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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 2016 INTERIM RESULTS

RESULTS AND BUSINESS HIGHLIGHTS:

	For the six months ended		
	30 June 2016	30 June 2015	Change
	RMB'000	RMB'000	
	(unaudited)	(unaudited)	
Revenue	3,131,632	3,899,149	(20%)
Net profit attributable to shareholders of the Company	175,370	143,394	22%
Diluted earnings per share	RMB0.22	RMB0.18 (Restated)	22%
Basic earnings per share	RMB0.24	RMB0.23 (Restated)	4%

- The revenue of the Group for the six months ended 30 June 2016 was approximately RMB 3,131,632,000, representing a decrease of approximately RMB 767,517,000 or 20% as compared to the same period in 2015.
- Net profit attributable to shareholders of the Company for the six months ended 30 June 2016 was approximately RMB175,370,000, representing an increase of approximately RMB31,976,000 or 22% as compared to the same period in 2015.
- For the six months ended 30 June 2016, diluted earnings per share (as if the convertible securities had all been converted into ordinary shares at the beginning of the current period) was RMB0.22, and basic earnings per share was RMB0.24.

- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016.
- A final dividend of RMB0.13 (inclusive of tax) per share for year 2015 was approved by shareholders of the Company at the annual general meeting held on 7 June 2016.

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 2016. 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 LLP, 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 2016 (UNAUDITED)

(Expressed in Renminbi Yuan)

		As at 30 June 2016	As at 31 December 2015
	Note		
Assets			
Current Assets			
Cash at bank and on hand		1,531,859,386.00	1,933,761,604.87
Bills receivable		25,127,322.22	41,465,258.58
Accounts receivable	1	685,227,178.56	641,484,078.84
Prepayments		384,476,607.56	211,651,614.28
Interest receivable		15,570.80	29,495.21
Dividends receivable		3,515,114.80	2,785,352.51
Other receivables		349,587,932.68	349,316,709.04
Inventories		117,518,005.10	93,067,920.45
Non-current assets due within one year		8,262,009.73	9,991,756.62
Other current assets		37,653,119.09	21,645,543.80
Total current assets		3,143,242,246.54	3,305,199,334.20
Non-current assets			
Long-term receivables		38,219,341.50	39,449,333.80
Long-term equity investments		233,157,904.73	212,740,678.19
Available-for-sale financial assets	2	563,228.22	563,228.22
Investment properties		172,659,300.20	175,171,640.98
Fixed assets	3	2,197,080,383.94	2,139,801,503.94
Construction in progress		208,321,009.85	187,410,267.89
Intangible assets	4	961,126,614.49	939,322,936.89
Goodwill		84,597,291.76	84,597,291.76
Long-term deferred expenses		27,743,528.50	27,255,996.55
Deferred tax assets		186,776,778.68	187,462,889.23
Other non-current assets		260,307,700.27	253,809,550.56
Total non-current assets		4,370,553,082.14	4,247,585,318.01
Total assets		7,513,795,328.68	7,552,784,652.21

The notes on pages 22 to 104 form part of the interim financial report.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016 (UNAUDITED)
(CONTINUED)

(Expressed in Renminbi Yuan)

		As at	As at
	Note V	30 June 2016	31 December 2015
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	5	19,900,000.00	126,200,000.00
Bills payable		173,686,749.49	215,860,076.38
Accounts payable	6	834,050,493.65	877,405,239.57
Advances from customers		392,185,135.84	431,848,779.81
Employee benefits payable		168,491,054.90	159,510,179.61
Taxes payable		135,363,978.03	132,105,537.30
Interest payable		20,553,294.49	5,129,843.86
Dividends payable		154,531,939.59	17,584,988.32
Other payables		582,565,630.09	584,915,139.42
Non-current liabilities due within one year	7	<u>119,825,596.89</u>	<u>147,920,412.08</u>
Total current liabilities		<u>2,601,153,872.97</u>	<u>2,698,480,196.35</u>
Non-current liabilities			
Long-term loans	8	165,689,177.53	256,438,897.89
Bonds payable	9	773,610,559.82	773,068,638.74
Long-term payables		147,559,798.19	48,382,786.48
Long-term employee benefits payable		166,708,169.17	175,568,228.12
Deferred tax liabilities		33,713,328.70	33,405,016.44
Deferred income		<u>504,981,094.59</u>	<u>520,851,562.14</u>
Total non-current liabilities		<u>1,792,262,128.00</u>	<u>1,807,715,129.81</u>
Total liabilities		<u>4,393,416,000.97</u>	<u>4,506,195,326.16</u>

The notes on pages 22 to 104 form part of the interim financial report.

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2016 (UNAUDITED)
(CONTINUED)

(Expressed in Renminbi Yuan)

		As at	As at
	Note V	30 June 2016	31 December 2015
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		799,847,800.00	626,462,800.00
Other equity instrument	10	—	281,810,000.00
Capital reserve		153,581,936.51	45,158,516.51
Other comprehensive income		(29,507,567.02)	(32,798,149.44)
Special reserve		34,013,900.17	30,225,215.67
Surplus reserve		142,234,113.99	142,234,113.99
Retained earnings	11	<u>852,502,690.15</u>	<u>781,113,221.65</u>
Equity attributable to shareholders of the Company	12	<u>1,952,672,873.80</u>	1,874,205,718.38
Non-controlling interests		<u>1,167,706,453.91</u>	<u>1,172,383,607.67</u>
Total shareholders' equity		<u>3,120,379,327.71</u>	<u>3,046,589,326.05</u>
Total liabilities and shareholders' equity		<u>7,513,795,328.68</u>	<u>7,552,784,652.21</u>

This interim financial report was approved by the Board of Directors of the Company on 23 August 2016.

<u>Xuan Zongmin</u> Legal Representative <i>(Signature and stamp)</i>	<u>Wen Wu</u> The person in charge of accounting affairs <i>(Signature and stamp)</i>	<u>Leng Xuelin</u> The head of the accounting department <i>(Signature and stamp)</i>	(Company Stamp)
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The notes on pages 22 to 104 form part of the interim financial report.

BALANCE SHEET AS AT 30 JUNE 2016 (UNAUDITED)*(Expressed in Renminbi Yuan)*

		As at	As at
	Note V	30 June 2016	31 December 2015
Assets			
Current assets			
Cash at bank and on hand		1,018,911,901.76	1,381,281,009.40
Bills receivable		24,927,322.22	4,500,000.00
Accounts receivable	1	315,740,962.25	215,597,123.60
Prepayments		17,663,103.19	2,436,953.05
Dividends receivable		4,538,114.80	1,023,000.00
Other receivables		725,668,054.32	468,610,700.64
Inventories		18,918,819.41	14,206,820.48
Other current assets		—	867,811.37
Total current assets		2,126,368,277.95	2,088,523,418.54
Non-current assets			
Long-term equity investments		1,207,853,568.28	1,194,782,486.70
Available-for-sale financial assets	2	777,412.45	777,412.45
Fixed assets	3	6,492,996.49	6,622,951.18
Intangible assets	4	134,420,148.35	143,978,510.65
Long-term deferred expenses		9,105,375.79	10,367,030.79
Deferred tax assets		141,576,606.70	144,880,899.17
Total non-current assets		1,500,226,108.06	1,501,409,290.94
Total assets		3,626,594,386.01	3,589,932,709.48

The notes on pages 22 to 104 form part of the interim financial report.

BALANCE SHEET AS AT 30 JUNE 2016 (UNAUDITED) (CONTINUED)*(Expressed in Renminbi Yuan)*

		As at	As at
	<i>Note</i>	30 June 2016	31 December 2015
Liabilities and shareholders' equity			
Current liabilities			
Bills payable		75,556,749.49	55,631,886.38
Accounts payable	6	102,328,198.16	146,720,218.39
Advances from customers		54,433,113.50	113,865,048.84
Employee benefits payable		20,092,451.25	20,128,116.63
Taxes payable		9,804,105.71	8,436,988.97
Interest payable		19,779,888.91	4,577,888.89
Dividends payable		103,980,214.00	—
Other payables		<u>1,207,954,290.53</u>	<u>1,151,330,585.68</u>
Total current liabilities		<u>1,593,929,011.55</u>	<u>1,500,690,733.78</u>
Non-current liabilities			
Bonds payable	9	<u>773,610,559.82</u>	<u>773,068,638.74</u>
Total non-current liabilities		<u>773,610,559.82</u>	<u>773,068,638.74</u>
Total liabilities		<u>2,367,539,571.37</u>	<u>2,273,759,372.52</u>

The notes on pages 22 to 104 form part of the interim financial report.

BALANCE SHEET AS AT 30 JUNE 2016 (UNAUDITED) (CONTINUED)*(Expressed in Renminbi Yuan)*

		As at 30 June 2016	As at 31 December 2015
	<i>Note V</i>		
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
Share capital		799,847,800.00	626,462,800.00
Other equity instrument	10	—	281,810,000.00
Capital reserve		246,020,107.11	137,596,687.11
Special reserve		35,798.27	—
Surplus reserve		139,756,025.13	139,756,025.13
Retained earnings	11	<u>73,395,084.13</u>	<u>130,547,824.72</u>
Total shareholders' equity		<u>1,259,054,814.64</u>	<u>1,316,173,336.96</u>
Total liabilities and shareholders' equity		<u>3,626,594,386.01</u>	<u>3,589,932,709.48</u>

This interim financial report was approved by the Board of Directors of the Company on 23 August 2016.

Xuan Zongmin
Legal Representative
(Signature and stamp)

Wen Wu
The person in charge
of accounting affairs
(Signature and stamp)

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

(Company Stamp)

The notes on pages 22 to 104 form part of the interim financial report.

**CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED
30 JUNE 2016 (UNAUDITED)**

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	<i>Note V</i>	2016	2015
I. Operating income		3,131,631,631.16	3,899,149,114.56
II. Less: Operating costs		2,485,705,255.77	3,242,937,614.31
Business taxes and surcharges		28,674,906.89	31,227,528.73
Selling and distribution expenses		36,203,286.76	32,688,203.21
General and administrative expenses		315,378,928.40	328,390,549.36
Financial expenses	13	22,486,283.85	29,760,189.53
Reversal of impairment provision		(2,933,911.00)	(1,597,906.65)
Add: Investment income	14	15,200,874.81	7,523,339.45
(Including: Income from investments in associates and joint ventures)		15,361,493.36	2,760,842.65
III. Operating profit		261,317,755.30	243,266,275.52
Add: Non-operating income	15	50,275,352.64	46,373,857.02
(Including: Gains from disposal of non-current assets)		3,443,866.60	5,316,810.94
Less: Non-operating expenses		4,874,614.83	2,047,167.05
(Including: Losses from disposal of non-current assets)		740,442.65	648,903.66
IV. Profit before income tax	17	306,718,493.11	287,592,965.49
Less: Income tax expenses	16	88,479,295.61	87,631,534.67
V. Net profit for the period		218,239,197.50	199,961,430.82
Attributable to:			
Shareholders of the Company		175,369,682.50	143,394,302.13
Non-controlling interests		42,869,515.00	56,567,128.69

The notes on pages 22 to 104 form part of the interim financial report.

**CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTHS ENDED
30 JUNE 2016 (UNAUDITED) (CONTINUED)**

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2016	2015
VI. Other comprehensive income for the period, net of tax			
(I) Items that will not be reclassified to profit or loss		—	—
(II) Items that may be reclassified subsequently to profit or loss:			
1. Gains or losses arising from changes in fair value of available-for-sale financial assets		—	(752,563.35)
2. Translation differences arising from translation of foreign currency financial statements		<u>5,215,772.38</u>	<u>(54,288.03)</u>
VII. Total comprehensive income for the period		<u><u>223,454,969.88</u></u>	<u><u>199,154,579.44</u></u>
Attributable to:			
Shareholders of the Company		<u>178,660,264.92</u>	142,947,344.41
Non-controlling interests		<u>44,794,704.96</u>	<u>56,207,235.03</u>
VIII. Earnings per share			Restated
(I) Basic earnings per share	18(1)	<u>0.24</u>	0.23
(II) Diluted earnings per share	18(2)	<u>0.22</u>	<u>0.18</u>

The notes on pages 22 to 104 form part of the interim financial report.

INCOME STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016
(UNAUDITED)

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	Note V	2016	2015
I. Operation income		275,492,046.90	415,716,442.25
II. Less: Operating costs		188,295,035.83	342,408,331.06
Business taxes and surcharges		2,626,573.08	4,003,712.23
Selling and distribution expenses		2,945,504.46	3,395,480.87
General and administrative expenses		29,668,577.17	30,626,370.64
Financial expenses	13	11,036,752.65	4,311,385.75
Reversal of impairment provision		(2,913,911.00)	—
Add: Investment income	14	13,986,196.38	4,433,395.96
(Including: Income from investments in associates and joint ventures)		<u>10,462,996.59</u>	<u>4,433,395.96</u>
III. Operating profit		57,819,711.09	35,404,557.66
Add: Non-operating income	15	49,400.00	379,290.30
Less: Non-operating expenses		—	142,020.31
(Including: Losses from disposal of non-current assets)		<u>—</u>	<u>133,020.31</u>
IV. Profit before income tax		57,869,111.09	35,641,827.65
Less: Income tax expenses	16	<u>11,041,637.68</u>	<u>7,929,462.63</u>
V. Net profit for the period		46,827,473.41	27,712,365.02
VI. Other comprehensive income for the period, net of tax		<u>—</u>	<u>—</u>
VII. Total comprehensive income for the period		<u>46,827,473.41</u>	<u>27,712,365.02</u>

The notes on pages 22 to 104 form part of the interim financial report.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS
ENDED 30 JUNE 2016 (UNAUDITED)**

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	<i>Note V</i>	2016	2015
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		3,340,135,248.96	4,254,735,973.47
Proceeds from tax return		11,000.00	1,059,633.76
Cash received from other operating activities		<u>44,784,259.02</u>	<u>48,770,077.55</u>
Sub-total of cash inflows		<u>3,384,930,507.98</u>	<u>4,304,565,684.78</u>
Payment for goods and services		2,200,470,829.46	3,016,963,253.12
Payment to and for employees		768,077,692.62	731,694,011.38
Payment of various taxes		218,298,361.19	230,650,864.99
Payment relating to other operating activities		<u>92,221,401.21</u>	<u>114,613,872.66</u>
Sub-total of cash outflows		<u>3,279,068,284.48</u>	<u>4,093,922,002.15</u>
Net cash inflow from operating activities	19(1)	<u>105,862,223.50</u>	<u>210,643,682.63</u>

The notes on pages 22 to 104 form part of the interim financial report.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS
ENDED 30 JUNE 2016 (UNAUDITED) (CONTINUED)**

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	<i>Note V</i>	2016	2015
II. Cash flows from investing activities:			
Proceeds from disposal of investments		—	6,672,076.80
Investment returns received		1,873,921.19	5,664,187.49
Net proceeds from disposal of fixed assets, intangible assets and other long-term assets		<u>8,544,424.86</u>	<u>8,467,206.89</u>
Sub-total of cash inflows		<u>10,418,346.05</u>	<u>20,803,471.18</u>
Payment for acquisition of fixed assets, intangible assets and other long-term assets		259,398,793.74	402,780,627.52
Payment for acquisition of investments		7,600,000.00	—
Net payment for acquisition of subsidiaries	19(4)	<u>1,726,730.71</u>	<u>61,796,898.69</u>
Sub-total of cash outflows		<u>268,725,524.45</u>	<u>464,577,526.21</u>
Net cash outflow from investing activities		<u>(258,307,178.40)</u>	<u>(443,774,055.03)</u>

The notes on pages 22 to 104 form part of the interim financial report.

**CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS
ENDED 30 JUNE 2016 (UNAUDITED) (CONTINUED)**

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	<i>Note V</i>	2016	2015
III. Cash flows from financing activities:			
Proceeds from investors		1,036,000.00	—
Proceeds from borrowings		142,684,568.94	476,913,915.73
Proceeds relating to other financing activities	19(5)	2,247,965.71	—
Sub-total of cash inflows		<u>145,968,534.65</u>	<u>476,913,915.73</u>
Repayments of borrowings		362,408,768.61	351,576,422.39
Payment for dividends, profit distributions or interest		32,392,881.49	59,644,060.16
Payment relating to reduction of capital by non-controlling interests		1,472,000.00	—
Payment for fractional shares relating to the conversion of convertible securities	10,note 2	1,580.00	—
Payment relating to other financing activities	19(5)	—	<u>45,066,976.82</u>
Sub-total of cash outflows		<u>396,275,230.10</u>	<u>456,287,459.37</u>
Net cash (outflow) / inflow from financing activities		<u>(250,306,695.45)</u>	<u>20,626,456.36</u>
IV. Effect of foreign exchange rate changes on cash and cash equivalents		<u>2,003,205.57</u>	<u>(3,151.84)</u>
V. Net decrease in cash and cash equivalents	19(2)	(400,748,444.78)	(212,507,067.88)
Add: cash and cash equivalents at the beginning of the period		<u>1,923,407,216.22</u>	<u>1,763,602,999.44</u>
VI. Cash and cash equivalents at the end of the period	19(3)	<u>1,522,658,771.44</u>	<u>1,551,095,931.56</u>

The notes on pages 22 to 104 form part of the interim financial report.

**CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016
(UNAUDITED)**

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	<i>Note V</i>	2016	2015
I. Cash flows from operating activities:			
Proceeds from sale of goods and rendering of services		129,923,798.46	516,331,044.94
Proceeds from other operating activities		<u>6,428,186.39</u>	<u>7,264,449.78</u>
Sub-total of cash inflows		<u>136,351,984.85</u>	<u>523,595,494.72</u>
Payment for goods and services		251,016,320.66	439,715,417.19
Payment to and for employees		19,222,587.19	17,704,156.13
Payment of various taxes		11,163,597.27	33,171,670.65
Payment relating to other operating activities		<u>4,535,391.26</u>	<u>103,244,189.93</u>
Sub-total of cash outflows		<u>285,937,896.38</u>	<u>593,835,433.90</u>
Net cash outflow from operating activities	19(1)	<u>(149,585,911.53)</u>	<u>(70,239,939.18)</u>

The notes on pages 22 to 104 form part of the interim financial report.

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016
(UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

	For the six months ended 30 June	
	2016	2015
II. Cash flows from investing activities:		
Investment returns received	3,403,584.58	—
Net proceeds from disposal of fixed assets	<u>—</u>	<u>43,504.85</u>
Sub-total of cash inflows	<u>3,403,584.58</u>	<u>43,504.85</u>
Payment for acquisition of fixed assets, intangible assets and other long-term assets	580,475.37	299,172.03
Payment for acquisition of investments	262,638,779.93	—
Net payment for acquisition of subsidiaries	<u>2,600,000.00</u>	<u>—</u>
Sub-total of cash outflows	<u>265,819,255.30</u>	<u>299,172.03</u>
Net cash outflow from investing activities	<u>(262,415,670.72)</u>	<u>(255,667.18)</u>

The notes on pages 22 to 104 form part of the interim financial report.

CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016
(UNAUDITED) (CONTINUED)

(Expressed in Renminbi Yuan)

		For the six months ended 30 June	
	<i>Note V</i>	2016	2015
III. Cash flows from financing activities:			
Proceeds from borrowings		—	200,000,000.00
Proceeds from other financing activities	19(5)	<u>52,719,173.44</u>	<u>—</u>
Sub-total of cash inflows		<u>52,719,173.44</u>	<u>200,000,000.00</u>
Repayments of borrowings		—	200,000,000.00
Payment for interest		3,085,118.83	11,097,460.35
Payment for fractional shares relating to the conversion of convertible securities	10,note 2	1,580.00	—
Payment for other financing activities	19(5)	<u>—</u>	<u>63,351,827.12</u>
Sub-total of cash outflows		<u>3,086,698.83</u>	<u>274,449,287.47</u>
Net cash inflow / (outflow) from financing activities		<u>49,632,474.61</u>	<u>(74,449,287.47)</u>
IV. Net decrease in cash and cash equivalents	19(2)	(362,369,107.64)	(144,944,893.83)
Add: cash and cash equivalents at the beginning of the period		<u>1,381,281,009.40</u>	<u>843,395,937.87</u>
V. Cash and cash equivalents at the end of the period	19(3)	<u>1,018,911,901.76</u>	<u>698,451,044.04</u>

The notes on pages 22 to 104 form part of the interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS
ENDED 30 JUNE 2016 (UNAUDITED)**
(Expressed in Renminbi Yuan)

	Note V	Attributable to shareholders of the Company									
		Share capital	Other equity instrument	Capital reserve	Special reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
I. Balance as at 1 January 2016		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
II. Changes in equity for the period											
1. Total comprehensive income		—	—	—	—	3,290,582.42	—	175,369,682.50	178,660,264.92	44,794,704.96	223,454,969.88
2. Shareholders' contributions and reduction		—	—	—	—	—	—	—	—	1,036,000.00	1,036,000.00
- Contribution by owners		—	—	—	—	—	—	—	—	754,209.34	754,209.34
- Increase from a business combination involving enterprises not under common control		—	—	—	—	—	—	—	—	(1,472,000.00)	(1,472,000.00)
- Reduction by owners		—	—	—	—	—	—	—	—	—	—
3. Appropriation of profits		—	—	—	—	—	—	—	—	—	—
- Distributions to shareholders	11	—	—	—	—	—	—	(103,980,214.00)	(103,980,214.00)	(52,501,062.84)	(156,481,276.84)
4. Transfers within equity		—	—	—	—	—	—	—	—	—	—
- Conversion of Perpetual Subordinated Convertible Securities	10	173,385,000.00	(281,810,000.00)	108,423,420.00	—	—	—	—	(1,580.00)	—	(1,580.00)
5. Special reserve		—	—	—	—	—	—	—	—	—	—
- Accrued		—	—	—	11,693,761.68	—	—	—	11,693,761.68	9,563,882.28	21,257,643.96
- Utilised		—	—	—	(7,905,077.18)	—	—	—	(7,905,077.18)	(6,852,887.50)	(14,757,964.68)
Sub-total		173,385,000.00	(281,810,000.00)	108,423,420.00	3,788,684.50	3,290,582.42	—	71,389,468.50	78,467,155.42	(4,677,153.76)	73,790,001.66
III. Balance as at 30 June 2016		799,847,800.00	—	153,581,936.51	34,013,900.17	(29,507,567.02)	142,234,113.99	852,502,690.15	1,952,672,873.80	1,167,706,453.91	3,120,379,327.71

The notes on pages 22 to 104 form part of the interim financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS
ENDED 30 JUNE 2015 (UNAUDITED) (CONTINUED)**
(Expressed in Renminbi Yuan)

	Note V	Attributable to shareholders of the Company							
		Share capital	Other equity instrument	Capital reserve	Special reserve	Other comprehensive income	Surplus reserve	Retained earnings	Total
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	shareholders' equity
									RMB
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	1,050,777,519.57
II. Changes in equity for the period									2,711,902,748.82
1. Total comprehensive income		—	—	—	—	(446,957.72)	—	143,394,302.13	142,947,344.41
2. Shareholders' contributions and reduction									56,207,235.03
- Increase from a business combination involving enterprises not under common control		—	—	—	—	—	—	—	64,703,869.76
- Reduction by owners		—	—	—	—	—	—	—	(229,332.45)
3. Appropriation of profits									
- Distributions to shareholders	II	—	—	—	—	—	—	(62,646,280.05)	(44,370,000.52)
4. Special reserve									
- Accrued		—	—	—	14,819,710.84	—	—	—	14,819,710.84
- Utilised		—	—	—	(10,237,075.89)	—	—	—	(10,237,075.89)
Sub-total		—	—	—	4,582,634.95	(446,957.72)	—	80,748,022.08	84,883,699.31
III. Balance as at 30 June 2015		417,641,867.00	281,810,000.00	170,451,076.51	27,447,542.59	(38,409,384.83)	136,839,287.38	750,228,539.91	1,746,008,928.56
									1,130,300,464.13
									2,876,309,392.69

The notes on pages 22 to 104 form part of the interim financial report.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016
(UNAUDITED)
(Expressed in Renminbi Yuan)

	Note V	Share capital RMB	Other equity instrument RMB	Capital reserve RMB	Special reserve RMB	Surplus reserve RMB	Retained earnings RMB	Total equity RMB
I. Balance as at 1 January 2016		626,462,800.00	281,810,000.00	137,596,687.11	—	139,756,025.13	130,547,824.72	1,316,173,336.96
II. Changes in equity for the period								
1. Total comprehensive income		—	—	—	—	—	46,827,473.41	46,827,473.41
2. Appropriation of profits								
- Distributions to shareholders	11	—	—	—	—	—	(103,980,214.00)	(103,980,214.00)
3. Shareholders' contributions and reduction								
- Conversion of Perpetual Subordinated Convertible Securities	10	173,385,000.00	(281,810,000.00)	108,423,420.00	—	—	—	(1,580.00)
4. Special reserve								
- Accrued		—	—	—	73,454.67	—	—	73,454.67
- Utilised		—	—	—	(37,656.40)	—	—	(37,656.40)
Sub-total		173,385,000.00	(281,810,000.00)	108,423,420.00	35,798.27	—	(57,152,740.59)	(57,118,522.32)
III. Balance as at 30 June 2016		799,847,800.00	—	246,020,107.11	35,798.27	139,756,025.13	73,395,084.13	1,259,054,814.64

The notes on pages 22 to 104 form part of the interim financial report.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2015
(UNAUDITED) (CONTINUED)
(Expressed in Renminbi Yuan)

	Note V	Share capital RMB	Other equity instrument RMB	Capital reserve RMB	Surplus reserve RMB	Retained earnings RMB	Total equity RMB
I. Balance as at 1 January 2015		417,641,867.00	281,810,000.00	262,889,247.11	134,361,198.52	230,987,138.34	1,327,689,450.97
II. Changes in equity for the period							
1. Total comprehensive income		—	—	—	—	27,712,365.02	27,712,365.02
2. Appropriation of profits							
- Distributions to shareholders	11	—	—	—	—	(62,646,280.05)	(62,646,280.05)
Sub-total		—	—	—	—	(34,933,915.03)	(34,933,915.03)
III. Balance as at 30 June 2015		417,641,867.00	281,810,000.00	262,889,247.11	134,361,198.52	196,053,223.31	1,292,755,535.94

The notes on pages 22 to 104 form part of the interim financial report.

Notes to the interim financial report

(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.

On 24 March 2016, Guangdong Provincial Communication Group Company Limited (“GCGC”) executed the conversion of the Perpetual Subordinated Convertible Securities (“PSCS”) held by it with a principal amount of RMB 281,810,000.00 into domestic ordinary shares of the Company, which resulted in an increase of the Company’s ordinary shares of 173,385,000. The registered capital of the Company was changed to RMB 799,847,800.00 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 GCGC. The registered office is 8th floor, No.1731-1735 Airport Road, Guangzhou, the PRC. The legal representative of the Company is Mr. Xuan Zongmin.

II. Significant accounting policies and accounting estimates

(1) Basis of preparation of interim financial report

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

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. The interim financial report also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on SEHK (the “Listing Rules”) and the applicable disclosure requirements of the Hong Kong Companies Ordinance. In accordance with the requirements of “Accounting Standard for Business Enterprises No.32 — Interim Financial Reporting”, the explanatory notes to the interim financial report have been simplified as appropriate compared with the notes to the annual financial statements.

(2) Statement of compliance

The Group’s interim financial report complies with the requirements of “Accounting Standard for Business Enterprises No.32 — Interim Financial Reporting”, and present truly and completely the consolidated financial position and financial position of the Company as at 30 June 2016, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the period then ended. The interim financial report has been prepared in accordance with the same accounting policies adopted in the annual financial statements.

(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. The interim financial report period is from 1 January to 30 June.

(5) Functional currency

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

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

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

(a) Business combinations involving enterprises under common control

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

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

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

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

(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), liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and other consultancy service and other associated administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred. Where a business combination involving not enterprises under

common control is achieved in stages, the cost of combination is the aggregate of the consideration paid at the acquisition date and the fair value at the acquisition date of the acquirer's previously held interest in the acquiree. The Group remeasures its previously-held equity interest in the acquiree to its fair value at the acquisition date, with any difference between its fair value and its carrying amount being recognised as investment income for the current period. The amount recognised in other comprehensive income relating to the previously held equity interest in the acquiree is reclassified as investment income for the current period when the acquisition takes place.

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

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

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

(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.

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, based 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.

(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.

(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.

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 subsequently 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.

(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.

(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 PSCS issued by the Company. The PSCS is classified as equity instrument. The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Earnings distributed for the PSCS in issue are treated as appropriation of profits. Where the PSCS is redeemed according to relevant terms of agreement, the consideration and transaction costs paid by the Company for the redemption are deducted from shareholders' equity.

(12) Receivables and impairment

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

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

Judgment basis or criteria for receivables that are individually significant

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

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

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

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

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

(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.

(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).

(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.

- 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.

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 equipment	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.

(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.

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	Amortization period (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

The Group reassesses the useful lives and amortisation method of intangible assets with a finite useful live 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).

(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.

(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.

(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.

(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.

(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.

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.

(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.

(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.

(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.

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.

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

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%
VAT	Service income derived from highway facilities and other auxiliary facilities (Note 2)	11%, 5%
VAT	Income from construction contracts and toll income (Note 2)	11%, 3%
Business tax	Service income derived from highway facilities and other auxiliary facilities (Note 2)	5%
Business tax	Income from construction contracts and toll income (Note 2)	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 3)	0%, 0.05%, 0.1%, 0.13%
Cultural construction fee	Income from advertisements	3%
Enterprise income tax	Taxable profit (Note 4)	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 in place of business tax pilot shall apply the VAT rates stipulated by "The Implementation Measures of the Pilot of Changing from Business Tax into Value-added Tax for Transportation Industry and Certain Modern Service Industries" (Cai Shui [2011] No. 111) and "The Announcement of Implementation Measures on Value Added Tax Pilot Scheme including Railway Transport and Postal Service Sectors" (Cai Shui [2013] No. 106). Accordingly, for domestic subsidiaries engaged in cross-border transportation, the cross-border transportation revenues from The Motor Transport Company of Guangdong and Hong Kong (Guangzhou) Limited is exempted from VAT and the cross-border transportation revenues from Guangdong Yue Li Jia Passenger Transport Company apply zero VAT rate. For the subsidiaries engaged in domestic transportation, part of them apply the simplified calculation method with tax levy rate of 3% for VAT calculation purpose and the rest apply the general calculation method with tax rate of 11%.

Note 2: According to "Notice on Full Launch of the Pilot Scheme on Levying Value-added Tax in Place of Business Tax" (Cai Shui [2016] No. 36), the pilot scheme on levying VAT in place of business tax has been implemented nationwide since 1 May 2016. Accordingly, VAT instead of business tax shall be levied on certain taxable services

of the Group's subsidiaries that meet certain conditions. For income from rendering services in highway facilities and other auxiliary facilities, simple tax computation method with a levy rate of 5% applies if service contracts were signed before 1 May 2016, while general tax computation method with a tax rate of 11% applies if service contracts were signed after 1 May 2016. For income from construction contracts, general tax computation method with a tax rate of 11% generally applies, except that simple tax computation method with a tax rate of 3% could be applied to certain construction services if they meet certain particular conditions according to "The Guidance of Levying Value-added Tax in Place of Business Tax on Construction Service". As to toll income, simple tax computation method with levy rate of 3% applies.

Note 3: 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 4: 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, Heyuan Yue Payment Technology 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% (2015: 25%).

IV. Business combinations and consolidated interim financial report

1 Subsidiaries acquired through establishment or investment during the period

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital RMB	Period end actual investment RMB	Share holding percentage %	Voting rights percentage %
1	Guangdong Yueyun Development Co.,Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Domestic Transportation	13,000,000.00	13,000,000.00	100	100

2 Subsidiaries acquired through business combination not under common control during the period

No.	Full name of the subsidiary	Type	Incorporation place	Registration place	Business nature	Registration capital RMB	Period end actual investment RMB	Share holding percentage %	Voting rights percentage %
1	Heyuan Yue Payment Technology Co.,Ltd.	Domestic and non-financial	Guangdong China	Guangdong China	Development and sale of smart cards and electronic payment systems	1,000,000.00	1,000,000.00	70	70

3 Business combinations not involving enterprises under common control during the period

On 26 January 2016, the acquisition date, the Group's subsidiary, Heyuan Yueyun Motor Transportation Co.,Ltd. , acquired 70% equity interests of Heyuan Yue Payment Technology Co.,Ltd. by paying cash of RMB 1,816,300.00 as acquisition costs.

The fair value of the 70% equity interests as at the acquisition date was RMB 1,759,821.81.

Heyuan Yue Payment Technology Co.,Ltd. was established on 24 August 2015 in Heyuan, Guangdong. It is mainly engaged in developing and selling smart cards and electronic payment systems. Before the acquisition, its ultimate holding company was Heyuan Smart Cards Co.,Ltd..

Key financial information of Heyuan Yue Payment Technology Co.,Ltd.. is as follows:

	From 26 January 2016 (acquisition date) to 30 June 2016 RMB
Revenue	321,473.26
Net loss	(489,854.42)
Net cash inflow	27,415.71

The identifiable assets and liabilities:

	26 January 2016		31 December
	Carrying		2015
	Amount	Fair value	Carrying
	RMB	RMB	Amount
			RMB
Current assets	3,372,573.83	3,372,573.83	3,319,501.07
Fixed assets	1,166,988.45	1,166,988.45	1,240,037.00
Other non-current assets	213,841.35	213,841.35	214,240.00
Current liabilities	(2,239,372.48)	(2,239,372.48)	(2,179,085.79)
Identifiable net assets	<u>2,514,031.15</u>	<u>2,514,031.15</u>	<u>2,594,692.28</u>

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

As at 30 June 2016, overseas subsidiaries translate all assets and liability items in their balance sheet by applying the spot exchange rate at the period end as HKD 1 against RMB 0.8547; and all items in the income statement and items reflecting the distributions of profits are translated by applying the average exchange rate during the period as HKD 1 against RMB 0.8462.

V. Notes to the interim financial report

1 Accounts receivable

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.

The ageing analysis of accounts receivable is as follows:

The Group

As at 30 June 2016

Ageing	Amount	Provision for bad and doubtful debts	Carrying amount
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Within 3 months (inclusive)	408,724,254.98	—	408,724,254.98
Over 3 months and within 6 months (inclusive)	50,056,939.86	—	50,056,939.86
Over 6 months and within 1 year (inclusive)	84,850,949.17	—	84,850,949.17
Over 1 year and within 2 years (inclusive)	39,569,330.69	—	39,569,330.69
Over 2 years and within 3 years (inclusive)	3,268,319.69	737,373.72	2,530,945.97
Over 3 years	<u>136,210,768.25</u>	<u>36,716,010.36</u>	<u>99,494,757.89</u>
Total	<u>722,680,562.64</u>	<u>37,453,384.08</u>	<u>685,227,178.56</u>

The Group

As at 31 December 2015

Ageing	Amount	Provision for bad and doubtful debts	Carrying amount
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
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	<u>132,312,075.28</u>	<u>38,230,337.15</u>	<u>94,081,738.13</u>
Total	<u>681,871,373.92</u>	<u>40,387,295.08</u>	<u>641,484,078.84</u>

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

The Company

As at 30 June 2016

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount RMB
Within 3 months (inclusive)	124,790,761.97	—	124,790,761.97
Over 3 months and within 6 months (inclusive)	8,827,126.35	—	8,827,126.35
Over 6 months and within 1 year (inclusive)	81,073,523.92	—	81,073,523.92
Over 1 year and within 2 years (inclusive)	18,288,107.95	—	18,288,107.95
Over 2 years and within 3 years (inclusive)	620,158.80	—	620,158.80
Over 3 years	<u>113,273,005.72</u>	<u>31,131,722.46</u>	<u>82,141,283.26</u>
Total	<u>346,872,684.71</u>	<u>31,131,722.46</u>	<u>315,740,962.25</u>

The Company

As at 31 December 2015

Ageing	Amount RMB	Provision for bad and doubtful debts RMB	Carrying amount 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	<u>109,436,633.80</u>	<u>33,710,408.46</u>	<u>75,726,225.34</u>
Total	<u>249,642,757.06</u>	<u>34,045,633.46</u>	<u>215,597,123.60</u>

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

2 Available-for-sale financial assets

As at 30 June 2016 and 31 December 2015, the available-for-sale financial assets of the Group and the Company were available-for-sale equity investments.

3 Fixed assets

The Group

Cost	Buildings RMB	Building improvements RMB	Machinery and equipment RMB	Electronic equipment, office equipment and others RMB	Transportation vehicles RMB	Pier RMB	Total RMB
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
Additions during the period	3,535,213.68	—	661,207.28	6,504,003.30	71,590,480.68	—	82,290,904.94
Transferred from construction in progress	12,617,237.46	780,139.12	384,327.66	7,976,119.61	167,991,773.91	—	189,749,597.76
Transferred from investment properties	220,801.67	—	—	—	—	—	220,801.67
Additions arising from business combinations not under common control	—	—	—	1,166,988.45	—	—	1,166,988.45
Foreign currency financial statement translation differences	431,585.87	—	21,078.03	138,786.60	4,356,396.96	—	4,947,847.46
Transferred to investment properties	(180,600.00)	—	—	—	—	—	(180,600.00)
Disposals during the period	(2,090,125.03)	—	(341,480.00)	(2,055,386.42)	(39,136,262.13)	—	(43,623,253.58)
Balance as at 30 June 2016	807,623,884.98	114,918,409.94	115,621,311.45	211,690,167.62	2,533,843,433.79	90,628,461.88	3,874,325,669.66

	Buildings RMB	Building improvements RMB	Machinery and equipment RMB	Electronic equipment, office equipment and others RMB	Transportation vehicles RMB	Pier RMB	Total RMB
Accumulated depreciation							
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)
Charges during the period	(14,198,337.35)	(4,468,655.30)	(5,378,670.39)	(11,841,336.83)	(174,511,719.92)	(1,272,571.72)	(211,671,291.51)
Transferred from investment properties	(216,309.07)	—	—	—	—	—	(216,309.07)
Foreign currency translation differences	(193,874.78)	—	(21,078.03)	(94,988.85)	(3,377,749.93)	—	(3,687,691.59)
Transferred to investment properties	121,926.94	—	—	—	—	—	121,926.94
Written off on disposal	1,286,624.09	—	338,943.22	1,858,537.48	34,675,853.74	—	38,159,958.53
Balance as at 30 June 2016	(182,162,081.07)	(99,106,601.50)	(58,380,613.86)	(147,458,614.97)	(1,180,195,834.09)	(9,065,688.23)	(1,676,369,433.72)
Provision for impairment							
Balance as at 31 December 2015 and 30 June 2016	—	—	(875,852.00)	—	—	—	(875,852.00)
Carrying amount							
As at 30 June 2016	625,461,803.91	15,811,808.44	56,364,845.59	64,231,552.65	1,353,647,599.70	81,562,773.65	2,197,080,383.94
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 30 June 2016, the original cost of fixed assets that are fully depreciated but are still in use is RMB 717,461,926.89 (31 December 2015: RMB 664,020,690.76).

As at 30 June 2016, fixed assets with carrying amount of RMB 242,039,180.84 (31 December 2015: RMB 202,384,006.22) were pledged for bank borrowings. As at 30 June 2016, there are no other restricted fixed assets of the Group.

As at 30 June 2016, the carrying amount of buildings without certificate or title of which had not been officially transferred to the Group was RMB 172,198,164.03 (31 December 2015: RMB 147,707,859.22).

The Company

	Transportation vehicles RMB	Electronic equipment, office equipment and others RMB	Buildings RMB	Total RMB
Cost				
Balance as at 31 December 2015	10,830,857.66	9,679,787.70	3,424,779.00	23,935,424.36
Additions during the period	<u>416,736.76</u>	<u>46,802.41</u>	<u>—</u>	<u>463,539.17</u>
Balance as at 30 June 2016	<u>11,247,594.42</u>	<u>9,726,590.11</u>	<u>3,424,779.00</u>	<u>24,398,963.53</u>
Accumulated depreciation				
Balance as at 31 December 2015	(10,322,641.43)	(6,989,831.75)	—	(17,312,473.18)
Charges during the period	<u>(73,831.32)</u>	<u>(348,423.58)</u>	<u>(171,238.96)</u>	<u>(593,493.86)</u>
Balance as at 30 June 2016	<u>(10,396,472.75)</u>	<u>(7,338,255.33)</u>	<u>(171,238.96)</u>	<u>(17,905,967.04)</u>
Carrying amount				
As at 30 June 2016	<u>851,121.67</u>	<u>2,388,334.78</u>	<u>3,253,540.04</u>	<u>6,492,996.49</u>
As at 31 December 2015	<u>508,216.23</u>	<u>2,689,955.95</u>	<u>3,424,779.00</u>	<u>6,622,951.18</u>

4 Intangible assets

The Group

Cost

	Land use rights RMB	Joint operation earning rights RMB	Computer software RMB	Coastline use right 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
Balance as at 31 December 2015	658,411,650.60	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
Additions during the period	47,540,492.88	—	904,752.94	—	—	—	192,000.00	—	48,637,245.82
Additions arising from business combinations not under common control	—	—	171,254.68	—	—	—	—	—	171,254.68
Foreign currency financial statement translation differences	728,960.75	—	—	—	353,635.00	—	—	—	1,082,595.75
Balance as at 30 June 2016	706,681,104.23	42,747,190.60	29,446,205.77	7,110,000.00	17,915,900.20	387,478,456.26	155,606,347.82	3,675,900.00	1,350,661,104.88

Accumulated amortisation

Balance as at 31 December 2015	(81,933,605.14)	(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)
Charges during the period	(7,326,571.83)	(2,068,224.13)	(1,896,364.27)	(77,633.10)	—	(9,175,265.14)	(7,201,255.63)	(124,152.44)	(27,869,466.54)
Foreign currency financial statement translation differences	(217,952.11)	—	—	—	—	—	—	—	(217,952.11)
Balance as at 30 June 2016	(89,478,129.08)	(5,970,004.30)	(20,077,340.54)	(1,898,504.30)	—	(203,594,554.09)	(67,746,279.73)	(769,678.35)	(389,534,490.39)
Carrying amount									
As at 30 June 2016	617,202,975.15	36,777,186.30	9,368,865.23	5,211,495.70	17,915,900.20	183,883,902.17	87,860,068.09	2,906,221.65	961,126,614.49
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 30 June 2016, the Guang-Shen-Zhu Expressway Taiping Interchange franchise operating right with carrying amount of RMB133,718,798.74 (31 December 2015: 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. 9. In addition, intangible assets with carrying amount of RMB 85,988,647.77 (31 December 2015: RMB 78,270,052.85) were pledged for bank loans. As at 30 June 2016, there was no other restricted intangible assets of the Group.

As at 30 June 2016, the carrying amount of the land use rights without certificate of title was RMB 45,274,574.54 (31 December 2015: RMB 3,900,107.80).

As at 30 June 2016, land use rights with original costs of RMB 36,761,641.08 (31 December 2015: RMB 36,761,641.08) were obtained through allocation. As the certificates of title did not stipulate useful life, these land use rights had not been amortised.

The Company

	Computer software RMB	Toll bridge franchise operating rights RMB	Total RMB
Cost			
Balance as at 31 December 2015 and 30 June 2016	23,678,820.83	334,103,442.14	357,782,262.97
Accumulated amortisation			
Balance as at 31 December 2015	(21,874,685.84)	(191,929,066.48)	(213,803,752.32)
Charges during the period	(1,102,785.38)	(8,455,576.92)	(9,558,362.30)
Balance as at 30 June 2016	(22,977,471.22)	(200,384,643.40)	(223,362,114.62)
Carrying amount			
As at 30 June 2015	701,349.61	133,718,798.74	134,420,148.35
As at 31 December 2015	1,804,134.99	142,174,375.66	143,978,510.65

5 Short-term loans

		The Group	
	Note	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Unsecured loans		10,000,000.00	91,300,000.00
Loans secured by mortgages	(1)	9,900,000.00	34,900,000.00
Total	(2)	19,900,000.00	126,200,000.00

Note 1: As at 30 June 2016, investment properties with carrying amount of RMB 1,815,864.36 were pledged for loans secured by mortgages. As at 31 December 2015, investment properties with carrying amount of RMB 1,847,361.44 and intangible assets with carrying amount of RMB 35,987,071.68 were pledged for loans secured by mortgages.

Note 2: As at 30 June 2016, the Group's short-term loans were bank borrowings within 1 year, which bear interest rates ranging from 4.35% - 4.60% per annum (31 December 2015: 5.60% - 6.00% per annum). The Group had no overdue short-term loans as at 30 June 2016 (31 December 2015: Nil).

6 Accounts payable

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

	The Group		The Company	
	As at	As at	As at	As at
	30 June	31 December	30 June	31 December
Ageing	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
Within 3 months (inclusive)	498,414,885.45	642,421,416.64	76,606,969.68	102,247,698.74
Over 3 months and within 6 months (inclusive)	133,548,276.34	47,327,567.67	6,409,536.99	23,957,614.15
Over 6 months and within 1 year (inclusive)	65,990,031.19	38,523,740.82	5,136,375.47	1,451,986.66
Over 1 year and within 2 years (inclusive)	25,632,181.83	100,774,641.37	1,339,014.03	6,201,687.37
Over 2 years and within 3 years (inclusive)	83,435,668.39	19,019,994.29	2,274,658.45	3,556,686.56
Over 3 years	27,029,450.45	29,337,878.78	10,561,643.54	9,304,544.91
Total	<u>834,050,493.65</u>	<u>877,405,239.57</u>	<u>102,328,198.16</u>	<u>146,720,218.39</u>

7 Non-current liabilities due within one year

	Note V	The Group	
		As at	As at
		30 June 2016	31 December 2015
		RMB	RMB
Long-term loans due within one year	8	46,807,892.63	69,482,371.94
Long-term payables due within one year		36,080,616.77	42,749,365.73
Deferred income due within one year		36,937,087.49	35,688,674.41
Total		<u>119,825,596.89</u>	<u>147,920,412.08</u>

8 Long-term loans

		The Group	
	<i>Note</i>	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Unsecured loans		10,424,217.40	8,307,959.44
Loans secured by mortgages	(1)	202,072,852.76	132,963,310.39
Pledged loans	(2)	<u>—</u>	<u>184,650,000.00</u>
Total	(3)	<u>212,497,070.16</u>	<u>325,921,269.83</u>
Less: Long-term loans due within one year			
Including: Unsecured loans		2,548,622.53	3,115,077.15
Loans secured by mortgages		<u>44,259,270.10</u>	<u>66,367,294.79</u>
Sub-total (Note V.7)		<u>46,807,892.63</u>	<u>69,482,371.94</u>
Long-term loans due after 1 year		<u>165,689,177.53</u>	<u>256,438,897.89</u>
Including: Due after 1 year but within 2 years		34,129,775.94	43,402,151.39
Due after 2 years but within 5 years		<u>131,559,401.59</u>	<u>213,036,746.50</u>

Note 1: For the details of assets pledged for secured loans, please refer to Note V. 3 and 4.

Note 2: Guangdong Vehicles Transportation Group Co., Ltd (“GVTG”), a subsidiary of the Group, obtained the secured bank loans by pledge of 51% equity interests in each of Guangdong Shaoguan Yueyun Vehicles Transportation Co., Ltd. and Qingyuan Yueyun Vehicles Transportation Co., Ltd.. These loans were fully repaid in 2016 prior to the maturity date.

Note 3: As at 30 June 2016, the Group’s long-term loans were bank borrowings with interest rates ranging from : 4.75% - 7.20% per annum (31 December 2015: 4.75% - 8.30% per annum). The Group did not have any expired but outstanding long-term loans as at 30 June 2016 (31 December 2015: Nil).

9 Bonds payable

Item	Period	Issue date	Face value	Discount amount	Amortisation as at 1 January 2016	Amortisation for the period	Carrying amount as at 30 June 2016
			RMB	RMB	RMB	RMB	RMB
2014 corporate bond (first phase)	7 years	28/09/2015	400,000,000.00	(3,620,513.00)	111,248.91	226,153.92	396,716,889.83
2014 corporate bond (second phase)	5 years	17/12/2015	<u>380,000,000.00</u>	<u>(3,439,487.00)</u>	<u>17,389.83</u>	<u>315,767.16</u>	<u>376,893,669.99</u>
Total			<u>780,000,000.00</u>	<u>(7,060,000.00)</u>	<u>128,638.74</u>	<u>541,921.08</u>	<u>773,610,559.82</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 17 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 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.

10 Other equity instrument

	The Group and The Company	
	As at 30 June 2016	As at 31 December 2015
	RMB	RMB
PSCS	<u>—</u>	<u>281,810,000.00</u>

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: 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 281,810,000.00. 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, and cash payment of RMB 1,580.00 will be made by the Company to GCGC at the adjusted conversion price to settle the remaining fractional shares. On 24 March 2016, upon the completion of the registration procedures, the PSCS was converted into the domestic shares of the Company, which resulted in an increase of share capital of the Company of RMB173,385,000.00. The difference of RMB108,423,420.00 between the principal amount of the PSCS and increase of share capital was recorded as share premium in capital reserve.

11 Retained earnings

		The Group	
	Note	For the six months ended 30 June	
		2016	2015
		RMB	RMB
Retained earnings at the beginning of the period		781,113,221.65	669,480,517.83
Add: Net profit attributable to the shareholders of the Company for the period		175,369,682.50	143,394,302.13
Less: Final dividends in respect of the previous financial year, approved and declared during the interim period	(1)	<u>103,980,214.00</u>	<u>62,646,280.05</u>
Retained earnings at the end of the period	(2)	<u>852,502,690.15</u>	<u>750,228,539.91</u>
Including: Interim dividend approved and declared after the balance sheet date of the interim period	(3)	<u>—</u>	<u>—</u>
Earnings attributable to the holder of PSCS	(4)	<u>—</u>	<u>4,227,150.00</u>

		The Company	
	<i>Note</i>	For the six months ended 30 June	
		2016	2015
		RMB	RMB
Retained earnings at the beginning of the period		130,547,824.72	230,987,138.34
Add: Net profit for the period		46,827,473.41	27,712,365.02
Less: Final dividends in respect of the previous financial year, approved and declared during the interim period	(1)	<u>103,980,214.00</u>	<u>62,646,280.05</u>
Retained earnings at the end of the period	(5)	<u>73,395,084.13</u>	<u>196,053,223.31</u>
Including: Interim dividend approved and declared after the balance sheet date of the interim period	(3)	<u>—</u>	<u>—</u>
Earnings attributable to the holder of PSCS	(4)	<u>—</u>	<u>4,227,150.00</u>

Note 1: As mentioned in Note V. 10, note 2, on 24 March 2016, the PSCS held by GCGC was converted into domestic shares of the Company. A final dividend of RMB 0.13 per share (tax included) for year 2015 were approved for distribution by shareholders at the Annual General Meeting held on 7 June 2016. The total amount of 2015 final dividend was RMB 103,980,214.00, calculated based on the total number of shares of 799,847,800 after taking into account of the conversion of PSCS (corresponding period in 2015: RMB 0.15 per share (tax included), amounting to RMB 62,646,280.05 in total).

Note 2: As at 30 June 2016, the Group's retained earnings included appropriation to surplus reserve by subsidiaries amounting to RMB 354,949,546.09 (31 December 2015: RMB 354,949,546.09).

Note 3: The Board does not recommend distribution of an interim dividend for the period (corresponding period in 2015: Nil).

Note 4: As mentioned in Note V. 10, note 1 (2), 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.

As of 30 June 2015, the earnings attributable to the holder of PSCS of the Group and the Company amounted to RMB 4,227,150.00, which was the accumulated earning of the PSCS for the period from 1 January 2014 to 30 June 2015.

As mentioned in Note V. 10 , note 2, on 24 March 2016, the PSCS held by GCGC has been fully converted into domestic shares of the Company, and those shares were entitled to the distribution of 2015 final dividends. As such, the Company decided not to distribute the accumulated earnings attributable to the holder of PSCS for the period from 1 January 2015 to 23 March 2016 which was calculated at 1% of the principal. The retained earnings of the Group and the Company as at 30 June 2016 did not contain the earnings attributable to the holder of PSCS.

Note 5: As of 30 June 2016, the Company's distributable profits is RMB 73,395,084.13. As of 31 December 2015, the Company's distributable profits amounted to RMB 127,729,724.72, which represent the carrying amount of retained earnings less the accumulated earnings attributable to the holder of PSCS.

12 Equity attributable to the shareholders of the Company

	The Group	
	For the six months ended 30 June	
	2016	2015
	RMB	RMB
(1) Equity attributable to the common share holders of the Company	<u>1,952,672,873.80</u>	<u>1,459,971,778.56</u>
(2) Equity attributable to holders of other equity instrument		
Including:Principal	<u>—</u>	<u>281,810,000.00</u>
Accumulated undistributed earnings at the beginning of the period	2,818,100.00	2,818,100.00
Add: Earnings and comprehensive income attributable for the period	—	1,409,050.00
Less: Earnings distributed during the period	—	—
Distributable earnings no longer to be distributed (Note V. 11, note 4)	<u>(2,818,100.00)</u>	<u>—</u>
Accumulated undistributed earnings at the end of the period	<u>—</u>	<u>4,227,150.00</u>
Sub-total	<u>—</u>	<u>286,037,150.00</u>
Total equity attributable to the shareholders of the Company	<u>1,952,672,873.80</u>	<u>1,746,008,928.56</u>

13 Financial expenses

		The Group		The Company	
		For the six months		For the six months	
		ended 30 June		ended 30 June	
	Note	2016	2015	2016	2015
		RMB	RMB	RMB	RMB
Interest expenses from loans, bonds and payables		30,269,432.61	33,924,914.65	18,829,039.93	11,255,515.89
Including: Interest expenses from loans	(1)	28,823,927.63	25,224,914.65	18,829,039.93	11,255,515.89
Less: Borrowing costs capitalised		<u>1,445,504.98</u>	—	—	—
Net interest expenses		28,823,927.63	33,924,914.65	18,829,039.93	11,255,515.89
Less: Interest income		12,571,903.02	7,855,318.92	9,782,370.97	8,263,105.48
Net exchange losses		1,761,081.05	1,118,461.26	1,728,286.77	1,002,612.02
Amortisation of unrecognised financial charges		678,718.33	182,179.68	—	—
Others		<u>3,794,459.86</u>	<u>2,389,952.86</u>	<u>261,796.92</u>	<u>316,363.32</u>
Total		<u>22,486,283.85</u>	<u>29,760,189.53</u>	<u>11,036,752.65</u>	<u>4,311,385.75</u>

- (1) Interest expenses related to bank loans of the Group for current period due within 5 years were RMB 13,080,006.55 (corresponding period in 2015: RMB 23,381,136.22). Interest expenses related to other borrowings were RMB 15,743,921.08 (corresponding period in 2015: RMB 1,843,778.43).

Interest expenses related to bank loans of the Company for current period due within 5 years were RMB 3,085,118.85 (corresponding period in 2015: RMB 11,255,515.89). Interest expenses related to other borrowings were RMB 15,743,921.08 (corresponding period in 2015: Nil).

Capitalised interest expenses of the Group for current period were RMB1,445,504.98 (corresponding period in 2015: Nil).

There was no capitalised interest expense of the Company for current period (corresponding period in 2015: Nil).

14 Investment income

	The Group		The Company	
	For the six months		For the six months	
	ended 30 June		ended 30 June	
	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
Income from investments in subsidiaries accounting for using cost method	—	—	3,523,199.79	—
Income from investments in associates accounting for using equity method	10,603,818.90	632,880.27	8,527,500.00	3,364,000.00
Income from investments in joint ventures accounting for using equity method	4,757,674.46	2,127,962.38	1,935,496.59	1,069,395.96
Gains on disposal of available-for-sale financial assets	—	4,992,187.49	—	—
Others	(160,618.55)	(229,690.69)	—	—
Total	<u>15,200,874.81</u>	<u>7,523,339.45</u>	<u>13,986,196.38</u>	<u>4,433,395.96</u>
Including:				
Income / (losses) from investments in associates accounting for using equity method attributable to shareholders of the parent company	<u>10,588,364.27</u>	<u>(790,405.36)</u>	<u>8,527,500.00</u>	<u>3,364,000.00</u>
Income from investments in joint ventures accounting for using equity method attributable to shareholders of the parent company	<u>4,632,369.76</u>	<u>1,971,811.78</u>	<u>1,935,496.59</u>	<u>1,069,395.96</u>

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

15 Non-operating income

	The Group		The Company	
	For the six months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Gains on disposals of non-current assets	3,443,866.60	5,316,810.94	—	—
Including: Gains on disposals of fixed assets	3,418,523.36	5,316,810.94	—	—
Government grants (Note)	41,625,205.31	35,262,795.50	—	—
Others	<u>5,206,280.73</u>	<u>5,794,250.58</u>	<u>49,400.00</u>	<u>379,290.30</u>
Total	<u>50,275,352.64</u>	<u>46,373,857.02</u>	<u>49,400.00</u>	<u>379,290.30</u>

Note: Government grants mainly consist of fuel subsidies received by GVTG and its subsidiaries in accordance with “Provisional Rules on the Special Funds Administration of Refined Oil Prices Subsidies for Urban and Rural Passenger Transportation” (Cai Jian [2009] No.1008), subsidies for supporting rural passenger transportation and public transportation operation and subsidies for purchase of new energy vehicles in accordance with “Guidance on accelerating the application of new energy vehicles by the General Office of the State Council” (Guo Ban Fa [2014] No.35).

16 Income tax expenses

	The Group		The Company	
	For the six months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Current tax expenses for the period based on tax law and regulations	86,816,265.18	87,133,058.56	7,809,566.46	8,276,384.54
Including: Mainland China	86,668,354.28	86,835,466.46	7,809,566.46	8,276,384.54
Hong Kong	147,910.90	297,592.10	—	—
Tax filing differences	861,615.66	1,433,047.18	(72,221.25)	—
Changes in deferred tax	<u>801,414.77</u>	<u>(934,571.07)</u>	<u>3,304,292.47</u>	<u>(346,921.91)</u>
Total	<u>88,479,295.61</u>	<u>87,631,534.67</u>	<u>11,041,637.68</u>	<u>7,929,462.63</u>

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

17 Profit before income tax

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

	The Group	
	For the six months ended 30 June	
	2016	2015
	RMB	RMB
Depreciation of fixed assets	211,671,291.51	181,855,479.61
Depreciation of investment properties	2,424,885.55	2,435,335.11
Amortisation of intangible assets	27,869,466.54	25,351,255.61
Amortisation of long-term deferred expenses	4,459,270.84	5,527,025.19
Reversal of bad debt provision	(2,933,911.00)	(1,597,906.65)
Rental expenses	<u>77,898,527.71</u>	<u>89,626,983.51</u>

18 Earnings per share

(1) Basic earnings per share

Basic 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 during the period. The calculation is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
Net profit attributable to shareholders of the Company	175,369,682.50	143,394,302.13
Less:Earnings attributable to the holder of PSCS	<u>—</u>	<u>(1,409,050.00)</u>
Net profit attributable to ordinary shareholders of the Company	<u>175,369,682.50</u>	<u>141,985,252.13</u>
Weighted average number of ordinary shares in issue during the period (Corresponding period in 2015 restated)	<u>720,339,800.00</u>	<u>626,462,800.00</u>
Basic earnings per share (RMB / share) (Corresponding period in 2015 restated)	<u>0.24</u>	<u>0.23</u>

Weighted average number of ordinary shares in issue during the period is calculated as follows:

	For the six months ended 30 June	
	2016	2015
	Shares	Shares
		<i>Restated</i>
Issued ordinary shares at the beginning of the period	626,462,800.00	417,641,867.00
Effect of capitalisation of share premium	—	125,292,560.00
Effect of issue of bonus share	—	83,528,373.00
Effect of conversion of PSCS	<u>93,877,000.00</u>	<u>—</u>
Issued ordinary shares at the end of the period (Note)	<u><u>720,339,800.00</u></u>	<u><u>626,462,800.00</u></u>

Note: The weighted average number of ordinary shares in issue during the six months ended 30 June 2015 was restated according to the capitalisation of share premium and issue of bonus share in September 2015. The weighted average number of ordinary shares in issue for current period has taken into account of the effect of the conversion of PSCS on 24 March 2016.

(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 at the beginning of the period). The calculation is as follows:

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
Net profit attributable to shareholders of the Company	175,369,682.50	143,394,302.13
Weighted average number of ordinary shares in issue during the period (diluted) (Corresponding period in 2015 restated)	<u>799,847,800.00</u>	<u>799,847,800.00</u>
Diluted earnings per share (RMB / share) (Corresponding period in 2015 restated)	<u><u>0.22</u></u>	<u><u>0.18</u></u>

Weighted average number of ordinary shares in issue during the period (diluted) is calculated as follows:

	For the six months ended 30 June	
	2016	2015
	<i>Shares</i>	<i>Shares</i>
		<i>Restated</i>
Issued ordinary shares at the end of the period (Note 1)	720,339,800.00	626,462,800.00
Diluted adjustment:		
Effect of PSCS (Note 2)	<u>79,508,000.00</u>	<u>173,385,000.00</u>
Issued ordinary shares at the end of the period (diluted)	<u>799,847,800.00</u>	<u>799,847,800.00</u>

Note 1: The weighted average number of ordinary shares in issue during the six months ended 30 June 2015 was restated according to the capitalisation of share premium and issue of bonus share in September 2015. The weighted average number of ordinary shares in issue for current period has taken into account of the effect of the conversion of PSCS on 24 March 2016.

Note 2: As mentioned in Note V. 10, note 2, on 24 March 2016, the PSCS held by GCGC was converted into ordinary shares of the Company. The weighted average number of ordinary shares in issue for current period (diluted) was calculated as if the PSCS had been converted into ordinary shares since 1 January 2016.

19 Supplement to cash flow statement

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

		The Group	
		For the six months ended 30 June	
		2016	2015
		RMB	RMB
Net profit		218,239,197.50	199,961,430.82
Add:	Impairment reversal for assets	(2,933,911.00)	(1,597,906.65)
	Depreciation of fixed assets	211,671,291.51	181,855,479.61
	Depreciation of investment properties	2,424,885.55	2,435,335.11
	Amortisation of intangible assets	27,869,466.54	25,351,255.61
	Amortisation of long-term deferred expenses	4,459,270.84	5,527,025.19
	Gains on disposal of fixed assets, intangible assets, and other long-term assets	(2,703,423.95)	(4,667,907.28)
	Financial expenses	27,499,440.39	33,928,066.50
	Investment income	(15,200,874.81)	(7,523,339.45)
	Decrease in deferred tax assets	686,110.55	1,591,764.79
	Increase / (decrease) in deferred tax liabilities	308,312.26	(2,995,199.38)
	Increase in gross inventories	(23,651,168.84)	(15,680,929.89)
	Increase in operating receivables	(212,995,690.28)	(261,385,479.29)
	(Decrease) / increase in operating payables	(142,892,420.33)	50,032,237.76
	Changes in special reserve	6,499,679.28	4,582,634.95
	Changes in restricted cash	1,153,774.09	607,725.57
	Decrease in long-term receivables	551,273.97	1,083,528.74
	Increase/(decrease) in long-term payables	4,877,010.23	(2,462,040.08)
Net cash inflow from operating activities		<u>105,862,223.50</u>	<u>210,643,682.63</u>

The Company
For the six months ended 30 June
2016 2015
RMB **RMB**

Net profit	46,827,473.41	27,712,365.02
Add: Impairment reversal for assets	(2,913,911.00)	—
Depreciation of fixed assets	593,493.86	478,023.14
Amortisation of intangible assets	9,558,362.30	10,198,025.92
Amortisation of long-term deferred expenses	1,378,591.20	662,143.98
Gains on disposal of fixed assets, intangible assets, and other long-term assets	—	133,020.31
Financial expenses	15,425,455.35	11,255,515.89
Investment income	(13,986,196.38)	(4,433,395.96)
Decrease/(increase) in deferred tax assets	3,304,292.47	(346,921.91)
Increase in gross inventories	(4,711,998.93)	(16,652,821.45)
Changes in special reserve	35,798.27	—
Increase in operating receivables	(126,434,162.39)	(50,855,217.28)
Decrease in operating payables	<u>(78,663,109.69)</u>	<u>(48,390,676.84)</u>
Net cash outflow used in operating activities	<u>(149,585,911.53)</u>	<u>(70,239,939.18)</u>

(2) Change in cash and cash equivalents:

The Group
For the six months ended 30 June
2016 2015
RMB **RMB**

Cash at the end of the period (Note)	1,522,658,771.44	1,551,095,931.56
Less: Cash at the beginning of the period (Note)	1,923,407,216.22	1,763,602,999.44
Add: Cash equivalents at the end of the period	—	—
Less: Cash equivalents at the beginning of the period	—	—
Net decrease in cash and cash equivalents	<u>(400,748,444.78)</u>	<u>(212,507,067.88)</u>

Note: As at 30 June 2016, the balance of cash included deposits for bank acceptance bills, letter of guarantee and performance bonds, bidding deposits and housing repairment fund in an aggregate amount of RMB 9,200,614.56 (31 December 2015: RMB 10,354,388.65), which was deducted from the balance of cash and cash equivalents.

The Company
For the six months ended 30 June
2016 **2015**
RMB **RMB**

Cash at the end of the period	1,018,911,901.76	698,451,044.04
Less: Cash at the beginning of the period	1,381,281,009.40	843,395,937.87
Add: Cash equivalents at the end of the period	—	—
Less: Cash equivalents at the beginning of the period	—	—
Net decrease in cash and cash equivalents	<u>(362,369,107.64)</u>	<u>(144,944,893.83)</u>

(3) Details of cash and cash equivalents

The Group
As at **As at**
30 June 2016 **30 June 2015**
RMB **RMB**

(a) Cash at bank and on hand		
- Cash on hand	5,218,633.17	15,872,930.74
- Bank deposits available on demand	1,517,440,138.27	1,535,223,000.82
- Restricted cash	<u>9,200,614.56</u>	<u>9,495,801.83</u>
(b) Cash and cash equivalents at the end of the period	1,531,859,386.00	1,560,591,733.39
Less: Restricted cash	<u>9,200,614.56</u>	<u>9,495,801.83</u>
(c) Cash and cash equivalents available on demand at the end of the period	<u>1,522,658,771.44</u>	<u>1,551,095,931.56</u>

The Company
As at **As at**
30 June 2016 **30 June 2015**
RMB **RMB**

(a) Cash at bank and on hand		
- Cash on hand	569.71	13,250.79
- Bank deposits available on demand	<u>1,018,911,332.05</u>	<u>698,437,793.25</u>
(b) Cash and cash equivalents at the end of the period	<u>1,018,911,901.76</u>	<u>698,451,044.04</u>
(c) Cash and cash equivalents available on demand at the end of the period	<u>1,018,911,901.76</u>	<u>698,451,044.04</u>

(4) **Information on acquisition of subsidiaries during the period**

	The Group <i>RMB</i>
Consideration of acquisition	<u>1,816,300.00</u>
Cash and cash equivalents paid for acquiring subsidiaries	1,816,300.00
Less: Cash and cash equivalents held by subsidiaries	<u>89,569.29</u>
Net cash outflow for the acquisition	<u>1,726,730.71</u>
Non-cash assets and liabilities held by the acquired subsidiaries	
Current assets	3,372,573.83
Non-current assets	1,380,829.80
Current liabilities	(2,239,372.48)

- (5) Cash proceeds from / payment for other financing activities of the Group represents the net cash inflow / outflow in the cash pool accounts, which centrally managed the funds from the bank accounts of 5 related parties.

Cash proceeds from / payment from other financing activities of the Company represent the net cash inflow / outflow 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 period.

20 **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

	Motor transportation and auxiliary services RMB	Material logistics services RMB	Expressway services RMB	TaiPing Interchange RMB	Others RMB	Inter-segment elimination RMB	Total RMB
For the six months ended 30 June 2016							
Operating income							
External income	1,578,255,074.95	1,008,928,921.17	445,308,283.49	98,066,124.02	1,073,227.53	—	3,131,631,631.16
Inter-segment income	1,395,523.93	—	5,911,870.80	—	5,592,378.02	(12,899,772.75)	—
Total segment operating income	1,579,650,598.88	1,008,928,921.17	451,220,154.29	98,066,124.02	6,665,605.55	(12,899,772.75)	3,131,631,631.16
Total segment operating costs	1,219,898,030.12	956,020,467.29	296,823,023.68	16,786,642.82	2,731,399.08	(6,554,307.22)	2,485,705,255.77
Segment operating profit	<u>91,344,999.83</u>	<u>20,655,061.86</u>	<u>96,118,436.59</u>	<u>56,283,028.70</u>	<u>486,442.64</u>	<u>(3,570,214.32)</u>	<u>261,317,755.30</u>
For the six months ended 30 June 2015							
Operating income							
External income	1,491,052,840.32	1,926,064,815.04	389,428,052.19	90,026,027.01	2,577,380.00	—	3,899,149,114.56
Inter-segment income	5,097,569.83	—	752,628.91	—	3,505,549.00	(9,355,747.74)	—
Total segment operating income	1,496,150,410.15	1,926,064,815.04	390,180,681.10	90,026,027.01	6,082,929.00	(9,355,747.74)	3,899,149,114.56
Total segment operating costs	1,100,835,822.53	1,850,799,531.13	279,473,139.28	16,876,856.72	1,414,825.79	(6,462,561.14)	3,242,937,614.31
Segment operating profit	<u>108,350,303.01</u>	<u>27,286,790.31</u>	<u>56,363,680.07</u>	<u>50,953,671.74</u>	<u>761,651.07</u>	<u>(449,820.68)</u>	<u>243,266,275.52</u>

	Motor transportation and auxiliary services	Material logistics services	Expressway services	TaiPing Interchange	Others	Inter-segment elimination	Total
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
As at 30 June 2016							
Total segment assets	5,094,945,254.29	1,695,108,261.68	1,147,949,652.44	3,126,474,695.15	54,069,504.97	(3,604,752,039.85)	7,513,795,328.68
Total segment liabilities	<u>2,802,449,176.28</u>	<u>1,678,655,527.12</u>	<u>693,914,950.58</u>	<u>1,541,391,298.52</u>	<u>56,796,452.72</u>	<u>(2,379,791,404.25)</u>	<u>4,393,416,000.97</u>
As at 31 December 2015							
Total segment 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 segment liabilities	<u>2,661,212,308.69</u>	<u>1,860,639,671.17</u>	<u>625,731,555.87</u>	<u>1,284,813,824.92</u>	<u>56,536,246.69</u>	<u>(1,982,738,281.18)</u>	<u>4,506,195,326.16</u>

(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 115,495,067.10 in the current period (corresponding period in 2015: RMB 107,743,985.34). As at 30 June 2016, the Group's non-current assets held by the Hong Kong operations amounted to RMB 151,951,794.79 (31 December 2015: RMB 153,213,352.39).

(3) **Major customers**

No operating income from one single customer of the Group is above 10% of the Group's total operating income for the current period and the comparative period of 2015.

21 **Net current assets**

	The Group		The Company	
	As at	As at	As at	As at
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Current assets	3,143,242,246.54	3,305,199,334.20	2,126,368,277.95	2,088,523,418.54
Less: Current liabilities	<u>2,601,153,872.97</u>	<u>2,698,480,196.35</u>	<u>1,593,929,011.55</u>	<u>1,500,690,733.78</u>
Net current assets	<u>542,088,373.57</u>	<u>606,719,137.85</u>	<u>532,439,266.40</u>	<u>587,832,684.76</u>

22 **Total assets less current liabilities**

	The Group		The Company	
	As at	As at	As at	As at
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Total assets	7,513,795,328.68	7,552,784,652.21	3,626,594,386.01	3,589,932,709.48
Less: Current liabilities	<u>2,601,153,872.97</u>	<u>2,698,480,196.35</u>	<u>1,593,929,011.55</u>	<u>1,500,690,733.78</u>
Total assets less current liabilities	<u>4,912,641,455.71</u>	<u>4,854,304,455.86</u>	<u>2,032,665,374.46</u>	<u>2,089,241,975.70</u>

VI. Related party relationships and transactions

1 Related parties where a controlling relationship exists:

The Company's ultimate holding company is GCGC.

2 Information of subsidiaries

Except for the new subsidiaries as disclosed in Note IV. 1 and 2 to the interim financial report, there is no significant change on the information of other group subsidiaries.

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

	Related party relationships
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	Joint venture
Guangdong Province Bus Terminal Co., Ltd	Joint venture
Guangdong Feida Traffic Engineering Company Limited	Associate of a subsidiary of the ultimate holding company
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 Company Limited	Associate
Guangdong Guangye Yueyun Natural Gas Company Limited	Associate
Guangzhou City Tianhe Coach Terminal Co., Ltd.	Associate
Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd	Associate
Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	Associate
Shantou City Automobile Passenger Traffic Center Co., Ltd.	Associate
Jiangmen Guangjiang Expressway Passenger Co., Ltd.	Associate
Guangzhou Shen-Fo Expressway Co., Ltd.	Associate
Southern United Assets and Equity Exchange Co., Ltd.	Associate
Qingyuan Zhongguan Development Co., Ltd.	Associate
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
Guangdong Oriental Thought Technology Company Limited	Controlled by the ultimate holding company
Guangdong Nan Yue Logistics International Services Company Limited	Controlled by the ultimate holding company
Guangdong Xinyue Communications Investment Company Limited	Controlled by the ultimate holding company
Meizhou Yueyun Vehicles Transportation Company Limited (“Meizhou Yueyun”)	Controlled by the ultimate holding company
Guangzhou Yueyun Investment Management Company Limited (“Yueyun Investment Management”)	Controlled by the ultimate holding company
Guangdong Yangjiang Vehicles Transportation Group Company Limited (“Yangjiang Transportation”)	Controlled by the ultimate holding company
Guangdong Bo-Da Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Guangle Expressway Company Limited	Controlled by the ultimate holding company
Guangdong He-Hui Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Jiangzhong Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Kai Yang Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Litong Properties Investment Company Limited	Controlled by the ultimate holding company
Guangdong Maozhan Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Meihe Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Shanfen Expressway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Freeway Company Limited	Controlled by the ultimate holding company
Guangdong Provincial Changda Highway Engineering Company Limited	Controlled by the ultimate holding company
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 Transpotation Enterprises 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 Propety 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 Bao-Mao Expressway Company Limited	Controlled by the ultimate holding company
Kee Kwan Travel Tour Transportation Hong Kong Company Limited	Controlled by the ultimate holding company
Zhaoqing City Guang-He Expressway 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
Weisheng Dongguan International Logistic Co., Ltd.	Controlled by the ultimate holding company
Xingning automobile transportation 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

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

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:

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
(1) Material logistics service income		
Guangdong Provincial Changda Highway Engineering Company Limited [#]	197,322,172.23	345,619,186.32
Guangdong Gaintop Highway Engineering Construction Group Company Limited [#]	24,971,070.78	50,925,370.41
Guangzhou Xin Yue Asphalt Company Limited [#]	<u>5,387,879.99</u>	<u>2,550,969.34</u>
Total	<u>227,681,123.00</u>	<u>399,095,526.07</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, plus a certain margin. While agreed with all the related parties and construction contractors, GCGC and its subsidiaries, joint ventures and associates, acting as owners, withheld contractors' payment for material purchase and remitted to the Group directly when they paid for project contracting to contractors.

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

		For the six months ended 30 June	
		2016	2015
		RMB	RMB
(2)	Expressway services income		
	Guangdong Provincial Changda Highway Engineering Company Limited [#]	1,723,066.51	1,821,146.74
	Guangdong Guangzhu Expressway West Section Company Limited	789,138.88	—
	Guang-Shen-Zhu Expressway Company Limited [#]	257,534.62	375,801.93
	Guangdong Bo-Da Expressway Company Limited [#]	—	409,878.00
	Guangdong Provincial Freeway Company Limited [#]	—	117,660.00
	Others [#]	197,400.01	30,548.21
	Total	<u>2,967,140.02</u>	<u>2,755,034.88</u>
(3)	Cross-border transportation services income		
	Express Cross-Border Coach Management Company Limited	<u>10,076,071.42</u>	<u>12,134,306.18</u>
(4)	Repairing income		
	Weisheng Dongguan International Logistic Co., Ltd.	193,233.60	—
	Meizhou Yueyun [#]	16,871.79	79,180.28
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	13,954.69	117,873.92
	Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	11,837.61	—
	Guangdong Guangjiang Expressway Passenger Traffic Co., Ltd.	—	123,614.53
	Weisheng Freight Company Limited [#]	—	17,341.40
	Total	<u>235,897.69</u>	<u>338,010.13</u>

		For the six months ended 30 June	
		2016	2015
		RMB	RMB
(5)	Rendering of other services income		
	Shenzhen Yueyun [#]	445,980.46	76,504.87
	Meizhou Yueyun [#]	440,951.70	—
	Jingzhu Expressway Guangzhu Section Company Limited [#]	378,074.15	384,525.10
	Xinning Motor Transport Co.,Ltd.	100,082.72	—
	Guangdong Provincial Highway Construction Company Limited [#]	88,222.50	—
	Express Cross-Border Coach Management Company Limited	82,506.94	73,831.68
	Guangdong Province Gongbei Vehicles Transportation Company Limited [#]	—	755,681.05
	Guangzhou Xin Yue Asphalt Company Limited [#]	—	679,496.50
	Others	10,695.17	66,009.88
	Total	<u>1,546,513.64</u>	<u>2,036,049.08</u>
(6)	Road rescue service income		
	Guangdong Province Road & Bridge Construction Development Company Limited [#]	2,591,031.04	2,034,112.79
	Guangdong Provincial Freeway Company Limited [#]	1,961,848.43	929,500.02
	Guangdong Guangle Expressway Company Limited [#]	1,541,037.72	1,541,037.72
	Guangdong Er-Guang Expressway Company Limited [#]	996,226.44	996,226.44
	Guangdong Yun-Wu Expressway Company Limited [#]	849,905.64	853,527.36
	Guangdong Bo-Da Expressway Company Limited [#]	768,453.32	772,981.62
	Guangdong Meihe Expressway Company Limited [#]	748,570.74	748,570.74
	Guangdong Yue-Gan Expressway Company Limited [#]	705,660.36	705,660.36
	Guangdong Kai Yang Expressway Company Limited [#]	653,773.61	653,773.61
	Guangdong Zhaoyang Expressway Company Limited [#]	616,181.58	286,752.36

		For the six months ended 30 June	
		2016	2015
		RMB	RMB
(6)	Road rescue service income (continued)		
	Guangdong Yue Dong Freeway Industry Development Company Limited [#]	448,545.73	448,545.73
	Guangdong Taishan Coastal Expressway Company Limited [#]	447,674.04	447,674.04
	Guangdong Bao-Mao Expressway Company Limited [#]	423,050.32	—
	Guangdong He-Hui Expressway Company Limited [#]	417,688.68	417,688.68
	Guangdong Yang-Mao Expressway Company Limited [#]	413,849.04	413,849.04
	Zhaoqing City Guang-He Expressway Company Limited [#]	401,257.88	—
	Guangdong Shanfen Expressway Company Limited [#]	341,690.08	341,690.08
	Guangdong Ping-Xing Expressway Company Limited [#]	340,875.44	—
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited [#]	286,752.36	616,181.58
	Guangdong Maozhan Expressway Company Limited [#]	280,188.66	280,188.68
	Guangdong Western Shen-Shan Expressway Company Limited [#]	228,121.80	1,260,470.23
	Heyuan He-Long Expressway Company Limited [#]	218,391.54	218,391.54
	Guangdong Chao-Hui Expressway Company Limited [#]	217,083.96	—
	Others [#]	<u>234,574.98</u>	<u>234,574.98</u>
	Total	<u><u>16,132,433.39</u></u>	<u><u>14,201,397.60</u></u>

		For the six months ended 30 June	
		2016	2015
		RMB	RMB
(7)	Rental income		
	Express Cross-Border Coach Management Company Limited	539,045.33	601,696.64
	Guang-Shen-Zhu Expressway Company Limited [#]	307,807.44	—
	Guangdong Xinyue Communications Investment Company Limited [#]	149,390.48	1,849,180.00
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	—	456,277.00
	Others	37,089.42	81,486.00
	Total	<u>1,033,332.67</u>	<u>2,988,639.64</u>
(8)	Sales of fixed assets		
	Guangdong Guangzhu Expressway West Section Company Limited ^B	—	34,466,136.56

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

		For the six months ended 30 June	
		2016	2015
		RMB	RMB
(9)	Purchase of materials		
	Guangzhou Xin Yue Asphalt Company Limited [#]	58,969,278.70	17,042,892.74
	Guangdong Guangye Yueyun Natural Gas Company Limited	16,733,061.74	26,260,171.92
	Total	<u>75,702,340.44</u>	<u>43,303,064.66</u>

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

		For the six months ended 30 June	
		2016	2015
		RMB	RMB
(10) Expressway service zones operation expenses			
Guang-Shen-Zhu Expressway Company Limited [#]	8,233,499.16	8,515,458.75	
Guangdong Guangzhu Expressway West Section Company Limited [#]	4,912,945.32	8,933,281.85	
Guangdong Guangle Expressway Company Limited [#]	4,639,031.52	8,849,999.82	
Guangdong Yue-Gan Expressway Company Limited [#]	4,222,895.67	4,320,419.09	
Guangdong Province Road & Bridge Construction Development Company Limited [#]	4,036,180.51	3,647,222.79	
Guangdong Kai Yang Expressway Company Limited [#]	3,330,722.92	3,651,663.80	
Guangdong Yun-Wu Expressway Company Limited [#]	2,258,748.06	2,212,836.28	
Guangdong Provincial Freeway Company Limited [#]	2,201,116.91	2,862,246.99	
Guangdong Meihe Expressway Company Limited [#]	1,996,238.98	1,828,200.00	
Guangdong Yang-Mao Expressway Company Limited [#]	1,945,660.25	1,861,149.06	
Guangdong Western Shen-Shan Expressway Company Limited [#]	1,875,606.67	2,746,006.63	
Guangdong Provincial Highway Construction Company Limited [#]	1,870,458.04	2,336,433.94	
Guangdong Bo-Da Expressway Company Limited [#]	1,786,389.24	1,265,740.72	
Guangdong Maozhan Expressway Company Limited [#]	1,535,819.61	1,417,291.86	
Guangdong Jiangzhong Expressway Company Limited [#]	1,435,271.37	1,437,600.00	
Guangfo Expressway Company Limited [#]	1,256,999.01	1,122,447.32	
Guangdong Yu-Zhan Expressway Company Limited [#]	1,238,678.83	1,271,225.77	
Guangdong Er-Guang Expressway Company Limited [#]	1,232,484.54	1,623,517.40	
Guangdong Shanfen Expressway Company Limited [#]	1,046,996.16	1,003,144.28	
Guangdong Provincial Fokai Expressway Company Limited [#]	1,009,000.02	1,009,000.02	

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
(10) Expressway service zones operation expenses (continued)		
Guangdong Zhaoyang Expressway Company Limited [#]	944,750.04	565,791.67
Guangdong Bao-Mao Expressway Company Limited [#]	908,129.52	—
Jingzhu Expressway Guangzhu Section Company Limited [#]	881,600.00	964,112.59
Guangdong He-Hui Expressway Company Limited [#]	850,640.17	681,924.48
Heyuan He-Long Expressway Company Limited [#]	793,689.71	758,225.58
Guangdong Western Coastal Expressway Zhuhai Section Company Limited [#]	681,453.98	567,600.00
Guangdong Ping-Xing Expressway Company Limited [#]	632,450.04	—
Yunfu City Guangyun Expressway Company Limited [#]	617,216.97	613,548.18
Zhaoqing Yuezhao Expressway Company Limited [#]	600,000.00	616,976.99
Guangdong Chao-Hui Expressway Company Limited [#]	409,482.48	—
Guangdong Yue Dong Freeway Industry Development Company Limited [#]	379,690.45	469,736.12
Guangdong Humen Bridge Company Limited [#]	356,896.03	158,298.17
Guangdong Taishan Coastal Expressway Company Limited [#]	299,291.06	257,200.02
Foshan Guang-San Expressway Company Limited	184,080.61	150,419.29
Guangdong Yuejia Expressway Company Limited [#]	131,295.57	114,450.00
Guangdong Jingzhu Expressway Guangzhu North Section Company Limited [#]	—	92,071.82
Guangzhou Shen-Fo Expressway Company Limited [#]	—	685,361.68
Others [#]	<u>64,542.80</u>	<u>37,068.40</u>
Total	<u>60,799,952.22</u>	<u>68,647,671.36</u>

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

For the six months ended 30 June		
	2016	2015
	RMB	RMB
(11) Rental expenses		
Yueyun Investment Management [#]	850,908.00	850,908.00
Guangdong Gao-Da Property Development Company Limited [#]	—	684,188.11
Guang-Shen-Zhu Expressway Company Limited [#]	—	307,807.44
Guangdong Western Shen-Shan Expressway Company Limited [#]	—	15,000.00
Total	<u>850,908.00</u>	<u>1,857,903.55</u>
(12) Repair and maintenance charges		
Guangdong Humen Bridge Company Limited [#]	<u>300,000.00</u>	<u>300,000.00</u>
(13) Receipt of services		
Guangdong Humen Bridge Company Limited [#]	2,350,000.00	2,350,000.00
Guangdong Xinyue Communications Investment Company Limited [#]	398,343.06	321,756.53
Guangzhou Newsoft Technology Company Limited [#]	323,245.98	—
Guangdong Gao-Da Property Development Company Limited [#]	—	645,909.71
Guangdong HuaLu Transport Technology Company Limited [#]	—	280,000.00
Others [#]	<u>227,255.08</u>	<u>198,109.74</u>
Total	<u>3,298,844.12</u>	<u>3,795,775.98</u>

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

(b) **Lending to related parties**

Related parties	Annual interest rate	Opening Balance as at 1 January 2016 <i>RMB</i>	Additions during the period <i>RMB</i>	Repayments during the period <i>RMB</i>	Ending balance as at 30 June 2016 <i>RMB</i>	Period
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited (Note VI. 4(o) Note 1)	5.40%/4.35%	2,000,000.00	—	—	2,000,000.00	07/10/2014- 31/12/2016

The original agreement with lending amount of RMB 2,000,000.00 to Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited signed on 7 October 2014 was expired on 30 June 2016. Both contracting parties agreed to extend the loan period to 31 December 2016, and the interest rate was adjusted to 4.35% per annum since 1 July 2016.

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.

(d) **Interest income and interest expenses**

	For the six months ended 30 June	
	2016 <i>RMB</i>	2015 <i>RMB</i>
Interest income		
Shantou City Chaonan Yueyun Sky Island Transportation Company Limited	—	18,616.66
Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited	<u>50,943.40</u>	<u>54,000.00</u>
Total	<u>50,943.40</u>	<u>72,616.66</u>

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
Interest expenses		
GVTG cash pool	<u>33,341.67</u>	<u>5,803.75</u>

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**

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
Guangdong Feida Traffic Engineering Company Limited [#]	668,389.62	—
Guangdong Oriental Thought Technology Company Limited [#]	<u>210,000.00</u>	<u>137,539.62</u>
Total	<u>878,389.62</u>	<u>137,539.62</u>

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

(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.

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 of 30 June 2015, the freight transportation outsourcing income and disbursements of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 3,362,016.18 and RMB 8,973,527.90, totaling RMB 12,335,544.08.

For the six months ended 30 June 2016, the freight transportation outsourcing income and disbursements of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 3,820,021.19 and RMB 5,793,788.10, totaling RMB 9,613,809.29.

(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.

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 of 30 June 2015, the passenger transportation outsourcing fee and disbursements of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 2,053,914.75 and RMB 3,727,319.13, totaling RMB 5,781,233.88.

For the six months ended 30 June 2016, the passenger transportation outsourcing fee and disbursements of The Motor Transport Company of Guangdong and Hong Kong Limited amounted to RMB 2,235,553.48 and RMB 4,370,770.67, totaling RMB 6,606,324.15.

(h) **Entrusted management**

	For the six months ended 30 June	
	2016	2015
	<i>RMB</i>	<i>RMB</i>
Management fee income		
Yueyun Investment Management [#]	<u>3,758,716.98</u>	<u>3,831,000.00</u>

According to the Entrusted Management Contract between Guangdong Yueyun Transportation Company Limited and Yueyun Investment Management on 30 December 2014, Yueyun Investment Management fully entrusted Guangdong Yueyun Transportation Company Limited to manage its equity interest in Shenzhen Yueyun, Yangjiang Transportation and Meizhou Yueyun and to operate these three companies. The contracting period of entrusted management will end on 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 31 December 2015. The rights and

obligations of Guangdong Yueyun Transportations Company Limited was transferred to GVTG. On 30 December 2015, Guangdong Yueyun Transportation Company Limited and Yueyun Investment Management entered into a supplemental contract to extend the contracting period to 31 December 2018, the annual management fee remains the same.

(i) **Trademark and route operation licenses**

During the current period 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.

(j) **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.

(k) **Property management services**

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
Yueyun Investment Management [#]	<u>3,780,103.64</u>	<u>3,550,308.25</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.

(l) **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. As of 31 December 2015, GVTG has fully repaid the principal and related interest.

(m) **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 a piece of land and buildings thereon owned by Guangdong Expressway Company Limited in Houmen Service Zone at a consideration of RMB 57,736,000.00. The effective date of the contract is 1 January 2016. As of 30 June 2016, Tongyi had fully paid the transaction consideration of RMB 57,736,000.00. As of the approval date of the interim financial report, the transfer of the certificate title of such land and buildings in Houmen Service Zone is still being processed.

(n) **Conversion of PSCS**

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 281,810,000.00. 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, and cash payment of RMB 1,580.00 will be made by the Company to GCGC at the adjusted conversion price to settle the remaining fractional shares. On 24 March 2016, upon the completion of the registration procedures, the PSCS was converted into the domestic shares of the Company, which resulted in an increase of share capital of the Company of RMB173,385,000.00. The difference of RMB108,423,420.00 between the principal amount of the PSCS and increase of share capital was recorded as share premium in capital reserve.

(o) **Amounts due from / to related parties**

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Accounts receivable	Guangdong Xinyue Communications Investment Company Limited	55,678,327.44	55,653,027.44
	Guangdong Ning-Hua Expressway Company Limited	47,669,117.73	7,473,395.92
	Guangdong Provincial Freeway Company Limited	44,519,891.05	11,752,608.05
	Guangdong Yun-Wu Expressway Company Limited	25,650,029.34	25,650,029.37

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Accounts receivable (continued)	Guangdong Humen Bridge Company Limited	18,637,189.96	6,286,604.81
	Guangdong Bao-Mao Expressway Company Limited	17,358,747.79	24,358,318.25
	Guangdong Guangle Expressway Company Limited	12,405,933.51	10,864,895.79
	Guangdong Provincial Changda Highway Engineering Company Limited	11,214,653.40	11,181,518.80
	Guangdong Ping-Xing Expressway Company Limited	7,248,471.19	7,528,043.61
	Guangdong Gaintop Highway Engineering Construction Group Company Limited	4,157,263.40	12,150,210.25
	Yueyun Investment Management	3,847,500.00	—
	Zhaoqing City Guang-He Expressway Company Limited	3,354,376.98	2,953,119.10
	Guangzhou Xin Yue Asphalt Company Limited	3,229,337.08	1,615,596.27
	Guangdong Provincial Highway Construction Company Limited	2,722,058.71	63,662.32
	GCGC	1,397,400.00	1,200,000.00
	Guangdong Zhaoyang Expressway Company Limited	1,392,258.83	2,017,351.27
	Guangdong Bo-Da Expressway Company Limited	662,750.24	400,001.00
	Guangdong Province Road & Bridge Construction Development Company Limited	291,511.42	1,688,689.04
	Guangdong Guangzhu Expressway West Section Company Limited	109,867.04	109,867.04
	Guangdong Meihe Expressway Company Limited	21,998.00	1,622,093.97
	Express Cross-Border Coach Management Company Limited	—	1,416,883.76
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	—	1,333,380.28
	Others	<u>3,199,444.62</u>	<u>3,599,097.89</u>
	Total	<u><u>264,768,127.73</u></u>	<u><u>190,918,394.23</u></u>

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Accounts payable	Guangdong Provincial Freeway Company Limited	16,594,112.69	14,886,904.52
	Guangzhou Xin Yue Asphalt Company Limited	9,203,241.08	23,234,686.93
	Guangdong Provincial Fokai Expressway Company Limited	7,231,166.71	6,222,166.69
	Guangdong Xinyue Communications Investment Company Limited	7,201,993.19	6,952,651.81
	Guangdong Shanfen Expressway Company Limited	6,462,286.12	5,567,002.44
	Guangdong Guangye Yueyun Natural Gas Co., Ltd.	5,588,897.01	855,307.64
	Guangdong Kai Yang Expressway Company Limited	4,826,617.34	1,153,453.73
	Guangdong Yue Dong Freeway Industry Development Company Limited	4,519,690.45	4,264,964.93
	Guangdong Yue-Gan Expressway Company Limited	4,222,895.67	232,356.95
	Guangdong Western Shen-Shan Expressway Company Limited	4,203,880.17	2,343,157.82
	Guang-Shen-Zhu Expressway Company Limited	3,957,449.31	7,975,950.71
	Guangdong Humen Bridge Company Limited	3,036,896.04	—
	Guangdong Yun-Wu Expressway Company Limited	2,258,748.06	58,748.04
	Guangdong Provincial Highway Construction Company Limited	2,117,869.24	14,268,836.22
	Guangdong Zhaoyang Expressway Company Limited	2,044,750.04	1,100,000.00
	Guangdong Yang-Mao Expressway Company Limited	1,945,660.25	—
	Guangdong Provincial Changda Highway Engineering Company Limited	1,846,279.44	1,846,279.44
	Guangdong Bo-Da Expressway Company Limited	1,569,583.75	6,633,740.65

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Accounts payable	Guangdong Maozhan Expressway Company Limited	1,535,819.61	—
(continued)	Guangdong Er-Guang Expressway Company Limited	1,426,009.01	196,752.41
	Guangfo Expressway Company Limited	1,256,999.01	1,389,570.80
	Guangdong Yu-Zhan Expressway Company Limited	1,238,678.83	62,289.24
	Guangdong Bao-Mao Expressway Company Limited	908,129.52	—
	Jingzhu Expressway Guangzhu Section Company Limited	881,600.00	2,009,471.30
	Guangdong Province Road & Bridge Construction Development Company Limited	665,120.04	12,399,212.05
	Guangdong He-Hui Expressway Company Limited	656,400.89	1,104,186.95
	Kee Kwan Motor Road Company Limited	645,594.20	505,661.60
	Guangdong Ping-Xing Expressway Company Limited	632,450.04	—
	Zhaoqing Yuezhao Expressway Company Limited	600,000.00	2,662.30
	Guangdong Meihe Expressway Company Limited	168,038.98	95,038.77
	Guangdong Guangzhu Expressway West Section Company Limited	60,000.00	81,730.70
	Guangdong Guangle Expressway Company Limited	—	282,182.97
	Others	4,106,911.36	3,022,676.99
	Total	103,613,768.05	118,747,644.60

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Prepayments	Guangzhou Xin Yue Asphalt Company Limited	180,619,375.54	41,961,706.40
	Guangdong Province Road & Bridge Construction Development Company Limited	5,362,967.13	1,997,479.08
	Guangdong Guangle Expressway Company Limited	4,356,848.51	—
	Guangdong Guangzhu Expressway West Section Company Limited	4,040,895.86	4,216,987.33
	Guangdong Guangye Yueyun Natural Gas Co., Ltd.	3,044,991.24	3,122,957.57
	Guangdong Meihe Expressway Company Limited	1,650,000.00	178,200.00
	Guangdong Jiangzhong Expressway Company Limited	1,241,390.52	—
	Others	1,620,566.74	1,208,476.88
	Total	<u>201,937,035.54</u>	<u>52,685,807.26</u>
Advances from customers	Guangdong Luo-Yang Expressway Company Limited	46,401,459.45	25,687,266.37
	Guangdong Provincial Highway Construction Company Limited	44,832,113.31	42,820,289.98
	Guangdong Chao-Hui Expressway Company Limited	22,432,783.52	69,898,663.20
	Guangdong Province Road & Bridge Construction Development Company Limited	15,127,297.20	—
	Guangdong Western Coastal Expressway Zhuhai Section Company Limited	2,153,282.88	2,153,282.88
	Guangdong Provincial Freeway Company Limited	80,603.04	1,436,243.06
	Others	1,168,731.25	1,163,831.54
	Total	<u>132,196,270.65</u>	<u>143,159,577.03</u>

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Other receivables	Guangdong Xinyue Communications Investment Company Limited	13,685,749.84	13,685,749.84
	Weisheng Transportation Enterprises Company Limited	8,131,102.32	3,685,123.35
	Kee Kwan Motor Road Company Limited	12,626,138.08	13,167,066.55
	Yangjiang Transportation	10,658,084.15	10,649,599.98
	Guangdong Provincial Changda Highway Engineering Company Limited	5,358,997.42	5,649,788.07
	Shantou City Automobile Passenger Traffic Center Co., Ltd.	4,875,079.46	4,771,668.79
	Guangdong Province Road & Bridge Construction Development Company Limited	3,691,229.95	3,373,224.91
	Yueyun Investment Management	2,449,157.68	5,141,208.68
	Guangzhou City Top-E Ya Tu Expressway Tourism Service Company Limited (Note 1)	2,000,000.00	2,000,000.00
	Shantou City Chaonan Yueyun Sky Island Transportation Co., Ltd.	1,856,911.91	1,752,957.48
	Kwong Fat Transport Company Limited	1,643,254.00	1,643,254.00
	Guangdong Guangzhu Expressway West Section Company Limited	1,542,000.00	3,331,138.88
	Kee Kwan Travel Tour Transportation HongKong Company Limited	1,467,812.01	1,467,812.01
	Jiangmen Guangjiang Expressway Passenger Company Limited	1,449,000.00	1,659,000.00
	Guangdong Litong Properties Investment Company Limited	1,382,256.00	1,382,256.00
	Qingyuan Zhongguan Development Co., Ltd.	1,344,057.79	—
	Guangdong Guangye Yueyun Natural Gas Co., Ltd.	1,119,419.57	1,068,264.55
	Shantou City Chaoyang Yueyun Sky Island Transportation Co., Ltd.	1,115,664.53	1,137,547.55
	Guang-Shen-Zhu Expressway Company Limited	1,112,389.02	1,178,734.31
	Guangdong Province Gongbei Vehicles Transportation Company Limited	1,020,489.71	1,446,571.70
	Guangdong Maozhan Expressway Company Limited	1,000,000.00	1,000,000.00

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Other receivables (continued)	Shenzhen Yueyun	127,722.65	4,293,852.13
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	31,290.00	108,440.00
	Guangfo Expressway Company Limited	30,000.00	30,000.00
	Southern United Assets & Equity Exchange Company Limited	—	15,000,000.00
	Others	<u>7,591,513.36</u>	<u>7,185,101.51</u>
	Total	<u>87,309,319.45</u>	<u>105,808,360.29</u>

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. For details of the loan, please refer to Note VI. 4(b).

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Other payables	GCGC	2,944,346.83	2,962,647.78
	Guangzhou Xin Yue Asphalt Company Limited	2,700,000.00	2,700,000.00
	Guangdong Xinyue Communications Investment Company Limited	1,793,986.36	1,707,233.72
	Yueyun Investment Management	1,008,287.00	—
	Weisheng Transportation Enterprises Company Limited	710,917.15	1,023,338.92
	Guangdong Guangzhu Expressway West Section Company Limited	643,417.80	1,749,067.60
	Guangdong Litong Properties Investment Company Limited	—	1,377,946.00
	Others	<u>1,495,921.51</u>	<u>2,700,421.45</u>
	Sub-total	<u>11,296,876.65</u>	<u>14,220,655.47</u>

Caption	Related parties	As at 30 June 2016 RMB	As at 31 December 2015 RMB
Other payables - cash pool	Guangdong Province Shenshan High Speed Passenger Traffic Co., Ltd.	4,951,935.43	3,388,655.80
	Guangdong Guangjiang Expressway Passenger Traffic Co., Ltd.	2,037,844.33	1,354,854.31
	Guangdong Province Bus Terminal Co., Ltd.	1,052,169.68	1,050,473.62
	Others	1,990.50	1,990.50
	Sub-total	8,043,939.94	5,795,974.23
	Total	19,340,816.59	20,016,629.70
Dividends payable	Guangdong Xinyue Communications Investment Company Limited	2,780,436.84	2,780,436.84
	GCGC	77,070,214.00	—
	Total	79,850,650.84	2,780,436.84
Long-term payables	Guangdong Transportation Development Company Limited	—	1,668,740.00
Other non-current assets	Guangdong Guangzhu Expressway West Section Company Limited	34,211,612.71	35,043,576.91
	Guangzhou City Tianhe Coach Terminal Co., Ltd.	9,600,000.00	9,600,000.00
	Total	43,811,612.71	44,643,576.91
Dividends receivable	Guangzhou City Tianhe Coach Terminal Co., Ltd.	—	2,785,352.51

(p) **Compensation for key management personnels**

	For the six months ended 30 June 2016 RMB	2015 RMB
Compensation for key management personnels	3,512,340.47	2,836,144.35

VII. Commitments

	As at 30 June 2016 RMB	As at 31 December 2015 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	62,898,591.13	84,911,537.24
Capital commitments that have been approved but have not been entered into	34,879,900.00	24,421,600.00
Total	<u>97,778,491.13</u>	<u>109,333,137.24</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2016, being the first year of the “13th Five-year Plan”, the Group continued to promote the implementation of the “Development Strategic Plan for 2014 to 2018” by utilising its advantages in transportation resources and focusing on “travel” and “logistics”, expanded and enhanced tourism services and the modern logistics industry, constantly its management system and improved its level of use of information technology. All business segments continued to maintain a stable development trend.

Motor Vehicle Transportation and Auxiliary Services

(i) *Domestic transportation*

The Group further improved the transportation system through enhancing the transportation trunk lines and seizing the transportation feeder lines and actively expanding the rural passenger transportation market to reinforce the overall competitive advantages of the passenger transportation network. In 2016, the Company was ranked No.3 on the list of “Top 100 Trustworthy Road Transportation Enterprises in China” by the China Road Transport Association. As at 30 June 2016, the Group owned 3,650 licenses for passenger transportation routes, 1,393 passenger transportation routes, 7,794 operating vehicles and controlled 86 passenger terminals. In the first half year of 2016, a total of 27.8032 million passengers were carried for passenger transportation on a self-operation basis, representing an increase of 12.95% as compared with the same period in 2015.

The Group further expanded and improved the road transportation network. In the first half of the year, Qingyuan City Yueyun Vehicles Transportation Company Limited (“**Qingyuan Yueyun**”), a subsidiary of the Group, reclaimed 113 contracted vehicles for self-operation and at the same time completed the consolidation of resources of transportation entities in the region such as Qingyuan City Qingxin District Transportation Services Company Limited (清遠市清新區交通運輸服務有限公司). Shaoguan Yueyun Vehicles Transport Company Limited (“**Shaoguan Yueyun**”), a subsidiary of the Group, initiated the preliminary work for the integration of transportation enterprises in the region such as Shaoguan Gongqi Company (韶關市公共汽車公司) and Shaoguan City Vehicles Transportation Co., Ltd. (韶關市汽車運輸有限公司), and at the same time actively applied for the opening of the rural passenger routes to plan and organise the rural passenger transportation market in advance. Guangdong Yueyun Langri Company Limited (“**Yueyun Langri**”), a subsidiary of the Group,

has formed a complete rural passenger transportation network in Yangjiang area from county to town, and from town to village. Among 38 rural passenger transportation routes in villages and towns under the jurisdiction of Yangjiang City, the access rate of the rural passenger transportation routes where road conditions meet traffic conditions is 100%. Zhaoqing Yueyun Vehicles Transport Company Limited (“**Zhaoqing Yueyun**”), a subsidiary of the Group, proactively expanded bus stops, routes in villages and towns, and rural bus routes to gradually improve the transportation system.

The Group actively innovated its operating model to improve the overall operating standard. Shanwei City Yueyun Vehicles Transportation Company Limited, a subsidiary of the Group, vigorously promoted “0-50 km bus operation” and allocated a total of 450 pure electric buses in the first half of 2016. This resulted in savings of operating cost per km of approximately 30% as compared to LNG after deduction of subsidies. Foshan Sanshui District Yueyun Transportation Co., Ltd., a subsidiary of the Group, implemented the Transport Community model for buses for the first time and its profitability was further enhanced. Qingyuan Yueyun conducted systematic management of passenger transportation resources such as existing passenger transportation routes and urban buses to optimize and adjust the passenger transportation routes and enhance the utilization efficiency of the passenger transportation resources. Heyuan City Yueyun Vehicles Transportation Company Limited, a subsidiary of the Group, adopted the model of changing contracted operation to cooperative operation for contracted vehicles with a longer contract term in respect of key routes, and shared operation benefits from contracted passenger transportation routes in advance. Zhaoqing Yueyun made adjustment to route signs along 26 passenger transportation lines such as Nanfeng to Qingyuan, Zhaoqing to Yingde and Zhaoqing to Dianbai, and at the same time undertook cooperation in operation with other transportation entities in the region to actively respond to the impact brought by Nanning-Guangzhou High-speed Rail, Guiyang-Guangzhou High-speed Rail and Guangzhou-Foshan-Zhaoqing Railway. The Group also vigorously promoted skid-mounted refueling to satisfy the demand for fuel of operating vehicles within the Group. By the end of the first half of the year, a total of 22 skid-mounted refueling tanks were constructed and put into use. A total of 20.99 million litres were refueled. Total savings of fuel costs were approximately RMB24.14 million.

The Group actively expanded and extended the road transportation industrial chain. The Group united several large transportation enterprises within the province to jointly establish “Guangdong Wangshangfei Technology Co., Ltd. (廣東網上飛科技有限公司)” to work together to promote the construction of the small parcel express information system platform in Guangdong Province and jointly build the largest small parcel express delivery logistics platform in Guangdong Province. By the end of the first half of 2016, the project had completed the relevant work such as business standard design, brand building, information system development and testing. In the second half of 2016, the Group will realize the online operation of 150 passenger terminals across the province. Shaoguan Yueyun actively expanded the “transportation + travel” model and initially achieved good economic benefits. For the “Guangzhou to Mount Danxia” route which has been opened to traffic, the actual loading rate of the passenger coaches reached 60%. Yueyun Langri actively developed the travel passenger transportation market and opened the Guangzhou to Shapa connection ticket, and at the same actively expanded the charter coach market, particularly the customized charter bus business. Shaoguan Yueyun intended to cooperate with Shaoguan Xinhongda City Investment Operation Co., Ltd. (韶關市新鴻達城市投資經營有限公司) to construct the Fu Rong Xin Cheng (芙蓉新城) training base for Baolitong Driving Training Company (寶利通駕培公司). Currently, the project has entered the construction preparation stage. Shaoguan Yueyun also actively accelerated preliminary stage demonstration for the large van driver professional education and training pilot project, which can solve the problem of insufficient supply of coach drivers in the passenger transportation industry and foster new profit growth drivers for the Group.

The Group actively promoted the implementation of the overall plan for information technology. The Group completed the building of the online ticket centre platform to achieve interconnection of the ticketing systems of all regional companies. As at 30 June 2016, 76 passenger terminals of the Group achieved ticket purchase by WeChat, with a total of 344,200 tickets sold and the ticket sales of RMB23.3176 million through the WeChat platform, attracting the following of 792,200 persons. Zhaoqing Yueyun enhanced the marketing and promotion of the WeChat platform of “Yueyun Transport”, improved its own online ticketing system to conduct online ticket booking, group purchase and QR code ticket verification to allow passengers to travel more conveniently, and further enhanced the actual loading rates of the passenger coaches. Shaoguan Yueyun and Jiangsu Dayun Technology Company (江蘇大運科技公司) carried out equity cooperation to provide vehicle dynamic monitoring and road passenger transportation enterprise information technology construction solutions for regional companies within the Group.

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

The Group continued to advance the advertising and promotion “Guangdong-Hong Kong Bus” WeChat and launched incentive and sales promotion plans to attract more young people to register as “Guangdong-Hong Kong Bus” WeChat users. Through the improvement of the portal site, connection with the existing WeChat ticketing system was achieved to increase the percentage of online ticket booking.

The Group deeply explored the advertising resources in the operating vehicles to develop a new source of profit growth point.

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 the assessment by the project expert group has been completed for the project and an official reply on project implementation has been obtained from the Department of Transportation of Guangdong Province.

Expressway Services

With the expressway service zone as the platform and guided by the demand for tourism services, the Group focused on the rapid development of the energy business, the convenience store business and the commercial property development business to comprehensively increase the commercial value of the service zones. As at 30 June 2016, the Group operated 89 pairs of service zones, 140 gas stations and 159 convenience stores.

The Group steadily advanced the development of the energy business. Pursuant to the “Energy Business Development Strategy and Implementation Plan of Guangdong Yueyun Transportation Company Limited”, the Group implemented the self-construction and self-operation of gas stations of the service zones along the new expressway sections with an annual refueling volume of more than 20,000 tonnes. Currently, the self-construction and self-operation of the 3 pairs of gas stations of the Pingtong Service Zone, Xincheng Service Zone and the Siqian Service Zone along the Jiangmen-Luoding Expressway and the 3 pairs of gas stations of the Jinzao Service Zone, the Luhe Service Zone and the Mount Lotus Service Zone along the Chaozhou-Huilai Expressway are being implemented as planned. The Group planned to cooperate with PetroChina (中石油) to establish a joint venture to jointly develop the refueling station business in service zones such as the Fogang Service Zone and Hengshishui Service Zone. The Group and Guangdong Power Grid Company (廣東電網公司) signed the “Construction and Cooperation Framework Agreement on Fast Charging Posts of Electric Vehicles” to jointly advance the development of the charging post business in service zones.

The Group accelerated the construction of its convenience store network. Pursuant to the “Implementation Plan for the Retail Network of Guangdong Yueyun Transportation Company Limited (2015-2019)”, the Group accelerated the plan for its convenience store network. In the first half of 2016, the Group opened 39 new convenience stores. Among them, 25 new convenience stores were opened at passenger terminals. The average gross profit margin of convenience stores at passenger terminals was generally the same as the gross profit margin of convenience stores in service zones. In the first half of 2016, the number of new product types increased by 264, bringing the total number of product types to 1,638. While setting out the chain operating network of “YUEYUN LOYEE”, the Group, with convenience store network terminals as the carrier, the Group fully capitalized on the intensive and synergistic advantages of the passenger terminal resources to promote the development of the relevant business and rapidly form an integrated business network incorporating ticketing, small parcel express delivery, retail, car rental, logistics and distribution and tour assembly and dispatch by way of business integration. The Group also successfully implemented brand output in other passenger terminals other than those owned by GCGC and established three “YUEYUN LOYEE” franchise stores at Maoming East Station, Maoming West Station and Xinhui Station in Jiangmen. The Group completed the relocation of the central warehouse in the first half of the year. The new central warehouse is a standardized logistics warehouse with an area of 6,500 square metres and will effectively reduce the sorting cost and increase distribution efficiency.

The Group focused on the business development of key service zones. For the Houmen Service Zone business development project, the acquisition of assets such as existing land, and the general layout design and floor plan of the project’s commercial design have been completed. Currently, the Group is carrying out the relevant work such as project development investment and economic analysis, marketing strategy and marketing execution plan. The Group and Yanchang and Shell (Guangdong) Petroleum Company Limited (延長殼牌(廣東)石油有限公司) signed a letter of intent on the establishment of a joint venture and intended rates to cooperate with each other in developing and operating the Dahuai Service Zone to expand the gas station business and relevant businesses. Currently, the Group has initially completed the business planning of the project and is carrying out the preliminary work such as obtaining project land use indicators. Through public bidding, the Group obtained the integrated property operation and management business of the square in front of the Shanwei High Speed Rail Station, which can facilitate the Group in exploring the external transportation hub property management and operation model and build a property operation and management brand.

The Group stepped up its efforts in the digital transformation of traditional media and actively expanded its digital media advertising business. The Group constructed a total of 10 LED electronic screens covering 6 expressway service zones along the Guangzhou-Lechang Expressway and the Guangzhou-Huizhou Expressway, and 18 LCD screens covering 2 expressway toll stations in the first half of 2016. The Group fully took advantage of the favourable opportunity of the Spring Festival travel season to create the “Road of GAC Motor” advertising project for GAC Motor, with good market responses. Meanwhile, the Group continued to enhance its efforts in consolidating the expressway media resources and passenger transportation media resources. As at 30 June 2016, the Group held the operation rights of 368 outdoor columns along 50 highway sections.

Material Logistics Services

In accordance with the development idea of “one network, one chain”, the Group actively advanced project bidding and wharf examination and acceptance with parties other than GCGC to expedite business transformation and upgrade on the basis of implementing material supply management.

The Group spared no efforts in the material supply management of projects with GCGC and proactively developed business in the market. In the first half of 2016, the Group completed the material supply and construction of 24 projects in total, including 10 projects with GCGC (including the expansion project of the Guangzhou-Qingyuan Expressway, Zhaoqing-Huadu Expressway, Luoding-Yangjiang Expressway, Baotou-Maoming Expressway, Chaozhou-Huilai Expressway, Pingyuan-Xingning Expressway, Jiangmen-Luoding Expressway, Humen Second Bridge, Jieyang-Boluo Expressway, and Xingning-Wuhua section of Xingning-Shanwei Expressway) and 14 projects with parties other than GCGC (including Guangzhou-Foshan Ring City Rail Transit, Guangzhou-Dongguan-Shenzhen Intercity Rail Transit, Guangzhou Metro Line 6, Guangzhou Metro Line 8, Guangzhou Metro Line 21, Ren Xin Expressway, Hubei Communications Investment, Guangzhou-Gaoming Expressway, Dongguan-Huizhou Intercity Rail Transit, Guangzhou-Qingyuan Intercity Rail Transit, North Third Ring Expressway, the Huazhou-Zhanjiang Section of the Shantou-Zhanjiang Expressway, Jieyang-Puning-Huilai Expressway Maintenance, the Lianping-Yingde of the Longchuan-Huaiji Expressway). The Group supplied 262,400 tons of steel, 1,075,400 tons of cement and 29,500 tons of asphalt in the first half of 2016. The Group also proactively developed the material supply business in the market. In the first half of 2016, the Group won a bid to supply 198,300 tons of steel with a bidding amount of RMB478 million, a bid to supply 275,300 tons of cement with a bidding amount of RMB96.26 million and a bid to supply 53,400 tons of asphalt with a bidding amount of RMB194 million.

Examination and delivery of the Dongguan wharf project of the Group had been completed and the wharf operation licence had been obtained in the first half of 2016, and its commercial value will be further released. The scope of business was expanded to the loading and unloading and transshipment of bulk cargo such as steel and coal. In order to conduct the wharf bulk cargo business as soon as possible and to increase the operating efficiency of the wharf, the Group established a wharf business marketing office and intended to seek cooperation partners in various ways. Meanwhile, the Group actively carried out the coordination of work on customs and domestic and foreign trade. Following the division of domestic and foreign trade, the wharf was expected to handle the loading and unloading and transshipment of domestic trade bulk vessels. The asphalt warehousing business of the Group maintained steady operation. In the first half of 2016, the Group accumulated 120,200 tons of inbound asphalt and 114,100 tons of outbound asphalt, with 22 asphalt vessels docked.

The Group continued to strengthen its cost management and implemented the innovative 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 relatively rationalize inventory and enhance the material procurement efficiency. Meanwhile, joint delivery control measures were adopted by the business department, operation management department and finance management department, and a dual control mechanism for delivery was implemented regarding the credit period and limit of receivables to keep the risk exposure of receivables within a controllable range.

Tai Ping Interchange

The scale of the Tai Ping Interchange toll business achieved growth in the first half of 2016 as compared to the same period in 2015 due to the increase in traffic volume and the adjustment of the toll-by-weight model. As at 30 June 2016, Tai Ping Interchange achieved income of approximately RMB98 million, representing an increase of approximately 9% over the same period in 2015, which continued to contribute stable cash flow to the Group.

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 the first half of 2016, the Guangzhou municipal government promulgated the Measures for the Urban Renewal of Guangzhou City (《廣州市城市更新辦法》). Meanwhile, the publication of the Regulatory Plan for Guangzhou Baiyun District Tang Chong Area (《廣州市白雲區棠涌片區控制性詳細規劃》) had also been completed. It has been clarified that the self-transformation of the “Three Olds” land parcel on Airport Road can be implemented and the land parcel of the project would be used solely for commercial purpose. The Group actively communicated and coordinated with Guangzhou Baiyun District Urban Renewal Bureau. Currently, the project has been included in the “Three Olds” transformation annual implementation plan for 2016 and included in the planned scope of approval of the Guangzhou Municipal Urban Renewal Bureau. The Group accelerated relevant work such as preliminary project analysis, development through cooperation and marketing and completed relevant analysis such as New Policy Project Implementation Analysis (《新政策項目實施分析》) and Analysis of Project Economy under New Planning Indicators (《新規劃指標下項目經濟分析》). The Group will closely follow the official reply of the Guangzhou Municipal Urban Renewal Bureau on the project and continue to advance the planning and optimization of specific land use indicators such as the volume rate of the project and fully promote the application and development process for the project.

(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 a site area of 9,350.95m² and the land use right type of the granted land was 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 Group is actively advancing the preliminary work such as the optimization and adjustment of planning indicators such as the volume rate, engineering design and business planning.

FINANCIAL REVIEW

Revenue

The revenue of the Group for the first half of 2016 mainly derived from three business segments, namely motor vehicle transportation and auxiliary services, expressway services and material logistics services. Revenue of Tai Ping Interchange was also included in the revenue of the Group. The revenue of the Group for the first half of 2016 was RMB3,132 million (the same period in 2015: RMB3,899 million), representing a decrease of RMB767 million or approximately 20% over the same period in 2015. It was mainly attributable to the substantial completion of certain projects which contributed to the decrease in supply of cement and steels from material logistics services.

Revenue by business segments:

	For the six months ended 30 June			
	2016		2015	
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Motor vehicle transportation and auxiliary services	1,578,255	50.40 %	1,491,053	38.24%
Expressway services	445,309	14.22 %	389,428	9.99%
Material logistics services	1,008,929	32.22 %	1,926,065	49.40%
Tai Ping Interchange	98,066	3.13 %	90,026	2.31%
Others	<u>1,073</u>	<u>0.03 %</u>	<u>2,577</u>	<u>0.06%</u>
Total	<u>3,131,632</u>	<u>100.00 %</u>	<u>3,899,149</u>	<u>100.00%</u>

1. *Motor vehicle transportation and auxiliary services*

Motor vehicle transportation and auxiliary services are one of the major sources of the Group's revenue. Such business recorded revenue of RMB1,578 million (the same period in 2015: RMB1,491 million) for the first half of 2016, representing an increase of RMB87 million or approximately 6% over the same period in 2015, and accounted for approximately 50.40% (the same period in 2015: approximately 38.24%) of the Group's total revenue. Such increase in revenue was mainly due to the improvement in the efficiency of acquisition and consolidation of the Group's regional companies through the increase of the recovery of routes for self-operation, expansion of the scale of operation and increase in efficiency through mergers and acquisitions.

2. *Expressway services*

As at 30 June 2016, the Group had 89 pairs (the same period in 2015: 78.5 pairs) of operating expressway service zones. The revenue of expressway services amounted to RMB445 million (the same period in 2015: RMB389 million), representing an increase of RMB56 million or approximately 14% over the same period in 2015, and accounted for approximately 14.22% (the same period in 2015: approximately 9.99%) of the Group's total revenue. The increase in revenue was mainly due to the year-on-year increase in the number of service zones during the current period.

3. **Material logistics services**

Material logistics service is one of the major sources of the Group's revenue. During the first half of 2016, the Group's revenue from material logistics services amounted to RMB1,009 million (the same period in 2015: RMB1,926 million), representing a decrease of RMB917 million or approximately 48% over the same period in 2015, and accounted for approximately 32.22% (the same period in 2015: approximately 49.40%) of the Group's total revenue. The decrease in revenue was mainly due to the substantial completion of certain projects which contributed to the decrease in supply of cement and steels from materials logistics services.

4. *Tai Ping Interchange*

The revenue from Tai Ping Interchange amounted to RMB98 million (the same period in 2015: RMB90 million) for the first half of 2016, representing an increase of RMB8 million or approximately 9% over the same period in 2015. Such change was mainly due to organic growth in traffic flow during the current period.

Gross profit

Gross profit of the Group for the first half of 2016 amounted to RMB646 million (the same period in 2015: RMB656 million), representing a decrease of RMB10 million or approximately 2% over the same period in 2015. Such decrease was mainly due to the year-on-year decrease in gross profit of motor vehicle transportation and auxiliary services and material logistics services business segments. Gross profit margin for the first half of 2016 was 20.63% (the same period in 2015: 16.83%), representing an increase of 3.80 points as compared to the same period in 2015, which was mainly attributed to an increase in the proportion of expressway services, a business with a higher gross profit margin, in gross profit year-on-year.

For the six months ended 30 June				
2016		2015		
	<i>RMB'000</i>	<i>Percentage</i>	<i>RMB'000</i>	<i>Percentage</i>
Motor vehicle transportation and auxiliary services	363,367	56.26%	390,500	59.51%
Expressway services	148,813	23.04%	112,279	17.11%
Material logistics services	54,125	8.38%	75,290	11.47%
Tai Ping Interchange	81,279	12.58%	76,980	11.73%
Others	(1,658)	(0.26%)	1,163	0.18%
Total	<u>645,926</u>	<u>100.00%</u>	<u>656,212</u>	<u>100.00%</u>

1. *Motor vehicle transportation and auxiliary services*

Motor vehicle transportation and auxiliary services recorded gross profit of RMB363 million in the first half of 2016 (the same period in 2015: RMB391 million), representing a decrease of RMB28 million or approximately 7%, with a gross profit margin of 23.02% (the same period in 2015: 26.19%). The year-on-year decrease in gross profit and gross profit margin was mainly attributable to an increase of labor costs and an increase in depreciation charges resulting from additional public transportation routes.

2. *Expressway services*

Gross profit from expressway service business amounted to RMB149 million in the first half of 2016 (the same period in 2015: RMB112 million), representing an increase of RMB37 million or approximately 33%, with a gross profit margin of 33.42% (the same period in 2015: 28.83%). The increase in gross profit and gross profit margin was due to the year-on-year increase in revenue from service zones and convenience stores.

3. *Material logistics services*

Gross profit from material logistics services business amounted to RMB54 million in the first half of 2016 (the same period in 2015: RMB75 million), representing a decrease of RMB21 million or approximately 28% as compared to the same period last year. Gross profit margin was 5.36% (the same period in 2015: 3.91%). The decrease in gross profit was mainly attributable to the decrease in revenue, while the increase in gross profit margin was mainly attributable to the decline in the cost of materials being greater than the decline in revenue on a year-on-year basis.

4. *Tai Ping Interchange*

Gross profit of Tai Ping Interchange amounted to RMB81.3 million in the first half of 2016 (the same period in 2015: RMB77 million), representing an increase of RMB4.3 million or approximately 6%. Gross profit margin was 82.88% (the same period in 2015: 85.51%). The decrease in gross profit margin was mainly attributed to the slight increase in the maintenance cost as compared to the same period in 2015.

Business taxes and other surcharges

In the first half of 2016, business taxes and other surcharges decreased to RMB28.7 million from RMB31.2 million for the same period in 2015, representing a decrease of RMB2.5 million or 8%. Such decrease was mainly attributable to (i) the decrease of business tax as a result of implementation of the policy on levying value-added tax in place of business tax; and (ii) the decrease in revenue from material logistics services business, leading to the decrease in the relevant surcharges on value-added tax paid.

Selling and administrative expenses

In the first half of 2016, selling and administrative expenses of the Group amounted to RMB352 million (the same period in 2015: RMB361 million), representing a decrease of RMB9 million or approximately 3% over the same period in 2015. Such decrease was attributable to the strengthening of control over management fees of the Company.

Finance costs

In the first half of 2016, finance costs amounted to RMB22.5 million (the same period in 2015: RMB29.8 million), representing a decrease of RMB7.3 million or approximately 24% as compared to the same period in 2015. Such decrease was mainly attributable to the year-on-year decrease in interest-bearing liabilities and interest rates.

Asset impairment losses

In the first half of 2016, the reversal of impairment provision amounted to RMB2.934 million (the same period in 2015: RMB1.598 million), representing an increase of RMB1.336 million or approximately 84% as compared to the same period in 2015. Such increase was mainly attributable to the reversal of impairment provision provided in previous periods as the Group received collectibles during the current period.

Investment income

In the first half of 2016, investment income amounted to RMB15.20 million (the same period in 2015: RMB7.52 million), representing an increase of RMB7.68 million or approximately 102% as compared to the same period in 2015. Such increase was mainly attributable to an increase of investment income from the Group's associates and joint ventures during the current period.

Net profit

The Group recorded net profit of RMB218 million for the six months ended 30 June 2016 (the same period in 2015: RMB200 million), representing an increase of RMB18 million or approximately 9% over the same period in 2015. Net profit attributable to shareholders of the parent company for the first half of 2016 amounted to RMB175 million (the same period in 2015: RMB143 million), representing an increase of RMB32 million or approximately 22% as compared to the same period in 2015. Such increase was mainly attributable to (i) the increase in profit from expressway services business of the Group compared to the same period in 2015 as a result of the newly established service zones; and (ii) the year-on-year decrease in costs during the period as a result of the strengthening of control over costs.

Liquidity and capital structure

As at 30 June 2016, cash and cash equivalents amounted to RMB1,532 million (31 December 2015: RMB1,923 million). As of 30 June 2016, the balance of bills payable amounted to RMB174 million (31 December 2015: RMB216 million); net current liabilities amounted to RMB542 million (31 December 2015: RMB607 million); current ratio was 1.21 times (31 December 2015: 1.22 times); gearing ratio (representing total liabilities over total assets) was 58.47% (31 December 2015: 59.66%).

Cash flow

In the first half of 2016, 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.

Most of the cash and cash equivalents of the Group are denominated in Renminbi, except for the cash and cash equivalents that relate to cross-border transportation services. For the first half of 2016, the movements of cash and cash equivalents (after deducting the effect of foreign exchange) were as follows:

	For the six months ended 30 June		
	2016	2015	Change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash from/(used in)			
Operating activities	105,862	210,644	(104,782)
Investing activities	(258,307)	(443,774)	185,467
Financing activities	(250,307)	<u>20,626</u>	<u>(270,933)</u>
Decrease in cash and cash equivalents	<u>(402,752)</u>	<u>(212,504)</u>	<u>(190,248)</u>

Operating activities

The net outflow from operating activities of the Company amounted to RMB106 million in the first half of 2016 (the same period in 2015: net cash inflow of RMB211 million), representing an decrease in net inflow of RMB105 million. Such decrease was mainly attributable to lower revenue of the Company.

Investing activities

The net cash used in investing activities in the first half of 2016 amounted to RMB258 million (the same period in 2015: net cash outflow of RMB444 million), which was mainly attributable to RMB259 million in expenditures on acquisitions of fixed assets, which was a smaller amount year-on-year.

Financing activities

The net cash outflow from financing activities in the first half of 2016 amounted to RMB250 million (the same period in 2015: net inflow of RMB21 million), which was mainly attributable to the decrease in borrowings and the increase in repayment of borrowings during the current period.

Borrowings

As at 30 June 2016, outstanding borrowings of the Group was RMB1,006 million, including (i) unsecured short-term loans of RMB10 million (31 December 2015: RMB91 million); (ii) secured short-term loans: RMB10 million (31 December 2015: RMB35 million); (iii) secured long-term loans of RMB202 million (31 December

2015: RMB133 million);(iv) unsecured long-term loans of RMB10 million (31 December 2015: RMB193 million); (v) finance lease payables: nil (31 December 2014: RMB400,000); (vi) bonds payable of RMB774 million (31 December 2015: RMB773 million). Gearing ratio (total liabilities over total assets) as at 30 June 2016 remained steady at 58.47%, compared to 59.66% as at 31 December 2015.

As at 30 June 2016, the Group's borrowings were mainly denominated in RMB and the majority of them were subject to floating interest rates.

Post balance sheet date events

None

Major acquisitions and establishment of new companies

During the six months ended 30 June 2016, the Group invested in 2 new companies, including Guangdong Yueyun Development Co., Ltd. (廣東粵運發展有限公司), a newly established subsidiary and Heyuan Yue Payment Technology Co., Ltd. (河源市粵支付科技有限公司), a newly acquired subsidiary. The Group had total investment costs of approximately RMB15 million in respect of these new companies as at 30 June 2016.

As at 30 June 2016, the Group had no major acquisitions pending for completion.

Pledge of assets

As at 30 June 2016, investment properties at the net value of RMB2 million (31 December 2015: RMB2 million), fixed assets at the net value of RMB242 million (31 December 2015: RMB202 million) and land use rights at the net value of RMB86 million (31 December 2015: RMB78 million) of the Group were pledged as security for bank borrowings of the Group.

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 2016, the working capital and liquidity of the Group were slightly affected by the fluctuations in currency exchange rate, which were not hedged by hedging instruments. The directors of the Company (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 2016, the Group had no material contingent liabilities.

The Main Business Objectives of the Half of 2016 and Arrangement of Investment Funds

During the second half of 2016, both domestic and international economic conditions will remain complicated and challenging. It is expected the PRC government will adhere to the basic working strategy of pursuing stability and improvement, expand overall demand moderately, implement supply-side structural reforms firmly, optimize economic structure, strengthen new development forces and facilitate sustainable and healthy development of the national economy. The Group will complete the formulation of the “13th Five-Year” Development Plan based on the conclusion of the “12th Five-Year” Development Plan and the implementation of the “2014-2018 Development Plan”, and it will be used as a guideline to continue increasing mergers and acquisitions of resources, enhance utilization rate of resources, introduce more innovations on management system, improve incentive restraint system and strengthen risk preventive abilities, as well as to realize rapid development of all business segments and enlarge the value of resources through the fusion of industry and capital.

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

Motor vehicle transportation and auxiliary services

1. To continue increasing the reclamation and self-operation of contracted vehicles, strengthen the development of rural passenger transportation market, further improve the plan for rural passenger terminal; increase mergers, acquisitions and consolidation of road transportation resources in the region to enhance market share.
2. To develop extended travelling service industrial chain to provide one-stop solution for travelling services. To explore the “transportation + tourism” development model and effectively consolidate resources such as tours, hotel and local specialty products; promote the development of driver training

business; actively take part in the pilot reform on organization of passengers implemented by the Guangdong Provincial Department of Transportation, explore the development of tour bus chartering and customized bus chartering businesses to provide diversified personalized services for passengers.

3. To continue proceeding with the construction and renovation of passenger terminals, appropriately control the investment and construction scale of terminals, establish awareness of commercial terminals, commence merchant solicitation first, emphasize on both terminals and merchants, adopt various methods such as autonomous commercial redevelopment, joint development and exchange to revitalize resources of old terminals and fully exploit the commercial value of terminals.
4. To establish and form information-based companies to promote the implementation of information planning, improve WeChat ticketing system, upgrade management information system of convenient stores, promote the online operation of small parcel express delivery service logistics system covering 150 passenger terminals within the Guangdong Province; procure cooperation with the provincial joint network ticketing platform and further expand market coverage on the basis of self-developed cross-border joint network ticketing.
5. To continue further implementing “Five Unifications (五統一)” management and strengthen control over operating costs; accelerate the construction of skid mounted refueling facilities, strive to obtain autonomy in the procurement of fuel materials to reduce the fuel cost of self-operated vehicles effectively.
6. To participate actively in the tender bidding for land transportation business after the opening of the Hong Kong-Zhuhai-Macau Bridge.

Expressway services

1. To accelerate the development of refueling station business and strive to realize the self-construction and self-operation of six pairs of refueling stations on Chaozhou-Huilai Expressway and Jiangmen-Luoding Expressway; proceed with the investment and operation of 7 LNG refueling stations in Hengshishui Service Zone, Fogang Service Zone and Chengnan Carpark Zone; accelerate the formulation of the construction plan of electricity re-charging infrastructural facilities for electric cars.
2. To establish professional companies for coordinating planning, unifying standards and management, accelerate the construction of the convenience store network “Yueyun Loyee”, proceed with the “three-in-one” reform for outlets of

convenience stores, small parcel express delivery service and joint network ticketing; accelerate the planning and construction of convenience stores by storage division to reduce storage costs of commodities and increase distribution and delivery efficiency.

3. To proceed with commercial development projects in Houmen Service Zone, commence project design, complete preparation and approval of the feasibility report on project investment, complete the project inception procedures; complete the preparation of business planning and design work proposal for the modification and expansion project in Dahuai Service Zone, complete the preparation and approval of feasibility report on project investment and commence project inception reporting procedures.
4. By leveraging on the opportunity offered by the first Expressway Vehicle Owner Festival, increase advertising resources for marketing and publicity, enhance digital transformation of traditional advertising media, improve the capabilities of marketing planning and customer relationship management and realize the merged development between traditional media and mobile internet media.

Material logistics services

1. To manage materials supply management for projects under construction of GCGC; step up tender efforts for key engineering projects in Guangdong, realize market expansion for materials such as steel, asphalt and cement, control the market risk in business expansion effectively.
2. To proceed actively with marketing for terminals, complete zoning for domestic and foreign trade, confirm cooperative development plan of terminals and yards to realize the commercial value of terminals as soon as possible.
3. To conduct further research and discussion on the logistics park project, adopt the approach of combining merger and acquisition and self-construction consistently, construct a hub-style logistics center, nurture integrated operation capabilities for the logistics park zone and realize complementary development of businesses such as small parcel express delivery service and convenient stores.

The Group will primarily use loan financing and funds generated from its operation to meet the funding requirements of the main business investment.

OTHER INFORMATION

Purchase, Sale or Redemption of Listed Shares of the Company

The Company did not redeem any of its listed shares nor did the Company or any of its subsidiaries purchase or sell any of such shares during the six months ended 30 June 2016.

Compliance with Corporate Governance Code

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

The Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the period from 1 January 2016 to 30 June 2016. 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 2016.

Compliance with Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the supervisors of the Company (“**Supervisors**”). Having made a specific enquiry with all the Directors and Supervisors, each of the Directors and Supervisors confirmed that he/she had complied with the requirements set out in the Model Code for the six months ended 30 June 2016.

Board of Directors

As at 30 June 2016, the Board consisted of 11 members, including 5 executive Directors, namely Mr. Xuan Zongmin, Mr. Tang Yinghai, Mr. Yao Hanxiong, Mr. Fei Dachuan and Mr. Guo Junfa; 2 non-executive Directors, namely Mr. Li Bin and Mr. Chen Min; and 4 independent non-executive Directors, namely Mr. Gui Shouping, Mr. Peng Xiaolei, Mr. Jin Wenzhou and Ms. Lu Zhenghua.

Review by Audit & Corporate Governance Committees

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

The primary duties of the Audit & Corporate Governance Committee are, among other things, to appoint external auditors, review and supervise the financial reporting process, review interim and annual results, review and supervise the internal control system and risk management of the Group, and provide advice and comments to the Board and monitor the corporate governance of the Company. As at 30 June 2016, the Audit & Corporate Governance Committee consisted of 3 members, namely Mr. Peng Xiaolei (Chairman) and Ms. Lu Zhenghua, independent non-executive Directors, and Mr. Li Bin, a non-executive Director. The Audit & Corporate Governance Committee has reviewed the unaudited interim financial report of the Company for the six months ended 30 June 2016 and recommended its adoption by the Board. The independent auditor of the Company, KPMG Huazhen LLP, has also reviewed the unaudited interim financial report for the period in accordance with Chinese Standards on Review No. 2101- Engagements to Review Financial statements issued by the Chinese Institute of Certified Public Accountants.

Supervisory Committee

As at 30 June 2016, the supervisory committee consisted of 7 members, 2 of whom were independent Supervisors (namely Mr. Dong Yihua and Mr. Lin Hai), 2 of whom were shareholder Supervisors (namely Mr. Hu Xianhua and Mr. Wang Qingwei) and 3 of whom were Supervisors representing the staff of the Company (namely Mr. Zhen Jianhui, Ms. Du Wanyan and Ms. Li Xiangrong).

Employees and Remuneration Policies

The Group had 20,485 employees as at 30 June 2016 (31 December 2015: 20,516). Total staff cost for the six months ended 30 June 2016, including the Directors' remuneration, amounted to approximately RMB769 million (the same period in 2015: approximately RMB691 million).

The remuneration of the employees of the Group (including the executive Directors) comprises basic salary, performance bonus, allowance and subsidies. 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 by reference to the remuneration standards in the capital market for independent non-executive directors with similar business scope and scale. The non-executive Directors have agreed not to receive any remuneration for such positions.

Training of Employees

The Company attaches great importance to the training and development of human resources, and has made endeavors to provide training and education to staff at all levels. The main training activities carried out in the first half of 2016 included:

To promote the smooth matching of new acquisition projects with our operation and management business, the Company has conducted management trainings for deployed staff to explain the relevant management requirements and concepts of the Group, let them learn the procedures of the management system and exchange methods of external management work, and assisted deployed staff to be competent for their posts as soon as possible.

To effectively enhance the management capability for convenience stores business of subsidiaries and strength business coordination and support to cope with the development requirement of the Group's convenience stores business, the Company held the 2nd Yueyun Loyee (粵運樂驛) comprehensive training for convenience stores business to provide key managers of convenience stores of subsidiaries with systematic and planned business knowledge, theories and practical trainings.

As the volume of tendering business of the Group increased dramatically, to ensure compliance of the Group's tendering business procedures with regulations and to standardize the tendering procedures, the Company has provided senior managements, tendering staff and legal staff of the Group with tendering practices and problem solving trainings which have further enhanced the practical tendering operation capability of the Group's staffs, especially of the key managers of tendering.

To better help professional and technical staff of the Company master business knowledge, expand the areas of expertise, and complete the task of continuing education, the Company has continued to provide staff within the Group with a full set of continuing education, including network registration for continuing education and training, training and learning, and reporting of academic hours etc., having achieved considerable results. Meanwhile, the Company has continued to upgrade the network college platform so that it plays the role in network college online learning.

Dividend

The Board has not declared the payment of an interim dividend for the six months ended 30 June 2016.

On 18 March 2016, the Board recommended the payment of a final dividend of RMB0.13 per ordinary share (inclusive of tax) for the year 2015. Such proposal was approved by the Shareholders at the Annual General Meeting (“AGM”) held on 7 June 2016. The final dividend is expected to be paid on or around 6 September 2016 to Shareholders whose names appear on the Company’s Share register of members at 4:30 p.m. on Monday, 20 June 2016. For details, please refer to the announcement published on 18 March 2016 and the circular published on 20 April 2016 by the Company.

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 purpose of the amendments to the Articles of Association is (i) to reflect the changes in share capital structure and registered capital of GCGC after the conversion of the PSCS held by it into new Conversion Shares; and (ii) to comply with the existing Company Law of the PRC by deleting contents regarding “Appropriation of statutory public welfare fund” in the Articles of Association. The proposed amendments Appropriation of Association were approved by relevant government authorities, and have come into effect after filing with industrial and commerce administration authorities. For details, please refer to the announcement published by the Company on 18 March 2016 and the circular published on 20 April 2016.

Auditor of the Company

The Shareholders considered and approved the ordinary resolution in respect of the proposed appointment of KPMG Huazhen LLP as the auditor of the Company at the AGM.

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.hkexnews.hk/>) and the Company (<http://www.gdyueyun.com>). An interim report for the year ended 30 June 2016 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
Guangdong Yueyun Transportation Company Limited
Xuan Zongmin
Chairman of the Board

Guangzhou, the People's Republic of China
23 August 2016

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. Li Bin and Mr. Chen Min as non-executive directors of the Company, and Mr. Gui Shouping, Mr. Peng Xiaolei, Mr. Jin Wenzhou and Ms. Lu Zhenghua as independent non-executive directors of the Company.

** for identification purposes only.*