Controlled by the ultimate holding company
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guangle Expressway Company Limited	Controlled by the ultimate holding company
Guangdong He-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Company Limited	Controlled by the ultimate holding company

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

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

	Related party relationships
Guangdong 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
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

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***3 The related parties which have transactions with the Group while no controlling relationship exists:** *(Continued)*

	Related party relationships
Xinyue Company Limited	Controlled by the ultimate holding company
Yunfu City Guangyun Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Western Coastal Expressway Operation Company Limited	Controlled by the ultimate holding company
Guangdong Western Shen-Shan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Gao-Da Property Development Company Limited	Controlled by the ultimate holding company
Guangdong Province Gongbei Vehicles Transportation Company Limited	Controlled by the ultimate holding company
Kee Kwan Motor Road Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Coastal Expressway Xinhui Section Company Limited	Controlled by the ultimate holding company
Weisheng Freight Company Limited	Controlled by the ultimate holding company
Guangdong High Science and Technology Investment Company Limited	Controlled by the ultimate holding company
Guangdong Guanghui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Lulutong Company Limited	Controlled by the ultimate holding company
Guangdong Luo-Yang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Fokai Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Province Expressway Construction Materials Supply Station	Controlled by the ultimate holding company
Kwong Fat Transport Company Limited	Controlled by the ultimate holding company
Guangdong Ping-Xing Expressway Company Limited	Controlled by the ultimate holding company
Guangdong HuaLu Transport Technology Company Limited	Controlled by the ultimate holding company
Guangdong Chao-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Er-Guang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Yuejia Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Baomao Expressway Company Limited	Controlled by the ultimate holding company
Kee Kwan Travel Tour Transportation HongKong Company Limited	Controlled by the ultimate holding company

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**3 The related parties which have transactions with the Group while no controlling relationship exists:** (Continued)

	Related party relationships
Yangjiang City Jiqiang Automobile Sales & Maintenance Co., Ltd.	Controlled by the ultimate holding company
Guangdong Communication Enterprise Investment Company Limited	Controlled by the ultimate holding company
Guangdong Ninghua Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Traffic Development Company Limited	Controlled by the ultimate holding company
Dongguan Weisheng International Logistics Company Limited	Controlled by the ultimate holding company
Xingning automobile transportation Company Limited	Controlled by the ultimate holding company
Weisheng Bus Company Limited	Controlled by the ultimate holding company
Guangdong Kee Kwan Transportation Company Limited	Controlled by the ultimate holding company
Guangdong Road and Bridge Electronics Company Limited	Controlled by the ultimate holding company
Guangdong Gaintop Highway Engineering Construction Group Company Limited	Associate of the ultimate holding company
Guangdong Humen Bridge Company Limited	Joint venture of the ultimate holding company
Guangdong Jingzhu Expressway Guangzhu North Section 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
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

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year***The Group*

Connected transactions between the Group and its related parties are identified as follows:

The transactions with connected persons constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

β The transactions with connected persons constitute connected transactions as defined in Chapter 14A of the Listing Rules.

(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:

	2015	2014
	RMB	RMB
(1) Material logistics service income		
Guangdong Provincial Changda Highway Engineering Company Limited#	899,262,498.90	1,229,684,221.42
Guangzhou Xin Yue Asphalt Company Limited#	95,227,125.32	181,610,650.40
Guangdong Gaintop Highway Engineering Construction Group Company Limited#	91,344,854.49	540,576,665.57
Others	—	814,155.10
Total	<u>1,085,834,478.71</u>	<u>1,952,685,692.49</u>

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

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

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

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

	2015	2014
	RMB	RMB
(2) Expressway service operation income		
Guangdong Provincial Changda Highway Engineering Company Limited [#]	4,104,955.05	2,191,551.71
Guangdong Bo-Da Expressway Company Limited [#]	3,122,839.00	—
Guang-Shen-Zhu Expressway Company Limited [#]	1,527,207.72	1,608,927.97
Guangzhou Top-E Ya Tu Expressway Tourism Service Company Limited [#]	844,977.36	—
Guangdong Provincial Freeway Company Limited [#]	117,660.00	247,362.00
Guangdong Yuejia Expressway Company Limited [#]	—	290,563.31
Others [#]	305,197.87	1,185,111.93
Total	10,022,837.00	5,523,516.92
(3) Cross-border transportation services income		
Express Cross-Border Coach Management Company Limited	23,156,999.16	24,172,815.93

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

	2015	2014
	RMB	RMB
(4) Repairing income		
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	187,696.56	466,667.12
Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd.	309,621.77	391,480.96
Weisheng Freight Company Limited#	26,261.97	49,228.94
Guangdong Province Gongbei Vehicles Transportation Company Limited	—	400.00
Guangdong Province Guangshan High Speed Passenger Traffic Co., Ltd.	—	749,621.04
Others	287,631.07	62,854.69
Total	811,211.37	1,720,252.75
(5) Rendering of other services income		
Jingzhu Expressway Guangzhu Section Company Limited#	781,713.15	769,416.35
Guangdong Humen Bridge Company Limited#	704,512.61	706,905.48
Meizhou Yueyun#	434,061.74	9,156.33
Others	630,256.82	584,477.66
Total	2,550,544.32	2,069,955.82
(6) Passenger transportation income		
Guangdong Province Gongbei Vehicles Transportation Company Limited	—	891,404.20
ShenzhenYueyun	—	206,726.70
Total	—	1,098,130.90

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

	2015	2014
	RMB	RMB
(7) Road rescue service income		
Guangdong Province Road & Bridge Construction Development Company Limited#	4,068,225.48	4,066,846.94
Guangdong Guangle Expressway Company Limited#	3,082,075.44	770,518.86
Guangdong Western Shen-Shan Expressway Company Limited#	2,520,940.51	2,537,922.80
Guangdong Er Guang Expressway Company Limited#	1,992,452.88	311,320.76
Guangdong Provincial Freeway Company Limited#	1,859,000.04	1,875,421.69
Guangdong Yun-Wu Expressway Company Limited#	1,678,849.62	1,707,054.72
Guangdong Meihe Expressway Company Limited#	1,497,141.48	1,503,682.40
Guangdong Yue-Gan Expressway Company Limited#	1,411,320.72	1,417,486.68
Guangdong Kai Yang Expressway Company Limited#	1,307,547.17	1,313,259.74
Guangdong Bo-Da Expressway Company Limited#	1,512,425.55	1,196,405.02
Guangdong ZhaoYang Expressway Company Limited#	1,232,363.16	577,947.09
Guangdong Maozhan Expressway Company Limited#	1,120,754.75	560,377.33
Guangdong Hehui Expressway Company Limited#	1,044,221.70	85,970.85
Others#	4,782,955.55	4,892,001.87
Total	29,110,274.05	22,816,216.75

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

	2015	2014
	RMB	RMB
(8) Rental income		
Guangdong Xinyue Communications Investment Company Limited [#]	2,054,102.30	2,041,917.60
Express Cross-Border Coach Management Company Limited	1,423,254.64	1,196,521.92
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	456,277.00	1,242,717.00
Others	633,838.98	171,405.60
Total	4,567,472.92	4,652,562.12
(9) Sales of fixed assets		
Guangdong Guangzhu Expressway West Section Company Limited ^β	34,466,136.56	36,159,624.00

The above transactions under categories (2) - (9) have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

(10) Purchase of materials		
Guangzhou Xin Yue Asphalt Company Limited [#]	1,275,572,328.77	1,219,639,975.09
Guangdong Guangye Shentong Natural Gas Company Limited [#]	55,242,962.72	48,483,944.95
Xinyue Company Limited [#]	—	113,244,888.83
Total	1,330,815,291.49	1,381,368,808.87

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

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

	2015	2014
	RMB	RMB
(11) Expressway service zones operation expenses		
Guang-Shen-Zhu Expressway Company Limited	21,270,316.30	18,070,536.14
Guangdong Guangle Expressway Company Limited [#]	13,417,687.47	4,621,666.57
Guangdong Guangzhu Expressway West Section Company Limited [#]	12,183,038.30	16,705,335.62
Guangdong Yue-Gan Expressway Company Limited [#]	8,537,209.25	8,484,849.52
Guangdong Kai Yang Expressway Company Limited [#]	6,450,497.18	6,782,286.40
Guangdong Western Shen-Shan expressway Company Limited [#]	5,060,287.88	2,774,945.85
Guangdong Provincial Freeway Company Limited [#]	4,338,570.57	4,661,952.08
Guangdong Yun-Wu Expressway Company Limited [#]	4,412,836.26	4,427,093.83
Guangdong Meihe Expressway Company Limited [#]	3,773,001.76	4,211,153.26
Guangdong Yang-Mao Expressway Company Limited [#]	3,662,565.14	3,879,971.81
Guangdong Maozhan Expressway Company Limited [#]	3,061,813.03	2,841,759.36
Guangdong Jiangzhong Expressway Company Limited [#]	2,829,000.04	2,847,396.31
Guangdong Er-Guang Expressway Company Limited [#]	2,846,898.89	—
Guangdong Provincial Highway Construction Company Limited [#]	2,596,601.73	2,643,013.42

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

	2015	2014
	RMB	RMB
(11) Expressway service zones operation expenses		
<i>(Continued)</i>		
Guangdong Yu-Zhan Expressway Company Limited [#]	2,519,816.60	2,568,832.14
Guangdong Shanfen Expressway Company Limited [#]	2,092,201.78	2,136,119.64
Guangfo Expressway Company Limited [#]	2,245,697.78	2,052,391.39
Guangdong Zhaoyang Expressway Company Limited [#]	2,060,541.66	1,500,000.00
Guangdong Provincial Fokai Expressway Company Limited [#]	2,018,000.00	2,018,000.00
Jingzhu Expressway Guangzhu Section Company Limited [#]	1,967,688.35	2,012,786.59
Guangdong Bo-Da Expressway Company Limited [#]	1,907,002.82	1,621,197.20
Heyuan He-Long Expressway Company Limited [#]	1,500,934.76	1,497,351.44
Guangdong He-Hui Expressway Company Limited [#]	1,243,903.79	1,421,575.02
Zhaoqing Yuezhao Expressway Company Limited [#]	1,213,806.10	1,221,182.18
Yunfu City Guangyun Expressway Company Limited [#]	1,206,471.18	1,208,591.03
Guangdong Western Coastal Expressway Zhuhai Section Company Limited [#]	1,148,649.06	1,168,487.09
Others [#]	10,515,757.25	734,065.73
Total	126,080,794.93	104,112,539.62

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.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

	2015	2014
	RMB	RMB
(12) Rental expenses		
Yueyun Investment Management [#]	1,701,816.00	1,701,816.00
Guangdong Gao-Da Property Development Company Limited [#]	684,188.11	644,220.21
Guang-Shen-Zhu Expressway Company Limited [#]	615,614.88	615,613.92
Guangdong Western Coastal Expressway Xinhui Section Company Limited [#]	554,400.00	—
Others	475,306.08	30,000.00
Total	4,031,325.07	2,991,650.13
(13) Repair and maintenance charges		
Guangdong Humen Bridge Company Limited [#]	600,000.00	600,000.00
Guangdong He-Hui Expressway Company Limited	16,695.00	—
Total	616,695.00	600,000.00
(14) Receipt of services		
Guangdong Humen Bridge Company Limited [#]	4,700,000.00	4,200,000.00
Guangdong HuaLu Transport Technology Company Limited [#]	—	1,289,141.66
Guangdong Feida Traffic Engineering Company Limited [#]	—	256,320.00
Others [#]	1,424,967.01	1,498,122.30
Total	6,124,967.01	7,243,583.96

The above transactions under categories (12) - (14) have been conducted in accordance with the terms of pricing prescribed in relevant service contracts.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

(b) Lending and Borrowing to related parties

Related parties	Annual interest rate	Opening Balance at 1 January 2015 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance at 31 December 2015 RMB	Period
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	6.00%	500,000.00	—	500,000.00	—	01/01/2015 - 30/08/2015
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	6.00%	500,000.00	—	500,000.00	—	01/01/2015 - 30/06/2015
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	5.40%	2,000,000.00	—	—	2,000,000.00	07/10/2014 - 30/06/2016
Lufeng Shenshan Expressway Company Limited	7.50%	398,458.89	—	398,458.89	—	01/04/2012 - 31/03/2015

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 5 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 (o) "Other payables-Cash pool" regarding related parties' cash pool accounts information and Note VI. 4(d) regarding relevant interest expense.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

(d) Interest income and interest expense

	2015	2014
	RMB	RMB
Interest income		
Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	22,866.66	91,840.00
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	133,200.00	82,800.00
Total	156,066.66	174,640.00
Interest expenses		
GCGC	—	493,714.29
GVTG cash pool	11,607.49	67,241.40
Total	11,607.49	560,955.69

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

(e) Receipt of information system development and maintenance service

	2015	2014
	RMB	RMB
Guangdong Oriental Thought Technology Company Limited [#]	2,048,035.38	1,215,000.00
Guangdong Gaintop Highway Engineering Construction Group Company Limited [#]	—	1,156,779.03
Guangdong Hualu Transportation Technology Company Limited [#]	1,086,648.68	—
Guangzhou Newsoft Technology Company Limited [#]	186,000.00	252,100.00
Others	—	1,451,354.00
Total	3,320,684.06	4,075,233.03

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

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***4 Significant transactions between the Group and its related parties for the year** *(Continued)**The Group (Continued)*

(f) Freight transportation service outsourcing

On 30 July 2014, The Motor Transport Company of Guangdong and Hong Kong Limited, a subsidiary of the Group, entered into a freight transportation contracting agreement with Weisheng Fright Company Limited. Pursuant to the agreement, The Motor Transport Company of Guangdong and Hong Kong Limited outsources its freight transportation service to Weisheng Transportation Enterprises Company Limited under a contact term from 1 August 2014 to 28 February 2015, with a monthly agreed contracting fee of HKD 516,700.00. Due to the contract, the freight transportation outsourcing income of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 2,109,051.29 as at 31 December 2014.

On 26 February 2015, The Motor Transport Company of Guangdong and Hong Kong Limited, a subsidiary of the Group, entered into a freight transportation contracting agreement with Weisheng Fright Company Limited, under a contact term from 1 March 2015 to 31 December 2017, with a monthly agreed contracting fee of HKD 516,700.00. Disbursements incurred for the freight transportation service was paid by The Motor Transport Company of Guangdong and Hong Kong on behalf of Weisheng Fright Company Limited.

As at 31 December 2015, the freight transportation outsourcing income and disbursements of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 2,109,051.29 and RMB 16,661,746.93, totaling RMB 21,705,152.29.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***4 Significant transactions between the Group and its related parties for the year** *(Continued)**The Group (Continued)*

(g) Passenger transportation service outsourcing

On 30 July 2014, Weisheng Fright Company Limited entered into a passenger transportation contracting agreement with The Motor Transport Company of Guangdong and Hong Kong Limited. Pursuant to the agreement, Weisheng Transportation Enterprises Company Limited outsources its passenger transportation service to The Motor Transport Company of Guangdong and Hong Kong Limited under a contract term from 1 August 2014 to 28 February 2015 with a monthly agreed contracting fee of HKD 250,000.00. Due to the contract, the passenger transportation outsourcing fee of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 984,500.00 as at 31 December 2014.

On 26 February 2015, The Motor Transport Company of Guangdong and Hong Kong Limited, a subsidiary of the Group, entered into a passenger transportation contracting agreement with Weisheng Fright Company Limited, under a contract term from 1 March 2015 to 31 December 2017, with a monthly agreed contracting fee of HKD 250,000.00. Disbursements incurred for the passenger transportation service was paid by Weisheng Fright Company Limited on behalf of The Motor Transport Company of Guangdong and Hong Kong.

As at 31 December 2015, the passenger transportation outsourcing fee and disbursements of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 2,440,200.00 and RMB 7,128,977.10, totaling RMB 9,569,177.10.

(h) Net cash received from operating costs collected and paid on counter party's behalf

On 20 June 2014, Weisheng Fright Company Limited entered into a business cooperation agreement with The Motor Transport Company of Guangdong and Hong Kong. Pursuant to the agreement, the operating costs arose from the business cooperation of any party are collected and paid on another party's behalf from 1 July 2014. As at 31 December, the net cash received from operating costs amounted RMB 7,527,252.82.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

(i) Entrusted management

	Note	2015	2014
		RMB	RMB
Management fee income			
Yueyun Investment Management [#]	(1)	7,662,000.00	7,662,000.00
GCGC [#]	(2)	—	600,000.00
Total		<u>7,662,000.00</u>	<u>8,262,000.00</u>

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. According to the newly signed Entrusted Management Contract between Guangdong Yueyun Transportation Company Limited and Yueyun Investment Management in 30 December 2014, the contracting period of entrusted management is extended to 31 December 2015, with annual management fee of RMB 7,662,000.00 in total. GVTG was delegated to handle the entrusted affairs due the subcontract among Yueyun Investment Management, Guangdong Yueyun Transportation Company Limited, and GVTG, in which the contracting period is effective from 1 January 2015 to the termination of the entrusted management contract. The rights and obligations of Guangdong Yueyun Transportations Company Limited was transferred to GVTG. The management fee for the current period of GVTG was RMB 7,662,000.00.

Note 2: According to the Entrusted Management Contract entered into between GCGC and the Company on 17 September 2012, GCGC entrusted the Company to manage its equity interest in Guangdong Province Gongbei Vehicles Transportation Company Limited, Kee Kwan Motor Road Company Limited and Weisheng Transportation Enterprise Company Limited, and to operate these three companies. The entrusted management period ended on 31 December 2014. The annual management fees are RMB600,000.00 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. This entrusted management was expired.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)

4 Significant transactions between the Group and its related parties for the year (Continued)

The Group (Continued)

(j) Trademark and route operation licenses

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

(k) Road and bridge tolls

The Group's subsidiaries which are engaged in transportation services paid road and bridge tolls to those road and bridge companies held by GCGC when providing transportation services. The road and bridge tolls are making and published by local government and price control department.

(l) Property management services

	2015	2014
	RMB	RMB
Yueyun Investment Management [#]	<u>7,956,717.29</u>	<u>8,136,216.05</u>

On 19 June 2012, Yueyun Investment Management entered into an agreement with Guangdong Yunxing Property Management Co., Ltd. ("Guangdong Yunxing"), a subsidiary of the Group, whereby Yueyun Investment Management engaged Guangdong Yunxing to provide property management services on Yueyun Building for a period from 1 June 2012 to 31 May 2014. Guangdong Yunxing has the right to receive management fee and other relevant charges from the tenants of the building as property management service fees. On 29 May 2014, Yueyun Investment Management entered into an agreement with Guangdong Yunxing to extend the period for property management to 31 December 2016.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***4 Significant transactions between the Group and its related parties for the year** *(Continued)**The Group (Continued)*

(m) Guarantees

On 28 September 2015, the Company issued the 2014 corporate bonds (first phase) to the public in an aggregated nominal amount of RMB 400 million with a term of 7 years. Relevant interest is calculated and paid annually at a coupon rate of 4.20% per annum. On 21 December 2015, the Company issued the 2014 corporate bonds (second phase) to the public in an aggregated nominal amount of RMB 380 million with a term of 5 years. Relevant interest is calculated and paid annually at a coupon rate of 3.58% per annum. In connection with the issuance of these bonds, GCGC provided an unconditional and irrecoverable joint liability guarantee in full on the principal and interest of the bonds. In the meantime, the Company provided counter guarantee to GCGC with a pledge of the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right.

In 2012, GVTG, the subsidiary of the Group, issued the first phase of 3-year nonpublic directional debt financing tools of RMB 300 million with an interest rate of 5.8% per annum. GCGC provides an unconditional and irrevocable joint liability guarantee for the total amount of principal and interest of such bonds. GVTG had repaid the capital and interest in 2015.

(n) Purchase of assets in service zone

On 29 December 2015, Guangdong Tongyi Expressway Service Zone Company Limited ("Tongyi"), a subsidiary of the Group, entered into a contract with Guangdong Expressway Company Limited to purchase the land and buildings owned by Guangdong Expressway Company Limited in Houmen Service Zone at the price of RMB 57,736,000.00. The contract came into effect on 1 January 2016. As at 31 December 2015, Tongyi had paid the deposit of RMB 15,000,000.00 to Southern United Assets and Equity Exchange Company Limited after assets in Houmen Service Zone being listed for bidding. The deposit would be converted into part of the consideration of the assets. The deposit has been transferred from Southern United Assets and Equity Exchange Company Limited to Guangdong Expressway Company Limited in January 2016. As of the approval date of the financial statements, the certificate transfer procedure of the land and buildings in Houmen Service Zone purchased by Tongyi was still in process.

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

(o) Amounts due from/to related parties

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Accounts receivable	Guangdong Xinyue Communications Investment Company Limited	55,653,027.44	59,653,027.44
	Guangdong Yun-Wu Expressway Company Limited	25,650,029.37	26,643,073.51
	Guangdong Bao-Mao Expressway Company Limited	24,358,318.25	—
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	12,150,210.25	14,210,819.56
	Guangdong Provincial Freeway Company Limited	11,752,608.05	11,298,435.07
	Guangdong Provincial Changda Highway Engineering Company Limited	11,181,518.80	20,635,495.83

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Accounts receivable	Guangdong Guangle Expressway Company Limited	10,864,895.79	13,474,688.07
(Continued)	Guangdong Ping-Xing Expressway Company Limited	7,528,043.61	2,378,363.78
	Guangdong Ninghua Expressway Company Limited	7,473,395.92	—
	Guangdong Humen Bridge Company Limited	6,286,604.81	5,563,344.74
	Zhaoqing City Guang-He Expressway Company Limited	2,953,119.10	46,119,527.10
	Guangdong Zhaoyang Expressway Company Limited	2,017,351.27	4,420,305.14
	Guangdong Province Road & Bridge Construction Development Company Limited	1,688,689.04	54,450,177.91
	Guangdong Meihe Expressway Company Limited	1,622,093.97	375,480.76
	Guangzhou Xin Yue Asphalt Company Limited	1,615,596.27	722,361.55
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	1,416,883.76	—
	Express Cross-Border Coach Management Company Limited	1,333,380.28	1,429,045.04
	GCGC	1,200,000.00	
	Guangdong Bo-Da Expressway Company Limited	400,001.00	14,465,478.97
	Guangdong Guangzhu Expressway West Section Company Limited	109,867.04	1,401,196.76
	Others	3,662,760.21	5,096,407.43
	Total	190,918,394.23	283,537,228.66

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

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

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Accounts payable	Guangzhou Xin Yue Asphalt Company Limited	23,234,686.93	23,723,723.68
	Guangdong Provincial Freeway Company Limited	14,886,904.52	18,733,471.47
	Guangdong Provincial Highway Construction Company Limited	14,268,836.22	6,351,723.92
	Guangdong Province Road & Bridge Construction Development Company Limited	12,399,212.05	10,943,769.74
	Guang-Shen-Zhu Expressway Company Limited	7,975,950.71	7,999,915.85
	Guangdong Xinyue Communications Investment Company Limited	6,952,651.81	7,203,455.41
	Guangdong Bo-Da Expressway Company Limited	6,633,740.65	2,425,947.22
	Guangdong Fo-Kai Expressway Company Limited	6,222,166.69	4,204,166.69
	Guangdong Shanfen Expressway Company Limited	5,567,002.44	4,948,790.63
	Guangdong Yue Dong Freeway Industry Development Company Limited	4,264,964.93	3,965,545.28
	Guangdong Western Shen-Shan expressway Company Limited	2,343,157.82	4,079,552.21
	Jingzhu Expressway Guangzhu Section Company Limited	2,009,471.30	1,857,782.95

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Accounts payable	Guangdong Provincial Changda Highway Engineering Company Limited	1,846,279.44	4,936,755.84
(Continued)	Guangfo Expressway Company Limited	1,389,570.80	1,315,087.48
	Guangdong Kai Yang Expressway Company Limited	1,153,453.73	1,031,499.77
	Guangdong He-Hui Expressway Company Limited	1,104,186.95	1,428,862.46
	Guangdong Zhaoyang Expressway Company Limited	1,100,000.00	6,254,919.97
	Guangdong Guangye Shentong Natural Gas Company Limited	855,307.64	350,847.49
	Guangdong Guangle Expressway Company Limited	282,182.97	4,621,666.57
	Guangdong Meihe Expressway Company Limited	95,038.77	213,909.60
	Guangdong Guangzhu Expressway West Section Company Limited	81,730.70	76,829.11
	Guangdong Yun-Wu Expressway Company Limited	58,748.04	1,145,911.78
	Zhaoqing Yuezhao Expressway Company Limited	2,662.30	1,200,000.00
	Others	4,019,737.19	4,242,345.76
	Total	118,747,644.60	123,256,480.88

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

Caption	Related parties	As at 31	As at 31
		December 2015	December 2014
		RMB	RMB
Prepayments	Guangzhou Xin Yue Asphalt Company Limited	41,961,706.40	41,701,632.41
	Guangdong Guangzhu Expressway West Section Company Limited	4,216,987.33	53,627,321.89
	Guangdong Guangye Shentong Natural Gas Company Limited	3,122,957.57	—
	Others	3,384,155.96	1,309,055.81
	Total	52,685,807.26	96,638,010.11
Advances from customers	Guangdong Chao-Hui Expressway Company Limited	69,898,663.20	77,653,067.30
	Guangdong Provincial Highway Construction Company Limited	42,820,289.98	72,990,624.54
	Guangdong Luo-Yang Expressway Company Limited	25,687,266.37	8,534,236.20
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	2,153,282.88	—
	Guangdong Provincial Freeway Company Limited	1,436,243.06	39,382,547.24
	Guangdong Guangle Expressway Company Limited	—	462,311.33
	Guangdong Bao-Mao Expressway Company Limited	—	7,372,198.79
	Others	1,163,831.54	1,157,582.69
	Total	143,159,577.03	207,552,568.09

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

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

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Other receivables	Southern United Assets and Equity Exchange Company Limited	57,736,060.00	—
	Guangdong Xinyue Communications Investment Company Limited	13,685,749.84	13,629,720.68
	Kee Kwan Motor Road Company Limited	13,167,066.55	13,137,988.21
	Yangjiang Transportation Guangdong Provincial Changda Highway Engineering Company Limited	10,649,599.98	10,670,106.78
	Yueyun Investment Management Shantou City Automobile Passenger Traffic Center Co., Ltd.	5,649,788.07	5,005,849.70
	Shenzhen Yueyun	5,141,208.68	5,134,808.68
	Weisheng Transportation Enterprises Company Limited	4,771,668.79	4,673,329.98
	Guangdong Province Road & Bridge Construction Development Company Limited	4,293,852.13	3,127,119.11
	Guangdong Guangzhu Expressway West Section Company Limited	3,685,123.35	3,352,973.93
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited (Note 1)	3,373,224.91	—
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	3,331,138.88	1,010,000.00
	Jiangmen Guangjiang Expressway Passenger Company Limited	2,000,000.00	2,000,000.00
	Kwong Fat Transport Company Limited	1,752,957.48	3,010,458.69
	Kee Kwan Travel Tour Transportation HongKong Company Limited	1,659,000.00	1,659,000.00
		1,643,254.00	1,643,254.00
		1,467,812.01	1,467,812.01

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Other receivables (Continued)	Guangdong Province Gongbei Vehicles Transportation Company Limited	1,446,571.70	739,453.80
	Guangdong Litong Properties Investment Company Limited	1,382,256.00	1,381,486.00
	Guang-Shen-Zhu Expressway Company Limited	1,178,734.31	1,118,798.92
	Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	1,137,547.55	1,081,633.65
	Guangdong Guangye Shentong Natural Gas Co., Ltd.	1,068,264.55	4,542,524.40
	Guangdong Maozhan Expressway Company Limited	1,000,000.00	1,000,000.00
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	108,440.00	73,090.00
	Guangfo Expressway Company Limited	30,000.00	1,630,000.00
	Qingyuan Zhongguan Development Co., Ltd.	—	1,818,022.35
	Others	7,185,101.51	6,779,868.05
Total		148,544,420.29	89,687,298.94

Note 1: The balance of this receivable item included a loan of RMB2,000,000.00 provided by Guangdong Top-E Expressway Service Zone Company Limited, a subsidiary of the Group, to its joint venture, Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited. The loan carries an interest rate of 5.4% per annum and its maturity date is on 7 October 2014. The repayment date is 30 June 2016.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

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

Caption	Related parties	As at 31	As at 31
		December 2015	December 2014
		RMB	RMB
Other	GCGC	2,962,647.78	2,008,346.83
payables	Guangzhou Xin Yue Asphalt Company Limited	2,700,000.00	2,700,000.00
	Guangdong Guangzhu Expressway West Section Company Limited	1,749,067.60	874,533.80
	Guangdong Xinyue Communications Investment Company Limited	1,707,233.72	1,402,353.54
	Guangdong Litong Properties Investment Company Limited	1,377,946.00	1,377,946.00
	Weisheng Transportation Enterprises Company Limited	1,023,338.92	5,456,207.57
	Others	2,700,421.45	2,774,103.16
	Sub-total	14,220,655.47	16,593,490.90

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Group (Continued)

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

Caption	Related parties	As at 31	As at 31
		December 2015 RMB	December 2014 RMB
Other payables – cash pool	Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	3,388,655.80	2,259,397.73
	Guangdong Province Bus Terminal Co., Ltd.	1,050,473.62	1,046,487.96
	Guangdong Guangjiang High Speed Passenger Traffic Co., Ltd.	1,354,854.31	667,965.60
	Meizhou Yueyun	—	32,778,531.55
	Guangdong Province Guangshan Expressway Passenger Company Limited	—	6,667,726.78
	Shenzhen Yueyun	—	5,669,231.47
	Others	1,990.50	1,994.16
	Sub-total	5,795,974.23	49,091,335.25
	Total	20,016,629.70	65,684,826.15
Dividends payable	Guangdong Xinyue Communications Investment Company Limited	2,780,436.84	2,780,436.84
Long-term payables	Guangdong Traffic Development Company	1,668,740.00	—
Other non-current assets	Guangdong Guangzhu Expressway Wes Section Company Limited	35,043,576.91	—
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	9,600,000.00	9,600,000.00
	Total	44,643,576.91	9,600,000.00
Dividends receivable	Guangzhou City Tianhe Coach Terminal Co., Ltd.	2,785,352.51	—

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Group (Continued)*

(p) Compensation for key management personnels

	2015	2014
	RMB	RMB
Compensation for key management personnels	<u>8,424,068.74</u>	<u>8,641,501.47</u>

The Company

The related party transactions between the Company and its subsidiaries are set out as follows. The significant related party transactions with other related parties are disclosed under Note VI. 4.

(1) Sales and purchase of goods, provision and receipt of services

	2015	2014
	RMB	RMB
Material logistics service income		
Guangdong South China Logistics		
Enterprise Company Limited	58,794,717.70	16,931,503.36
Guangdong Yueyun Jia Fu Industrial Ltd.	33,574,822.41	27,580,917.78
Total	<u>92,369,540.11</u>	<u>44,512,421.14</u>
Purchase of materials		
Guangdong South China Logistics		
Enterprise Company Limited	368,070,623.67	545,846,793.04
Yueyun Transportation (HK) Company Limited	165,053,880.92	187,280,113.77
Total	<u>533,124,504.59</u>	<u>733,126,906.81</u>

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(1) Sales and purchase of goods, provision and receipt of services (Continued)

	2015	2014
	RMB	RMB
Receipt of service		
Yueyun Transportation (HK) Company Limited	5,173,823.12	5,009,860.02
Guangdong South China Logistics Enterprise Company Limited	3,452,416.14	18,107,509.56
Guangdong Province Transportation Engineering Company Limited	1,529,328.00	1,447,475.00
Guangdong Yueyun Jia Fu Industrial Ltd.	—	6,130,577.32
Others	549,140.71	716,202.80
Total	<u>10,704,707.97</u>	<u>31,411,624.70</u>

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

(2) Expenses with related parties

	2015	2014
	RMB	RMB
Rental expenses		
Guangdong Province Transportation Engineering Company Limited	—	409,912.80
Property management service expenses		
GVTG	<u>1,701,816.00</u>	<u>2,145,768.00</u>

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

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(3) Lending to related parties

Related parties	Annual interest rate	Opening Balance as at 1 January 2015 RMB	Additions during the year RMB	Repayments during the year RMB	Ending balance as at 31 December 2015 RMB	Period
GVTG	6.00%	60,000,000.00	—	(60,000,000.00)	—	13/08/2014 ~ 28/02/2015
GVTG	6.00%	80,000,000.00	—	(80,000,000.00)	—	11/09/2014 ~ 28/02/2015
GVTG	—	—	36,000,000.00	(36,000,000.00)	—	09/02/2015 ~ 31/12/2015
GVTG	—	—	60,000,000.00	(60,000,000.00)	—	14/08/2015 ~ 31/12/2015
GVTG	—	—	50,000,000.00	(50,000,000.00)	—	18/03/2015 ~ 31/12/2015
GVTG	—	—	60,000,000.00	(60,000,000.00)	—	12/02/2015 ~ 31/12/2015
GVTG	—	—	70,000,000.00	(70,000,000.00)	—	20/01/2015 ~ 31/12/2015
GVTG	—	—	6,000,000.00	(6,000,000.00)	—	23/06/2015 ~ 31/12/2015
GVTG	—	—	300,000,000.00	—	300,000,000.00	23/11/2015 ~ 22/11/2016
Yueyun Transportation Technology Services (Guangzhou) Co., Ltd.	5.60%	24,000,000.00	—	(24,000,000.00)	—	18/08/2015 ~ 20/11/2015
Yueyun Transportation Technology Services (Guangzhou) Co., Ltd.	5.60%	18,000,000.00	—	—	18,000,000.00	24/09/2015 ~ 23/03/2016
Guangdong Province Transportation Engineering Company Limited	6.00%	7,500,000.00	—	—	7,500,000.00	21/09/2015 ~ 20/09/2016
Guangdong Province Transportation Engineering Company Limited	6.00%	3,000,000.00	—	—	3,000,000.00	21/05/2015 ~ 20/05/2016
Guangdong South China Logistics Enterprise Company Limited	5.60%	75,867,464.20	—	(75,867,464.20)	—	31/10/2015 ~ 25/12/2015
Guangdong South China Logistics Enterprise Company Limited	5.60%	48,493,755.87	—	(4,132,535.80)	44,361,220.07	21/11/2015 ~ 20/05/2016

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

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(4) Interest income and interest expense with related parties

	2015	2014
	RMB	RMB
Interest income		
Guangdong South China Logistics Enterprise Company Limited	6,878,310.55	6,964,228.36
Yueyun Transportation (HK) Company Limited	2,185,610.97	—
GVTG	—	3,502,947.94
Others	619,142.17	1,033,643.83
Total	<u>9,683,063.69</u>	<u>11,500,820.13</u>
Interest expense		
GVTG	2,144,984.80	292,245.60
Guangdong Top-E Expressway Service Zone Company Limited	1,181,706.26	569,416.27
Guangdong South China Logistics Enterprise Company Limited	617,904.13	593,433.56
Guangdong New Way advertising Company Limited	136,798.10	160,210.05
Others	194,416.84	142,227.08
Total	<u>4,275,810.13</u>	<u>1,757,532.56</u>

Pursuant to the relevant agreements, the Company centrally manages the funds from relevant bank accounts (the “Cash Pool Accounts”) of certain subsidiaries. The funds received are recorded as “other payables” and bear the same interest rate as demand deposit. Please refer to Note VI. 4 (5) “Other payables-Cash pool” regarding related parties’ cash pool accounts information and the above regarding relevant interest expense.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(5) Amounts due from/to related parties

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Account receivables	Guangdong South China Logistics Enterprise Company Limited	31,548,116.11	43,694,324.99
	Guangdong Yueyun Jia Fu Industrial Ltd.	24,661,598.50	38,538,473.79
	Yueyun Transportation (HK) Company Limited	1,471,080.88	1,471,080.88
	Total	57,680,795.49	83,703,879.66
Account payables	Guangdong South China Logistics Enterprise Company Limited	31,257,485.34	20,855,270.31
	Guangdong Yueyun Jia Fu Industrial Ltd.	4,350,000.00	1,555,124.96
	Yueyun Transportation (HK) Company Limited	—	31,447,619.96
	Total	35,607,485.34	53,858,015.23
Prepayments	Guangdong South China Logistics Enterprise Company Limited	—	42,977,478.80

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

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

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Other	GVTG		
receivables	Guangdong South China Logistics	306,383,964.83	146,057,241.23
	Enterprise Company Limited	53,732,372.77	155,136,363.95
	Guangdong Province Transportation		
	Engineering Company Limited	51,564,242.40	51,531,521.85
	Yueyun Transportation Technology		
	Service (Guangzhou) Co., Ltd.	20,200,610.97	42,015,000.00
	Yueyun Transportation (HK)		
	Company Limited	2,125,889.31	1,619,307.15
	The Motor Transport		
	Company of Guangdong	1,455,009.84	93,897.31
	Others	840,000.00	272,800.00
	Total	436,302,090.12	396,726,131.49
Other	GVTG	1,302,016.87	1,273,425.62
payables	Others	931,320.33	—
	Sub-total	2,233,337.20	1,273,425.62

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Company (Continued)

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

Caption	Related parties	As at 31 December 2015 RMB	As at 31 December 2014 RMB
Other payables	Guangdong Top-E Expressway Service Zone Company Limited	339,548,929.95	288,296,240.68
	– Cash pool GVTG	331,532,995.56	116,484,413.56
	Guangdong South China Logistics Enterprise Company Limited	331,465,152.01	268,747,917.59
	Guangdong New Way advertising Company Limited	50,383,090.19	47,453,869.82
	Guangdong Jindaoda Expressway Economic Development Company Limited	47,389,013.84	36,230,155.97
	Guangdong Tongyi Landscape Co., Ltd.	13,483,128.77	2,967,217.41
	Guangdong Province Transportation Engineering	3,273,811.54	—
	Yueyun Transportation Technology Service (Guangzhou) Co., Ltd.	1,119,847.26	—
	Sub-total	<u>1,118,195,969.12</u>	<u>760,179,815.03</u>
	Total	<u>1,120,429,306.32</u>	<u>761,453,240.65</u>
Bills payable	Guangdong South China Logistics Enterprise Company Limited	5,000,000.00	—

(6) Compensation for key management personnels

The total compensation for the key management personnels this year is RMB8,424,068.74 (2014: RMB8,641,501.47).

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(6) Compensation for key management personnels

The total compensation for the key management personnels this year is RMB8,424,068.74 (2014: RMB8,641,501.47).

Compensation for the directors and supervisors are as below:

Title and name	Note	2015			Total RMB	
		Board expenses RMB	Basic Salaries and other allowances			Retirement plan contributions RMB
			RMB	RMB		
Executive director, Chairman of the Board Xuan Zongmin	(3)	—	657,591.14	56,310.74	713,901.88	
Executive director, General manager Tang Yinghai	(2)	—	629,667.91	52,555.05	682,222.96	
Executive director, Deputy general manager Yao Hanxiong	(4)	—	550,742.50	49,759.01	600,501.51	
Executive director, Deputy general manager Fei Dachuan	(5)	—	550,992.50	50,079.63	601,072.13	
Executive director Guo Junfa		—	858,970.00	—	858,970.00	
Independent non- executive director Gui Shouping		—	60,000.00	—	60,000.00	
Independent non- executive director Liu Shaobo		—	60,000.00	—	60,000.00	

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)

The Company (Continued)

(6) Compensation for key management personnels (Continued)

Title and name	Note	2015			Total RMB
		Board expenses RMB	Basic Salaries and other allowances	Retirement plan contributions	
			RMB	RMB	
Independent non- executive director					
Peng Xiaolei		—	60,000.00	—	60,000.00
Independent non- executive director					
Jin Wenzhou	(7)	—	60,000.00	—	60,000.00
Supervisor					
Li Hui	(9)	—	313,690.20	40,408.36	354,098.56
Supervisor					
Zhang Anli	(8)	—	219,186.08	26,149.19	245,335.27
Supervisor					
Zhen Jianhui	(8)	—	293,257.64	39,437.83	332,695.47
Independent supervisor					
Bai Hua		—	48,000.00	—	48,000.00
Independent supervisor					
Lu Zhenghua		—	48,000.00	—	48,000.00
Independent supervisor					
Zhang Linian	(10)	—	283,901.85	38,117.00	322,018.85

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(6) Compensation for key management personnels (Continued)

Title and name	Note	2014			Total RMB
		Board	Basic Salaries	Retirement plan	
		expenses RMB	and other allowances RMB	contributions RMB	
Executive director, Chairman of the Board Xuan Zongmin	(3)	—	648,854.06	67,432.05	716,286.11
Executive director, General manager Tang Yinghai	(2)	—	569,786.77	59,506.32	629,293.09
Executive director, Deputy general manager Yao Hanxiong	(4)	—	510,922.77	47,165.79	558,088.56
Executive director, Deputy general manager Fei Dachuan	(5)	—	517,672.77	59,588.40	577,261.17
Executive director Guo Junfa		—	868,376.00	27,313.20	895,689.20
Independent non- executive director Gui Shouping		—	60,000.00	—	60,000.00
Independent non- executive director Liu Shaobo		—	60,000.00	—	60,000.00
Independent non- executive director Peng Xiaolei		—	60,000.00	—	60,000.00

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(6) Compensation for key management personnels (Continued)

Title and name	Note	2014			Total RMB
		Board	Basic Salaries	Retirement plan	
		expenses RMB	and other allowances RMB	contributions RMB	
Independent non- executive director					
Jin Wenzhou	(7)	—	45,000.00	—	45,000.00
Supervisor					
Li Hui		—	314,067.00	43,004.69	357,071.69
Supervisor					
Ke Lin	(11)	—	494,052.64	58,085.11	552,137.75
Supervisor					
Lei Jian	(11)	—	363,336.40	42,733.44	406,069.84
Supervisor					
Zhang Anli	(8)	—	303,850.92	42,630.85	346,481.77
Supervisor					
Zhen Jianhui	(8)	—	293,634.84	39,807.64	333,442.48
Independent supervisor					
Bai Hua		—	48,000.00	—	48,000.00
Independent supervisor					
Lu Zhenghua		—	48,000.00	—	48,000.00

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(Continued)***4 Significant transactions between the Group and its related parties for the year** *(Continued)**The Company (Continued)*(6) Compensation for key management personnels *(Continued)*

(1) The compensation for the following key management personnels are not paid by the Company:

2015: Non-executive director Mr. Liu Hong (Note 7), Non-executive director Mr. Li Bin, Supervisor and Chairman of the board of supervisors Mr. You Xiacong (Note 12), Supervisor and Chairman of the board of supervisors Mr. Ling Ping (Note 13), and Supervisor Ms. Li Haihong.

2014: Chairman of the Board Mr. Liu Wei (Note 6), Executive director Mr. Liu Hong (Note 7), Non-executive director Mr. Li Bin, Supervisor and Chairman of the board of supervisors Mr. You Xiacong, Supervisor Ms. Li Haihong.

(2) The salaries of Mr. Tang Yinghai included his salaries as both of executive director and general manager.

(3) The salaries of Mr. Xuan Zongming included his salaries as both of executive director and chairman of the Board.

(4) The salaries of Mr. Yao Hanxiang included his salaries as both of executive director and deputy general manager of the Company.

(5) The salaries of Mr. Fei Dachuan included his salaries as both of executive director and deputy general manager of the Company.

(6) Mr. Liu Wei was non-executive director in 2014, and left the position in April 2014 upon expiry of the tenures.

(7) Mr. Liu Hong and Mr. Jin Wenzhou became non-executive directors of the Company since April 2014.

(8) Ms. Zhang Anli and Mr. Zhen Jianhui became supervisors of the Company since April 2014.

(9) Ms. Li Hui was the supervisor of the Company in 2014, and left the position in April 2015 upon expiry of the tenures.

(10) Ms. Zhang Linian became supervisor of the Company since April 2015.

(11) Ms. Ke Lin and Mr. Lei Jian were supervisors of the Company. They left their position in April 2014 upon expiry of their tenures.

(12) Mr. You Xiacong was the Supervisor and Chairman of the board of supervisors in 2014, and he left the position in April 2015 upon expiry of the tenure.

(13) Mr. Lin Ping became Supervisor and Chairman of the board of supervisors since April 2015.

(Expressed in Renminbi Yuan)

VI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (Continued)**4 Significant transactions between the Group and its related parties for the year** (Continued)*The Company (Continued)*

(6) Compensation for key management personnels (Continued)

Apart from the above directors and supervisors, the compensation for other key management personnels of the Company is as follows:

	2015	2014
	RMB	RMB
Other key management personnels	<u>3,377,252.09</u>	<u>2,948,679.81</u>

Note 1: Key management personnels are those personnels having the authority and responsibility for planning, directing and controlling the activities of the entity, including director, general manager, chief accountant, financial director, vice general managers taking charge of each business unit, and personnel who perform similar strategic functions. The CEO of the Company is general manager.

Note 2: During the year, the Group and the Company have neither made any payments that served as a motivation for directors to join, nor paid any compensation for director's resignation.

Four (2014: three) of the Group's top five highest paid people are directors. The compensation for the remaining one (2014: two) is as follows:

	2015	2014
	RMB	RMB
Basic salaries and other allowances	858,970.00	1,278,448.66
Retirement plan contributions	<u>—</u>	<u>76,382.17</u>
Total	<u>858,970.00</u>	<u>1,354,830.83</u>

One individual's emolument of the top five individuals was between HKD 1 million to HKD 1.5 million in 2015 and 2014. The each emolument of the remaining four individuals was below HKD 1 million in 2015 and 2014.

VII. COMMITMENTS

(1) Capital commitments

The Group

	2015 RMB	2014 RMB
Capital commitments that have been entered into but have not been recognised in the financial statements:		
– Commitment for acquisition and construction of long-term assets	84,911,537.24	50,840,270.84
Capital commitments that have been approved but have not been entered into	<u>24,421,600.00</u>	<u>87,225,394.93</u>
Total	<u><u>109,333,137.24</u></u>	<u><u>138,065,665.77</u></u>

The Company

	2015 RMB	2014 RMB
Capital commitments that have been approved but have not been entered into	<u>1,800,000.00</u>	<u>303,091.14</u>

(2) Operating lease commitments

As at 31 December, the total future minimum lease payments under non-cancellable operating leases of properties were payable as follows:

The Group

	2015 RMB	2014 RMB
Within 1 year (inclusive)	106,939,636.62	100,634,355.87
After 1 year but within 2 years (inclusive)	95,252,049.42	96,347,923.87
After 2 years but within 3 years (inclusive)	72,737,052.96	91,199,961.79
After 3 years	<u>876,841,913.52</u>	<u>1,010,141,004.71</u>
Total	<u><u>1,151,770,652.52</u></u>	<u><u>1,298,323,246.24</u></u>

(Expressed in Renminbi Yuan)

VII. COMMITMENTS (Continued)**(2) Operating lease commitments** (Continued)*The Company*

	2015	2014
	RMB	RMB
Within 1 year (inclusive)	4,019,247.00	2,317,431.00
After 1 year but within 2 years (inclusive)	615,615.00	2,317,431.00
After 2 years but within 3 years (inclusive)	615,615.00	615,615.00
After 3 years	3,642,388.75	4,258,003.75
Total	8,892,865.75	9,508,480.75

VIII. OTHER SIGNIFICANT MATTERS**1 Risk analysis and sensitivity analysis to financial instruments**

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign currency risk

This note mainly presents information about the Group's exposure to each of the above risks and their sources, their changes during the year, and the Group's objectives, policies and processes for measuring and managing risks, and their changes during the year.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

VIII. OTHER SIGNIFICANT MATTERS *(Continued)*

1 Risk analysis and sensitivity analysis to financial instruments *(Continued)*

(1) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced. Normally, the Group does not obtain collateral from customers.

The credit losses of the Group's customers have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as maturity date.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry, country or area in which the customers operate and therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, 27.67% and 67.43% (2014: 30.74% and 46.72%) of the total accounts receivable and other receivables were due from the five largest customers of the Group and the Company, respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. Except for providing a counter guarantee to GCGC by the Guang Shen Zhu Expressway Taiping Interchange franchise operating rights, the Group and the Company does not provide any other guarantees which would expose the Group and the Company to credit risk.

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)*(2) Liquidity risk*

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. The Company and its individual subsidiaries are responsible for their own cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash, readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's and the Company's financial liabilities, which are based on contractual cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group and the Company can be required to pay:

The Group

	2015 Contractual undiscounted cash flow				Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Short-term loans	(148,364,865.53)	—	—	(148,364,865.53)	(126,200,000.00)
Bills payable	(215,860,076.38)	—	—	(215,860,076.38)	(215,860,076.38)
Accounts payable and other payables	(1,462,320,378.99)	—	—	(1,462,320,378.99)	(1,462,320,378.99)
Taxes payable	(132,105,537.30)	—	—	(132,105,537.30)	(132,105,537.30)
Employee benefits payable	(159,510,179.61)	—	—	(159,510,179.61)	(159,510,179.61)
Interest payable	(5,129,843.86)	—	—	(5,129,843.86)	(5,129,843.86)
Non-current liabilities due within one year	(131,047,251.63)	—	—	(131,047,251.63)	(112,231,737.67)
Dividends payable	(17,584,988.32)	—	—	(17,584,988.32)	(17,584,988.32)
Long-term loans	—	(284,858,060.79)	—	(284,858,060.79)	(256,438,897.89)
Bonds payable	(30,404,000.00)	(501,616,000.00)	(446,200,000.00)	(978,220,000.00)	(773,068,638.74)
Long-term payables	—	(29,891,114.87)	(19,045,075.05)	(48,936,189.92)	(48,382,786.48)
Long-term employee benefits payable	—	(22,014,320.69)	(207,295,007.44)	(229,309,328.13)	(175,568,228.12)
Total	(2,302,327,121.62)	(838,379,496.35)	(672,540,082.49)	(3,813,246,700.46)	(3,484,401,293.36)

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)(2) *Liquidity risk* (Continued)

The Group (Continued)

	2014 Contractual undiscounted cash flow				Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Short-term loans	(289,076,427.37)	—	—	(289,076,427.37)	(285,749,912.78)
Bills payable	(319,317,371.36)	—	—	(319,317,371.36)	(319,317,371.36)
Accounts payable and other payables	(1,508,093,698.59)	—	—	(1,508,093,698.59)	(1,508,093,698.59)
Taxes payable	(168,433,156.47)	—	—	(168,433,156.47)	(168,433,156.47)
Employee benefits payable	(146,784,610.23)	—	—	(146,784,610.23)	(146,784,610.23)
Interest payable	(5,157,354.24)	—	—	(5,157,354.24)	(5,157,354.24)
Non-current liabilities due within one year	(408,427,901.34)	—	—	(408,427,901.34)	(407,200,368.97)
Dividends payable	(22,183,255.35)	—	—	(22,183,255.35)	(22,183,255.35)
Long-term loans	(19,997,558.97)	(331,553,017.53)	—	(351,550,576.50)	(299,529,507.68)
Long-term payables	—	(41,169,683.48)	(53,934.00)	(41,223,617.48)	(41,223,617.48)
Long-term employee benefits payable	—	(17,389,093.05)	(229,661,360.46)	(247,050,453.51)	(181,699,822.62)
Total	<u>(2,887,471,333.92)</u>	<u>(390,111,794.06)</u>	<u>(229,715,294.46)</u>	<u>(3,507,298,422.44)</u>	<u>(3,385,372,675.77)</u>

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)(2) *Liquidity risk* (Continued)

The Company

	2015 Contractual undiscounted cash flow				Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Bills payable	(55,631,886.38)	—	—	(55,631,886.38)	(55,631,886.38)
Accounts payable and other payables	(1,298,050,804.07)	—	—	(1,298,050,804.07)	(1,298,050,804.07)
Employee benefits payable	(20,128,116.63)	—	—	(20,128,116.63)	(20,128,116.63)
Taxes payable	(8,436,988.97)	—	—	(8,436,988.97)	(8,436,988.97)
Interest payable	(4,577,888.89)	—	—	(4,577,888.89)	(4,577,888.89)
Bonds payable	(30,404,000.00)	(501,616,000.00)	(446,200,000.00)	(978,220,000.00)	(773,068,638.74)
Total	(1,417,229,684.94)	(501,616,000.00)	(446,200,000.00)	(2,365,045,684.94)	(2,159,894,323.68)

	2014 Contractual undiscounted cash flow				Carrying amount at balance sheet date
	Within 1 year or on demand	More than 1 year but less than 5 years	More than 5 years	Total	
Short-term loans	(202,012,500.00)	—	—	(202,012,500.00)	(200,000,000.00)
Bills payable	(221,317,371.36)	—	—	(221,317,371.36)	(221,317,371.36)
Accounts payable and other payables	(917,876,648.07)	—	—	(917,876,648.07)	(917,876,648.07)
Employee benefits payable	(18,778,140.46)	—	—	(18,778,140.46)	(18,778,140.46)
Taxes payable	(10,880,883.30)	—	—	(10,880,883.30)	(10,880,883.30)
Interest payable	(604,666.58)	—	—	(604,666.58)	(604,666.58)
Long-term loans	(7,200,000.00)	(131,440,000.00)	—	(138,640,000.00)	(120,000,000.00)
Total	(1,378,670,209.77)	(131,440,000.00)	—	(1,510,110,209.77)	(1,489,457,709.77)

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)**(3) Interest rate risk**

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The Group does not enter into financial derivatives to hedge interest rate risk.

(a) As at 31 December, the following interest-bearing financial instruments were held:

The Group

Fixed rate instruments:

	2015		2014	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial liabilities				
– Short-term loans	5.60% - 6.00%	(76,300,000.00)	6.00%	(279,901,399.44)
– Long-term loans	6.15% - 7.50%	<u>(7,598,235.11)</u>	6.15% - 7.50%	<u>(16,653,050.82)</u>
Total		<u><u>(83,898,235.11)</u></u>		<u><u>(296,554,450.26)</u></u>

Variable rate instruments:

	2015		2014	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets				
– Cash at bank	0.35%	1,915,598,580.92	0.35%	1,756,975,329.07
Financial liabilities				
– Short-term loans	5.60% (Note)	(49,900,000.00)	5.60% - 8.10%	(5,848,513.34)
– Long-term loans	4.75%-8.30%	<u>(318,323,034.72)</u>	5.54% - 8.30%	<u>(337,024,847.44)</u>
Total		<u><u>1,547,375,546.20</u></u>		<u><u>1,414,101,968.29</u></u>

Note: The interest rates of short-term loans held by the Group are same as the benchmark loan interest rates announced by the People's Bank of China at the drawdown dates of the loans and are adjusted annually.

The Company

Fixed rate instruments:

	2015		2014	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial liabilities				
– Short-term loans	—	<u>—</u>	6.00%	<u>(200,000,000.00)</u>

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)

(3) Interest rate risk (Continued)

(a) As at 31 December, the following interest-bearing financial instruments were held: (Continued)

The Company (Continued)

Variable rate instruments:

	2015		2014	
	Effective interest rate	Amount	Effective interest rate	Amount
Financial assets				
– Cash at bank	0.35%	1,381,280,290.59	0.35%	843,394,736.28
Financial liabilities				
– Long-term loans	—	—	6.00% (Note)	(120,000,000.00)
Total		<u>1,381,280,290.59</u>		<u>723,394,736.28</u>

Note: The interest rate of long-term loans held by the Company are same as the benchmark loan interest rates announced by the People's Bank of China at the drawdown dates of the loans and are adjusted annually.

(b) Sensitivity analysis

As at 31 December, it is estimated that a general increase of 25 basis points in interest rates, with all other variables held constant, would increase the equity and net profit of the Group and the Company:

	The Group		The Company	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Equity	2,901,329.15	2,651,441.19	2,589,900.54	1,356,365.13
Net profit	2,901,329.15	2,651,441.19	2,589,900.54	1,356,365.13

As at 31 December, it is estimated that a general decrease of 25 basis points in interest rates, with all other variables held constant, would lead to a same amount but reverse change with it is mentioned about to equity and net profit of the Company.

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rates had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group or the Company which expose the Group or the Company to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group or the Company at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for the previous year.

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)(4) *Foreign currency risk*

The functional currency of the Group's Hong Kong subsidiaries is HKD, while, it is RMB for the Group's other subsidiaries. In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and other assets and liabilities denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (a) As at 31 December, the Group's exposure to currency risk arising from recognised assets or liabilities denominated in foreign currencies is presented in the following tables. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

The Group

	2015			2014		
	RMB	USD	HKD	RMB	USD	HKD
Cash at bank and on hand	130,500,790.21	9,086,637.33	3,453,648.66	48,136,891.91	2,786,523.52	2,918.86
Accounts receivable	9,112,179.83	—	—	2,722,489.68	—	—
Other receivables	33,708,512.34	—	495,055.60	686,474.00	—	—
Prepayments	—	—	—	1,893,033.84	—	—
Short-term loans	—	—	—	—	(12,201,406.67)	—
Accounts payable	(20,049,299.63)	—	—	(896,573.70)	(18,263,991.20)	—
Advances from customers	—	—	—	(1,143,749.09)	—	—
Other payables	(20,964,913.40)	—	(3,667,682.88)	(2,387,429.43)	—	—
Gross balance sheet exposure	<u>132,307,269.35</u>	<u>9,086,637.33</u>	<u>281,021.38</u>	<u>49,011,137.21</u>	<u>(27,678,874.35)</u>	<u>2,918.86</u>

There were no assets and liabilities denominated in foreign currencies for the Company as at 31 December 2015 and 31 December 2014.

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)

(4) Foreign currency risk (Continued)

(b) The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Reporting date mid-spot rate	
	2015	2014	2015	2014
RMB	1.0000	1.0000	1.0000	1.0000
USD	6.1795	6.1211	6.4936	6.1190
HKD	0.8133	0.7876	0.8378	0.7889

(c) Sensitivity analysis

(i) For subsidiaries adopt RMB as functional currency, assuming all other risk variables remained constant, a 5% strengthening of the Renminbi against the US dollar and HK dollar at 31 December would have increased/(decreased) the Group's and the Company's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the year-end date:

As at 31 December 2015

	Equity		Net profit	
	The Group	The Company	The Group	The Company
USD	(340,748.90)	—	(340,748.90)	—
HKD	(10,538.30)	—	(10,538.30)	—
Total	<u>(351,287.20)</u>	<u>—</u>	<u>(351,287.20)</u>	<u>—</u>

As at 31 December 2014

	Equity		Net profit	
	The Group	The Company	The Group	The Company
USD	1,037,957.79	—	1,037,957.79	—
HKD	(109.46)	—	(109.46)	—
Total	<u>1,037,848.33</u>	<u>—</u>	<u>1,037,848.33</u>	<u>—</u>

A 5% weakening of the Renminbi against the US dollar and HK dollar at 31 December would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

VIII. OTHER SIGNIFICANT MATTERS (Continued)**1 Risk analysis and sensitivity analysis to financial instruments** (Continued)

(4) Foreign currency risk (Continued)

(c) Sensitivity analysis (Continued)

- (ii) For subsidiaries adopt HKD as functional currency, assuming all other risk variables remained constant, a 5% strengthening of the HK dollar against the RMB at 31 December would have increased/(decreased) the Group's and the Company's equity and net profit by the amount shown below, whose effect is in RMB and translated using the spot rate at the year-end date:

As at 31 December 2015

	Equity		Net profit	
	The Group	The Company	The Group	The Company
RMB	<u>4,961,522.60</u>	<u>—</u>	<u>4,961,522.60</u>	<u>—</u>

As at 31 December 2014

	Equity		Net profit	
	The Group	The Company	The Group	The Company
RMB	<u>1,837,917.65</u>	<u>—</u>	<u>1,837,917.65</u>	<u>—</u>

A 5% weakening of the HK dollar against RMB at 31 December would have had the equal but opposite effect on them to the amounts shown above, on the basis that all other variables remained constant.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group or the Company which expose the Group or the Company to foreign currency risk at the balance sheet date. The analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

(Expressed in Renminbi Yuan)

VIII. OTHER SIGNIFICANT MATTERS (Continued)**2 Fair value disclosure**(a) *Levels of fair value*

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting period, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities;

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities;

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(i) Fair value of assets and liabilities measured at fair value at the end of the year

As at 31 December 2015

Assets	Note V	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Available-for-sale financial assets					
Available-for-sale equity	10	—	—	—	—

As at 31 December 2014

Assets	Note V	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Available-for-sale financial assets					
Available-for-sale equity	10	7,675,494.60	—	—	7,675,494.60

During 2015, there were no significant transfers of financial instruments between Level 1 and Level 2. During 2015, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

VIII. OTHER SIGNIFICANT MATTERS (Continued)**2 Fair value disclosure** (Continued)

(a) Levels of fair value (Continued)

(ii) Fair value of financial assets and liabilities not measured at fair value

Other financial assets and liabilities of the Group and the Company mainly include: Cash at bank and on hand, receivables, equity investment classified as available-for-sale financial assets and payables. Except for the available-for-sale equity instruments, there is no significant difference between the carrying amount and fair values of the above financial assets and liabilities since their maturities are short. Since the fair value of the available-for-sale equity instruments is not available, such equity instruments are accounted for using the cost method by the Group and the Company.

3 Capital management

The Group's primary objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders. The Group's capital structure is regularly reviewed and managed to maintain a health net debt-to-capital ratio. The Group's net debt is defined as total debt minus cash at bank and on hand. Shareholders' equity represents equity attributable to shareholders of the Company presented in statement of changes in shareholders' equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares, or fund new borrowings to decrease liability.

Cash at bank and on hand and liabilities as at 31 December is as follows:

	Note V	2015 RMB	2014 RMB
Cash at bank and on hand		1,933,761,604.87	1,773,706,526.84
Less: Short-term loans		126,200,000.00	285,749,912.78
Long-term loans within one year	30	69,482,371.94	54,148,390.58
Bonds payable within one year	30	—	299,073,061.26
Long-term loans	31	256,438,897.89	299,529,507.68
Bonds payable	32	773,068,638.74	—
Total loans		1,225,189,908.57	938,500,872.30
Net cash at bank and on hand		708,571,696.30	835,205,654.54

VIII. OTHER SIGNIFICANT MATTERS *(Continued)***4 Post balance sheet date events***(1) Conversion of PSCS after balance sheet date*

On 5 February 2016, the Company entered into a supplemental PSCS agreement with GCGC, whereby GCGC will execute the conversion of PSCS held by it with a principal amount of RMB 281,810,000. Taken into account of the diluted events such as capitalisation of share premium and distribution of profits, the adjusted conversion price is RMB 1.625333335 per share, and the number of shares to be converted is 173,385,000. As of the date of the approval of financial statements, such conversion is still pending for the completion of registration procedures with China Securities Depository and Clearing Co., Ltd.

(2) Payment of cash dividends of ordinary shares proposed after the balance sheet date

On 18 March 2016, the Board of Directors approved to recommend distribution of final dividend of 2015 of the Company of RMB 0.13 before tax per share, totalling RMB 81,440,164.00, calculated based on the total number of shares of 626,462,800 of the Company as of 31 December 2015. As mentioned in Note V. 37 (3), according to the supplemental PSCS agreement entered into on 5 February 2016, GCGC will execute the conversion of PSCS. Should the conversion registration procedures be completed prior to the date of record of distribution of the 2015 final dividend, the 173,385,000 PSCS conversion shares would be entitled to the 2015 final dividend of the Company with an aggregated amount of RMB 22,540,050.00. Taking into account of PSCS conversion shares, grand total amount of 2015 final dividend recommended to be distributed would be RMB 103,980,214.00, calculated based on the total number of shares of 799,847,800 including PSCS conversion shares. Such cash dividends are not recognised as a liability at the balance sheet date.



廣東粵運交通股份有限公司

Guangdong Yueyun Transportation Company Limited