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)

ANNOUNCEMENT OF 2014 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	For the six months ended 30 June 2014 *RMB'000 (unaudited)*	30 June 2013 *RMB'000 (unaudited)*	Change
Revenue	**4,388,369**	2,632,220	67%
Net profit attributable to Shareholders of the Company	**103,686**	68,641	51%
Basic earnings per share	**RMB0.24**	RMB0.16	50%

- The revenue of the Group for the six months ended 30 June 2014 was approximately RMB4,388,369,000 representing an increase of approximately RMB1,756,149,000 or 67% as compared to the same period in 2013.
- Net profit attributable to shareholders of the Company for the six months ended 30 June 2014 was approximately RMB103,686,000 representing an increase of approximately RMB35,045,000 or 51% as compared to the same period in 2013.
- For the six months ended 30 June 2014, basic earnings per share was RMB 0.24.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014.
- A final dividend of RMB0.10 (tax included) per share for year 2013 was approved by shareholders of the Company in the annual general meeting held on 26 June 2014.

The board of directors (the "**Board**") of Guangdong Yueyun Transportation Company Limited (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2014. The unaudited consolidated interim results of the Group have been reviewed by the Audit & Corporate Governance Committee of the Company (the "**Audit & Corporate Governance Committee**"). The auditor of the Company, KPMG Huazhen (Special General Partnership), has also reviewed the unaudited interim financial report for the period in accordance with China Standard on Review No. 2101-Engagements to Review Financial Statements issued by the Chinese Institute of Certified Public Accountants. The majority of members of the Audit & Corporate Governance Committee are independent non-executive directors of the Company.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014 (UNAUDITED)

(Expressed in Renminbi Yuan)

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

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2014 (UNAUDITED) (CONTINUED)
(Expressed in Renminbi Yuan)

Liabilities and shareholders' equity	*Note*	As at 30 June 2014	As at 31 December 2013 *(Restated)*
Current liabilities			
Short-term loans	8	**563,830,303.24**	626,554,858.03
Bills payable		**320,507,828.48**	453,403,442.66
Accounts payable	9	**1,177,202,581.75**	917,633,504.96
Advances from customers		**627,196,859.27**	830,345,917.82
Employee benefits payable		**119,685,952.28**	114,595,310.23
Taxes payable		**193,346,029.16**	130,080,294.75
Interest payable		**10,757,188.34**	2,535,638.24
Dividends payable		**66,093,724.00**	27,108,564.15
Other payables		**313,559,006.80**	312,163,240.48
Non-current liabilities due within one year	10	**71,259,077.01**	50,521,566.26
Total current liabilities		**3,463,438,550.33**	3,464,942,337.58
Non-current liabilities			
Long-term loans	11	**62,635,749.93**	87,916,694.66
Bonds payable	12	**298,540,487.41**	298,024,078.94
Long-term payables		**123,056,356.57**	85,091,801.16
Deferred tax liabilities		**7,979,466.07**	7,894,283.45
Other non-current liabilities		**23,710,648.30**	22,176,218.23
Total non-current liabilities		**515,922,708.28**	501,103,076.44
TOTAL LIABILITIES		**3,979,361,258.61**	3,966,045,414.02
Shareholders' equity			
Share capital		**417,641,867.00**	417,641,867.00
Other equity instrument	14	**281,810,000.00**	281,810,000.00
Capital reserve		**170,451,076.51**	172,076,352.20
Special reserve		**18,041,234.44**	14,833,820.53
Surplus reserve		**130,421,930.77**	130,421,930.77
Retained earnings	15	**579,606,400.55**	517,684,409.50
Translation differences of financial statements denominated in foreign currency		**(37,328,584.96)**	(38,886,623.71)
Total equity attributable to shareholders of the Company	16	**1,560,643,924.31**	1,495,581,756.29
Minority interests		**753,463,494.59**	715,308,525.87
TOTAL SHAREHOLDERS' EQUITY		**2,314,107,418.90**	2,210,890,282.16
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**6,293,468,677.51**	6,176,935,696.18

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED)
(Expressed in Renminbi Yuan)

	Note	For the six months ended 30 June 2014	2013
I. Operating income	23	**4,388,368,620.00**	2,632,219,549.13
II. Less: Operating costs		**3,892,937,456.97**	2,195,350,935.30
Business taxes and surcharges		**33,919,025.74**	22,403,838.39
Selling and distribution expenses		**29,696,569.56**	28,476,055.54
General and administrative expenses		**255,327,884.00**	239,927,659.98
Financial expenses	17	**32,438,704.98**	17,296,627.85
Impairment losses		**3,669,402.12**	4,782,666.51
Add: Investment income	18	**2,438,358.94**	3,388,818.37
Including: Income from investment in associates and jointly controlled enterprises		**1,305,996.12**	3,025,120.80
III. Operating profit		**142,817,935.57**	127,370,583.93
Add: Non-operating income	19	**62,459,954.24**	29,638,828.21
Including: Gains from disposal of non-current assets		**2,758,707.49**	1,417,834.97
Less: Non-operating expenses		**1,955,056.37**	1,747,608.88
Including: Losses from disposal of non-current assets		**989,036.24**	603,049.20
IV. Profit before income tax	21	**203,322,833.44**	155,261,803.26
Less: Income tax expenses	20	**53,144,359.65**	49,905,621.88
V. Net profit for the period		**150,178,473.79**	105,356,181.38
Attributable to:			
Shareholders of the Company		**103,686,177.75**	68,641,396.45
Minority interests		**46,492,296.04**	36,714,784.93

CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2014 (UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note	**2014**	2013
VI. Earnings per share			
(I) Basic earnings per share	22(1)	**0.24**	0.16
(II) Diluted earnings per share	22(2)	**0.20**	0.13
VII. Other comprehensive income for the period			
(I) Items that could not be reclassified to profit and loss (net of income tax effect):		**—**	—
(II) Items that may be reclassified subsequently to profit and loss on certain conditions (net of income tax effect):			
Differences on translation of foreign currency financial statements		**2,451,416.07**	(6,805,490.66)
VIII. Total comprehensive income for the period		**152,629,889.86**	98,550,690.72
Attributable to:			
Shareholders of the Company		**105,244,216.50**	64,345,159.74
Minority interests		**47,385,673.36**	34,205,530.98

Notes

(Expressed in Renminbi Yuan)

1 **Basis of preparation of interim financial report**

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

The interim financial report of the Group has been prepared in accordance with the requirements of "Accounting Standard for Business Enterprises No.32 — Interim Financial Reporting" issued by the Ministry of Finance (MOF) of the PRC, and the applicable disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on SEHK (the "Listing Rules").

The Group's interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the changes in accounting policies as set out in Note 2.

2 **Changes in accounting policies**

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

(i) *Long-term equity investments*

Before the adoption of CAS No.2 (2014), other long-term equity investments refer to investments where the Group does not have control, joint control or significant influence over the investees, and the investments that are not quoted in an active market and their fair value cannot be reliably measured. Other long-term equity investments are accounted for using cost method subsequent to the initial recognition. After the adoption of CAS No.2 (2014), such equity investments are reclassified to assets available-for-sale and accounted for in accordance with CAS No.22 "Financial instruments: Recognition and measurement", and the relevant items of the comparative financial statements are retrospectively adjusted. As at 31 December 2013, the carrying amount of the equity investments held by the Group, where the Group does not have control, joint control or significant influence over the investees, and are not quoted in an active market and their fair value cannot be reliably measured was RMB563,228.22.

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

(ii) *Disclosures of interests in other entities*

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

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

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

In addition, according to Caikuai [2014] No. 31, the dividends or interests of other equity instruments should be excluded from the numerator (the net profit attributable to ordinary shareholder) in the calculation of basic earnings per share. The dividends or interests of other equity instruments such as cumulative preference shares should be deducted from the numerator, whether it is declared or not. Before Caikuai [2014] No. 31 became effective, the earnings attributable to the holder of PSCS (see Note 14) which have not yet been declared were included in the numerator when calculating the basic earnings per share, even if they are of cumulative nature. After Caikuai [2014] No. 31 became effective, such earnings should be deducted from the numerator in the calculation of basic earnings per share in view of their cumulative nature. Upon adoption of Caikuai [2014] No. 31, the Group calculated the basic earnings per share for the current period, and retrospectively re-calculated the basic earnings per share for the comparative period and for the year ended 31 December 2013. The re-calculated basic earnings per share for the six months ended 30 June 2013 and for the year ended 31 December 2013 are reduced by RMB0.00 and RMB0.01 respectively. The calculation of the adjusted basic earnings per share for the comparative period is set out in Note 22.

3 Accounts receivable

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

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

As at 30 June 2014

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

As at 31 December 2013

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

4 **Long-term equity investments**

Changes in equity interest in subsidiaries

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

5 **Available-for-sale financial assets**

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

6 **Fixed assets**

The increase of RMB 244,479,066.44 in the carrying amount for the current period consists of acquisitions of RMB 139,267,135.72, an increase of RMB 104,603,199.40 transferred from construction in progress, and a net increase of RMB 608,731.32 on the effect of foreign exchange difference.

The decrease of RMB 177,196,598.04 in the carrying amount for the current period consists of a decrease of RMB 169,447,671.29 due to depreciation charged for the current period, a decrease of RMB 6,930,688.34 on disposal, and a net decrease of RMB 818,238.41 for other reasons.

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

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

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

7 **Intangible assets**

The increase of RMB 70,504,772.50 in the carrying amount for the current period consists of acquisitions of RMB 70,154,693.70, mainly representing acquisition of land use right of RMB 51,938,385.22, and a net increase of RMB 350,078.80 on the effect of foreign exchange difference.

The decrease of RMB 18,691,131.10 in the carrying amount for the current period consists of a decrease of RMB 18,571,131.10 due to amortisation charged for the current period and a decrease of RMB 120,000.00 on disposal.

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

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

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

8 Short-term loans

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

Note 1: For the details of assets pledged for secured loans, please refer to Note 6 and 7.

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

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

9 **Accounts payable**

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

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

10 **Non-current liabilities due within one year**

		As at 30 June 2014 *RMB*	**As at 31 December 2013** *RMB*
Long-term borrowings due within one year	*(Note 11)*	55,857,801.58	38,308,430.78
Long-term payables due within one year		12,175,172.11	9,009,821.03
Other non-current liabilities due within one year		3,226,103.32	3,203,314.45
Total		71,259,077.01	50,521,566.26

11 **Long-term loans**

		As at 30 June 2014	As at 31 December 2014
		RMB	*RMB*
Unsecured and non-guaranteed loans		—	11,738,649.33
Secured loans	*Note 1*	118,493,551.51	114,486,476.11
Total	*Note 2*	118,493,551.51	126,225,125.44
Less: long-term loans due within one year			
Including: Unsecured and non-guaranteed loans		—	2,752,119.96
Secured loans		55,857,801.58	35,556,310.82
Sub-total	*(Note 10)*	55,857,801.58	38,308,430.78
Long-term loans due after 1 year		62,635,749.93	87,916,694.66
Including: Due after 1 year but within 2 years		46,437,736.39	48,249,439.52
Due after 2 years but within 5 years		16,198,013.54	39,667,255.14

Note 1: For the details of assets pledged for secured loans, please refer to Note 6 and 7.

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

12 Bonds payable

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

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

13 Issuance, repurchase and repayment of securities

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

14 Other equity instrument

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

On 31 December 2012, the Company issued PSCS to GCGC, with a principal amount of RMB 281,810,000, which equals to the issue price. According to the "PSCS Agreement", major 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 shares at any time from the issue date, provided that such conversion complies with the terms of agreement and relevant laws and regulations. On or at any time 12 months after the date of issue of the PSCS, the Company may also, at its option, elect to convert the PSCS in whole or in part into domestic shares. The initial conversion price is RMB 2.74 per share. The number of domestic shares may be converted into is calculated by dividing the amount of principal by the conversion price. The conversion price is subject to adjustment in the event that the shares of the Company are 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 subordination*

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

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

15 **Retained earnings**

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

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

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

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

Note 4: As mentioned in Note 14, according to the PSCS agreement, the Company is required to distribute an annual earning to the holder of PSCS, which is calculated at 1% of the principal of RMB 281,810,000.00 and on a time proportion of the actual days of holding PSCS in a year.

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

16 **Equity attributable to the shareholders of the Company**

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

17 Financial expenses

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

18 Investment income

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

19 Non-operating income

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

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

20 Income tax expenses

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

21 **Profit before income tax**

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

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

22 **Earnings per share**

(1) *Basic earnings per share*

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

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

(2) *Diluted earnings per share*

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

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

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

23 Segment reporting

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

(1) *Segment results, assets and liabilities*

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

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

(2) *Geographic information*

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

(3) *Major customers*

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

24 **Net current liabilities**

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

25 **Total assets less current liabilities**

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

Motor vehicle transportation and auxiliary services

(i) ***Domestic transportation business***

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

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

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

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

(ii) ***Cross-border transportation business***

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

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

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

Material logistics service

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

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

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

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

Expressway service zone service

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

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

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

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

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

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

Tai Ping Interchange toll business

As of 30 June 2014, the Tai Ping Interchange recorded revenue of approximately RMB83million, representing an increase of approximately 10% over the same period last year.

Development of land held by Guangdong Province Transportation Engineering Company Limited

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

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

FINANCIAL REVIEW

Revenue

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

Revenue by business segments:

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

Motor transportation and auxiliary services

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

Material logistics services

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

Expressway service zones

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

Tai Ping Interchange

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

Gross profit

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

Gross profit by business segments:

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

Motor vehicle transportation and auxiliary services

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

Material logistics services

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

Expressway service zones

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

Tai Ping Interchange

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

Business tax and other surcharges

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

Selling and administrative expenses

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

Finance costs

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

Net profit

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

Liquidity and capital structure

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

Cash flow

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

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

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

Operating activities

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

Investing activities

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

Financing activities

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

Borrowings

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

Acquisitions

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

Post balance sheet date events

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

Pledge of assets

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

Foreign exchange risk and hedging

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

Contingent liabilities

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

OUTLOOK AND PROSPECTS

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

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

I. ***Motor transportation and auxiliary service business***

1. To understand the dynamic status of the transportation market proactively, improve sensitivity to the market, and adjust operating strategies in time;

2. To facilitate the building of the "Yueyun" brand, and complete the supervision and evaluation of the service quality of the Yueyun brand;

3. To accelerate information construction and complete preliminary market research and organization and performance work for the fleet's information management system;

4. To innovate the business model, promote the instalment of on-board WiFi for self-operated vehicles and passenger terminals above level 3, to realize the full coverage of the wireless network on "Yueyun" brand vehicles and passage terminals, and establish the customer service server of Yueyun;

5. To promote the performance of major acquisition projects as planned, and facilitate the preliminary work of, among others, He Yuan Chengnan Freight Station and Meizhou Yueyun central hub terminal projects;

6. To promote "Guangdong-to-Hong Kong Direct Link Terminal" model vigorously; increase communication with companies in the industry to seek cooperation in the bridge surface transportation of the Hong Kong-Zhuhai-Macau Bridge; and speed up the application and promotion of e-commerce to broaden the sales channel for passenger transportation products.

II. ***Material logistics services***

1. To further promote the monitor of risks, enhance the refined management and risks management, and strengthen the supervision over the performing process of contracts to ensure stable growth of materials business;

2. To deeply exploit existing logistics properties and resources, shift the operating model and seek new profit growth opportunities;

3. To seek breakthrough in development for logistics business and speed up the formation of transformation and upgrading proposal for logistics business.

III. ***Expressway service zones***

1. To increase the efforts for attracting investments for service zones, promote the upgrading of cooperative brands of vehicle repair business and complete the business planning, decoration and entry of new investment projects for newly opened service zones;

2. To speed up the expansion of convenience stores along expressways, realize the fully entry of "LOYEE" convenience stores to passenger terminal outlets, and enhance the influence and profitability of "LOYEE" brand;

3. To promote the construction of new gas stations, in particular, the construction work of the gas station in service zones along the Guangzhou-Lechang Expressway;

4. To promote the transformation and expansion of key service zones and gas station trial project;

5. To speed up the exploitation of advertising resources along, among others, the Guangshao Expressway, Jiangzhao Expressway, South 2nd Ring Expressway and West 2nd Ring Expressway, such as gantries, overpass bridges and billboards at toll stations, promote the two-dimensional code advertising product, "Kuaipai" brand project and increase the obtaining and marketing efforts for advertising resources.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

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

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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

BOARD OF DIRECTORS

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

REVIEW BY AUDIT AND CORPORATE GOVERNANCE COMMITTEES

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

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

SUPERVISORY COMMITTEE

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

EMPLOYEES AND REMUNERATION POLICIES

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

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

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

DIVIDEND

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

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

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

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

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

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

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

CHANGE OF AUDITORS OF THE COMPANY

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

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

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

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

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

DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The electronic version of this announcement has been published on the websites of the Stock Exchange (http://www.hkex.com.hk) and the Company (http://www.gdyueyun.com). An interim report for the year ended 30 June 2014 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board of
Gangdong Yueyun Transportation Company Limited
Xuan Zongmin
Chairman of the Board

Guangzhou, the People's Republic of China
22 August 2014

As at the date of this announcement, the Board comprises Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Fei Dachuan and Mr. Guo Junfa as executive directors of the Company, Mr. Liu Hong and Mr. Li Bin as non-executive directors of the Company, and Mr. Gui Shouping, Mr. Liu Shaobo, Mr. Peng Xiaolei and Mr. Jin Wenzhou as independent non-executive directors of the Company.

* *for identification purposes only.*