



Guangdong Provincial Expressway Development Co., Ltd.

2011 Annual Report

Chairman of board of directors: Zhou Yuming

March 30, 2012

Important Notes

The Board of Directors and the directors, Supervisory Committee and supervisors and Senior Executives of the Company hereby warrant that at the year of 2010, there are no misstatement, misleading representation or important omissions in this report and shall assume joint and several liability for the authenticity, accuracy and completeness of the contents hereof.

The annual report of this year is adopted by the 24th (Provisional) meeting of the Sixth board of directors of the company. all the other directors presented the meeting made their votes.

Guangdong Zhengzhong Zhujiang Certified public Accountants Co., Ltd. audited the financial report of the Company for this Report period and issued standard unqualified auditor's report.

Chairman of board of directors Mr.Zhou Yuming, General Manager of the Company Mr. Li Xiyuan and Chief Accountant of the Company Mr.Xiao Laijiu State:Financial Report in the report is true and complete.

Table of Contents

I. Basic Information of the Company

II. Summary of Accounting Highlights and Business Highlights

III. Change of share capital and shareholding of Principal Shareholders

IV. Information about Directors, Supervisors and Senior Executives

V. Administrative structure

VI. Particulars about shareholders' general Meeting

VII. Report of the Board of Directors

VIII. Report of the Supervisory Committee

IX. Important Events

X. Financial Report

XI. Documents available for inspection

This report has been prepared in both Chinese and English. In case of any discrepancy, the Chinese version shall prevail.

I. Basic Information of the Company

I. Legal name of the company

Name in Chinese: 广东省高速公路发展股份有限公司

Name in English: Guangdong Provincial Expressway Development Co.Ltd.

English abbreviation: GPED

II. Legal representative: Zhou Yuming

III. Secretary of the Board of Directors: Zuo Jiang

Contact Address: 85 Baiyun Road, Guangzhou, Guangdong Province

Tel: (020)83731365 Fax: (020)83731363

E-mail: zuoj@gdcg.cn zuojiang22@yahoo.com.cn

Securities affair representative: Feng Xinwei

Contact Address: 85 Baiyun Road, Guangzhou, Guangdong Province

Tel: (020)83731388-231 Fax: (020)83731384

E-mail: fengxw@gdcg.cn fengxw2007@163.com

IV. Registered address of the Company: 85 Baiyun Road, Guangzhou, Guangdong Province

Office address: 85 Baiyun Road, Guangzhou, Guangdong Province

Postal code: 510100

Website: <http://www.gpedcl.com>

E-mail: zqb@gdcg.cn

V. Designated newspapers for information disclosure: Securities Times, China Securities, Shanghai Securities Daily and Hongkong Commercial Daily

Web Address for publication of Annual Report(Appointed by the China Securities Regulatory Commission): www.cninfo.com.cn

Address for Reference: Law Securities Dept. of the Company

VI. Stock exchange for listing: Shenzhen Stock Exchange

Stock abbreviation: Expressway A, Expressway B

Stock code: 000429、200429

VII. Relevant information

1.First Registration Date of Company: February 9,1993

Registered Address: 4/F,Dongjian Building, No.503, Dongfeng Zhong Road, Guangzhou, Guangdong Province

The date of last registration change: December 17,2007

Registered address: 85 Baiyun Road, Guangzhou, Guangdong Province

2.Company's Enterprise Legal business registration Number: 440000400006921

3.Company's Tax Registration Number: 440102190352102

4.Organization Code: 19035210-2

5.Company's Auditor's

Guangdong Zhengzhong Zhujiang Certified Public Accountants Co., Ltd.

Office address: 10/F,Yuehai Group Building, No.555 Dongfeng East Road, Guangzhou

II. Summary of Accounting Highlights and Business Highlights

I. The total profit earned by the company in the report year and its composition:

Unit: RMB

Items	2011
Operation profit	375,545,209.39
Total profit	246,304,541.95
Net profit attributable to shareholders of the listed company	216,786,205.90
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of the listed company	286,705,848.68
Cash flow generated by business operation , net	620,308,115.39

Notes: Items of non-recurring gains and losses deducted

Unit: RMB

Items of non-recurring gains and losses	Amount (2011)	Notes (If applicable)	Amount(2010)	Amount (2009)
Gain/loss form disposal of non-current assets.	-139,905,294.59		-15,303,539.22	-6,496,422.20
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	371,600.00		150,000.00	200,000.00
Asset impairment provisions for force major such as natural disasters	0.00		0.00	4,386,536.35
Single impairment test for impairment of receivables transferred back to preparation	985,513.61		0.00	0.00
Net amount of non-operating income and expense except the aforesaid items	10,293,027.15		1,971,989.55	8,261,411.60
Amount of influence of income tax	33,372,825.39		3,432,889.18	377,580.66
Amount of influence of minority interests	24,962,685.66		2,486,672.23	2,691,207.94
Total	-69,919,642.78	-	-7,261,988.26	9,420,314.35

II. Highlights of accounting data and financial indicators in the latest three years**(1) Highlights of accounting data**

Unit: RMB

	2011	2010	Changed over last year (%)	2009
Total income operating	1,078,042,712.93	1,002,219,500.20	7.57%	936,882,230.17
Operating profit	375,545,209.39	507,585,956.69	-26.01%	441,368,699.31
Total profit	246,304,541.95	494,404,407.02	-50.18%	436,223,918.28
Net profit attributable to the shareholders of the listed company	216,786,205.90	388,478,016.28	-44.20%	332,040,435.70
Net profit after deducting of non-recurring gain/loss attributable to the shareholders of listed company	286,705,848.68	395,740,004.54	-27.55%	322,620,121.35
Cash flow generated by business operation, net	620,308,115.39	590,293,828.25	5.08%	225,993,127.37
	End of 2011	End of 2010	Changed over last year (%)	End of 2009
Gross assets	11,802,427,175.92	10,526,464,082.25	12.12%	8,915,176,490.28
Gross Liabilities	7,046,672,448.34	5,726,488,968.10	23.05%	4,901,759,498.10
Shareholders' equity attributable to shareholders of the listed company	4,115,126,105.45	4,283,251,674.35	-3.93%	3,598,233,573.62
Capital stock	1,257,117,748.00	1,257,117,748.00	0.00%	1,257,117,748.00

(2) Highlights o financial indexes

Unit: RMB

	2011	2010	Changed over last year (%)	2009
Basic gains per share (RMB/Share)	0.17	0.31	-45.16%	0.26
Diluted gains per share(RMB/Share)	0.17	0.31	-45.16%	0.26
Basic earning per share after deducting of non-recurring gains/losses(RMB/Share)	0.23	0.31	-25.81%	0.26
Weighted average net asset earning ratio (%)	5.18%	10.16%	-4.98%	9.50%
Net income on asset, weighted and deducted non-recurring gain/loss(%)	6.84%	10.35%	-3.51%	9.23%
Net cash flow per share generated by business operation (RMB/Share)	0.49	0.47	4.26%	0.18
	End of 2011	End of 2010	Changed over last year (%)	End of 2009
Net asset per share attributable to shareholders of the listed company(RMB/Share)	3.27	3.41	-4.11%	2.86
Assets liabilities ratios	59.71%	54.40%	5.31%	54.98%

III. Change of Share Capital and Shareholding of Principal Shareholders

I. Changes in share capital

1. Changes in share capital

Unit: shares

	Before the change		Increase/decrease (+, -)					After the Change	
	Amount	Proportion	Share allotment	Bonus shares	Capitalization of common reserve fund	Other	Subtotal	Quantity	Proportion
1. Shares with conditional subscription	440,775,421	35.06%				-68,233	-68,233	440,707,188	35.06%
1. State-owned shares	409,910,135	32.61%				10,144	10,144	409,920,279	32.61%
2. State-owned legal person shares	22,301,977	1.77%						22,301,977	1.77%
3. Other domestic shares	8,364,452	0.67%				-75,558	-75,558	8,288,894	0.66%
Incl: Non-state owned domestic legal person shares	7,835,481	0.62%				-174,345	-174,345	7,661,136	0.61%
Domestic natural person shares	528,971	0.04%				98,787	98,787	627,758	0.05%
4. Foreign shareholding									
Incl: Overseas legal person shares									
Foreign nature person share									
5. Executive shares	198,857	0.02%				-2,819	-2,819	196,038	0.02%
II. Shares with unconditional subscription	816,342,327	64.94%				68,233	68,233	816,410,560	64.94%
1. Common shares in RMB	467,592,327	37.20%				68,233	68,233	467,660,560	37.20%
2. Foreign shares in domestic market	348,750,000	27.74%						348,750,000	27.74%
3. Foreign shares in overseas market									
4. Other									
III. Total of capital shares	1,257,117,748	100.00%				0	0	1,257,117,748	100.00%

Notes 1. In the report period, Reasons for the increase of shares with sale conditions held by state : 23 shares of the shareholders repaid 10,144 counterpart shares to Guangdong Communication Group Co., Ltd. Confirmed by judicial authorities, part shares of onshore corporation stocks were converted from “Domestic natural person shares” to “held by state shares”

Notes 2. In the report period, Reasons for the decrease of shares with sale conditions held by domestic legal person shares: Confirmed by judicial authorities, 174,345 shares of onshore corporation stocks were converted to onshore natural person stocks, and were still sale conditions stocks.

Notes 3. In the report period, Reasons for the increase of shares with sale conditions held by domestic natural person shares: 65414 domestic natural person shares subject to sale restriction were listed for trading and converted into shares not subject to sale restriction on August 8, 2011.

Notes 4. Because the shares like unrestricted shares held by the senior executives of the Company changed for 2010. base on the regulation from the Shenzhen stock exchange, the share like 'restricted shares' in the report period, 2819 shares held by senior executives changed from "restricted shares" into "unrestricted shares".

2. Change in conditional shares

Unit: Shares

Name of the shareholder	Conditional shares at beginning of year	Released this year	Increased this year	Conditional shares at end of year	Reason of condition	Date of releasing
Guangdong Communication Group Co., Ltd	409,910,135	0	10,144	409,920,279	At present, This shareholders have not applied for the lifting of the ban yet.	Unsure
Guangdong Expressway Co., Ltd	19,582,228	0	0	19,582,228	As mentioned above	As mentioned above
Guangdong Communication Development Company	589,239	0	0	589,239	As mentioned above	As mentioned above
Guangdong Traffic Development Company	2,130,510	0	0	2,130,510	As mentioned above	As mentioned above
State-owned legal person and other Domestic shareholder	8,364,452	75,558	0	8,288,894	Part of legal shareholders paid the price of equity reform on be half of Guangdong Communication Group Co., Ltd., before they return the price to Guangdong Communication Group Co., Ltd., their shares will be limited to sell.	As mentioned above
Directors, Supervisors ,	198,857	2,819	0	196,038	Executive shares	As mentioned

Senior Executives						ed above
Total	440,775,421	78,377	10,144	440,707,188	—	—

II Issuing and placing of shares

1. Information's about listing of shares or derivative securities over all previous three years in the Company.

Document CSRC permit No.(2009) 849 issued by China Securities Regulatory Commission had been approved, The Company conducted an online public offering of corporate bonds to public investors on September 21, 2009, and an offline offering of corporate bonds to institutional investors from September 21 to 23, 2009.(The online public offering code is "101699", named as "09 Guangdong Expressway Bond").the amount of current company bond issuing is RMB 800 million. RMB 100/per bond, The issuing price of each bond is RMB100 yuan. The Company issued 8 million corporate bonds at the price of RMB100 per bond. The coupon rate is 5.1% and the term is five years.

China Securities Depository and Clearing Co., Ltd.Shenzhen branch completed registration of corporate bonds in the current period on September 28,2009.With the consent of Shenzhen Stock Exchange, company bond will be listed in Shenzhen Stock Exchange since Oct. 16th, 2009. The short name of the bond is "09 Guangdong Expressway Bond", the stock code is "112009".

2. Ended by the end of the report period, There existed no inner Employee's shares.

III Particulars about the shareholders and the actual controller

1. Top 10 holders of shares with subscription conditions

The Company had 98,964 shareholders in total, including 63,363 shareholders holding A shares and 35,601 shareholders holding.

Unit: shares

Total number of shareholders on the end of the report period of 2011	The Company had 98,964 shareholders in total, including 63,363 shareholders holding A shares and 35,601 shareholders holding.	By the end of the last month of the announcement date of the annual report period			The Company had 98,672 shareholders in total, including 63,244 shareholders holding A shares and 35,428 shareholders holding.
Top 10 holders of shares					
Name of the shareholder	Properties of shareholder	Share proportion %	Total shares	Conditional shares	Pledged or frozen
Guangdong Communication Group Co.,Ltd	State-owned legal person	40.83%	513,300,021	409,920,279	103,379,742
Guangdong Expressway Co., Ltd	State-owned legal person	1.56%	19,582,228	19,582,228	

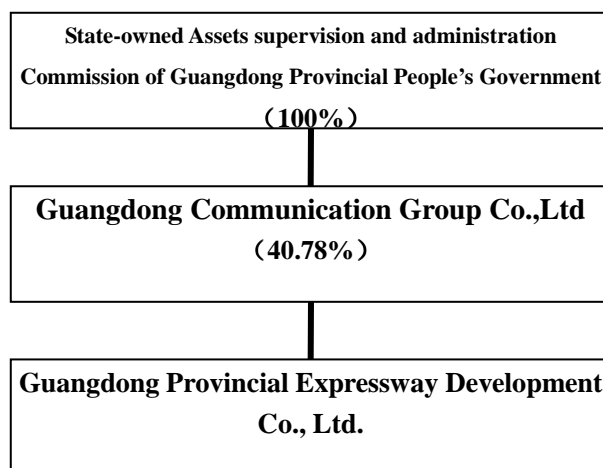
Xinyue Co., Ltd.	Overseas legal person	1.05%	13,201,086		
Guangdong Yuecai Trust Investment CO., Ltd.	State-owned legal person	0.97%	12,174,345		
China Merchants Securities Co., Ltd credit transaction guarantee securities accounts	Domestic non State-owned Legal person	0.91%	11,404,590		
Shanxi Huiteng International Freight Forwarding Co., Ltd.	Domestic non State-owned Legal person	0.29%	3,696,200		
STICHTING PGGM DEPOSITARY	Overseas legal person	0.29%	3,599,861		
China Jianyin Investment Securities Co., Ltd. credit transaction guarantee securities accounts	Domestic non State-owned Legal person	0.28%	3,557,586		
Lu Weiqiang	Domestic natural person	0.23%	2,888,848		
Chen Shukai	Overseas natural person	0.23%	2,867,001		
Top 10 holders of unconditional shares					
Name of the shareholder	Unconditional shares		Type of shares		
Guangdong Communication Group Co.,Ltd	103,379,742		RMB Common shares		
Xinyue Co., Ltd.	13,201,086		Foreign shares placed in domestic exchange		
Guangdong Yuecai Trust Investment CO., Ltd.	12,174,345		RMB Common shares		
China Merchants Securities Co., Ltd credit transaction guarantee securities accounts	11,404,590		RMB Common shares		
Shanxi Huiteng International Freight Forwarding Co., Ltd.	3,696,200		RMB Common shares		
STICHTING PGGM DEPOSITARY	3,599,861		Foreign shares placed in domestic exchange		
China Jianyin Investment Securities Co., Ltd. credit transaction guarantee securities accounts	3,557,586		RMB Common shares		
Lu Weiqiang	2,888,848		Foreign shares placed in domestic exchange		
Chen Shukai	2,867,001		Foreign shares placed in domestic exchange		

Lin Mingtan	2,575,508	Foreign shares placed in domestic exchange
Notes to the related relationship between the shareholders or their concerted action	Guangdong Communication Group Co., Ltd. is the parent company of Guangdong Expressway Co., Ltd. and Xinyue Co., Ltd.. It is unknown whether there is relationship between other shareholders and whether they are persons taking concerted action specified in the Regulations on Disclosure of Information about Change in Shareholding of Shareholders of Listed Companies.	

2. Brief introduction of the controlling shareholder

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Zhu Xiaoling. Date of establishment: August 23, 2000. Registered capital: RMB 26.8 billion. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses.

3. Information of the actual controller:



4. No other situation of legal person shareholders holding more than 10% (including 10%) shares.

5. The equity of non-current shareholders in the top 10 shareholders and the conditions for limit on sale. (As of December 31,2011)

Unit: Shares

No	Conditioned shareholder	Shares with conditioned subscription	Date when trading allowed	Newly added tradable shares	Condi tions
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1	Guangdong Communication Group Co., Ltd	409,920,279	December 10, 2010 (Notes)	409,920,279	(Notes)
2	Guangdong Expressway Co., Ltd	19,582,228	December 10, 2010 (Notes)	19,582,228	

Notes: Guangdong Communication Group Co., Ltd. and its coordinated actor Xinyue Co., Ltd increased in holding shares of the Company through the securities trading system of Shenzhen Stock Exchange on December 11, 2008, which was finally complete on December 10, 2009. According the *Administration of the Takeover of Listed Companies* and related regulations of Shenzhen Stock Exchange, Guangdong Communication Group Co., Ltd. and its related companies Guangdong Provincial Expressway Development Co., Ltd will apply for the removal of restriction on sales of stocks from December 10, 2010. At present, related shareholders have not applied for the lifting of the ban yet.

IV. Directors, Supervisors, Senior Executives and Employee

I. Status of Directors, Supervisors and Senior Executives

(1) Basis status

Name	Position	Sex	Age	Beginning date of office term	Expiration date of office term	Shareholding at year-beginning	Shareholding at year-end	Reason of the change	The total amount of remuneration received from the Company in the report period (RMB'0000)(Before tax)	Whether Receive Remuneration from a shareholder or other related parties
Zhou Yuming	Board Chairman	Male	59	January 6,2010	January 6, 2013	0	0		51.31	No
Li Xiyuan	General Manager	Male	50	January 6,2010	January 6, 2013	0	0		51.87	No
Xiao Laijiu	Director, Deputy General Manager, Chief accountant	Male	47	January 6,2010	January 6, 2013	11,274	11,274		42.76	No
Hou Jingfang	Director, Deputy General Manager	Male	58	January 6,2010	January 6, 2013	0	0		41.35	No
Yang Miaojian	Director	Male	59	January 6,2010	January 6, 2013	0	0		6.00	Yes
Luo Yingsheng	Director	Male	58	No	January 6, 2013	0	0		6.00	Yes
Chen Yanqing	Director	Female	47	January 6,2010	January 6, 2013	0	0		6.00	Yes
Tang Qingquan	Independent director	Male	51	November 8,2011	January 6, 2013	0	0		1.00	No
Wang Jian	Independent director	Male	51	January 6,2010	January 6, 2013	0	0		6.00	No

Feng Ke	Independent director	Male	40	January 6, 2010	January 6, 2013	0	0		6.00	No
Wang Pu	Independent director	Male	43	January 6, 2010	January 6, 2013	0	0		6.00	No
Chen Chuxuan	Chairman of the Supervisory Committee	Male	45	January 6, 2010	January 6, 2013	5,987	5,987		6.00	Yes
Yang Xiaohua	Supervisor	Female	33	January 6, 2010	January 6, 2013	0	0		6.00	Yes
Zhou Huiming	Supervisor	Male	47	January 6, 2010	January 6, 2013	0	0		42.86	No
Li Mei	Supervisor	Female	42	January 6, 2010	January 6, 2013	123,205	123,205		34.60	No
Tu Huiling	Supervisor	Female	51	January 6, 2010	January 6, 2013	56,887	56,887		32.40	No
Wang Chunhua	Deputy General Manager	Male	48	January 6, 2010	January 6, 2013	0	0		40.34	No
Yun Wujun	Chief economic engineer, Chief legal adviser	Male	57	January 6, 2010	January 6, 2013	20,043	20,043		42.76	No
Wang Jiachen	Chief engineer	Male	47	January 6, 2010	January 6, 2013	43,990	43,990		42.76	No
Zhuo Jiang	Secretary of the board of directors	Female	39	January 6, 2010	January 6, 2013	0	0		34.64	No
Wei Minghai	Independent director	Male	47	January 6, 2010	November 8, 2011	0	0		5.00	No
Total	-	-	-	-	-	261,386	261,386	-	511.65	-

By the end of 2011, the directors, supervisors and senior managers did not implement equity incentives.

(2) Particulars about directors and supervisors holding positions at corporate shareholders

Name	Name of corporate shareholders	Position	Term of office	Whether receiving remuneration or subsidy
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Yang Miaojian	Guangdong Communication Group Co., Ltd.	Supervisor , Chief legal adviser, director of Law affair Dept.	2002 till now, 2008 –February 2012	Yes
Chen Chuxuan	Guangdong Communication Group Co., Ltd.	Full-time field supervisors	July 2008 till now	Yes
Yang Xiaohua	Guangdong Communication Group Co., Ltd.	Full-time field supervisors	January 2009 till now	Yes
Luo Yingsheng	Guangdong Expressway Co., Ltd	Board chairman, Secretary of Party committee,	October 2006 till now	Yes
Chen Yanqing	Guangdong Yuecai Trust Investment CO., Ltd.	Deputy General Manager	October 2008 till now	Yes

(3)Main work experience of directors, supervisors and senior executives for the recent five years:

Mr.Zhou Yuming, the chairman of the board of the Company, party secretary, a bachelor's degree holder , senior engineer, from March 2003 to September 2007, served as the directors, member of the party committee, general manager of Guangdong Communication Industrial Investment company, and in September 2007 he was transferred to the Company and also concurrently served as the chairman of Guangfo Expressway Co., Ltd. vice chairman of Guangdong Guanghui Expressway Co., Ltd.and vice chairman of Kangda Company.

Mr. Li Xiyuan, Now serves as director General Manager, Member of Party committee of the company, a post-doctoral senior engineer of professor level, From September 2001 to August 2006, served in Guangdong Jingtong Highway Construction Group as the party secretaries, the director,general manager and Member of Party committee . He has worked in the Company since August 2006 and now concurrently serves as the chairman of the board of directors of Guangdong Fokai Expressway Company, vice chairman of the board of directors of Guangdong Jiangzhong Expressway Co., Ltd. ,vice chairman of the board of directors of Ganzhou Gankang Expressway Co., Ltd..and Director of Guangdong Guangle Expressway Co., Ltd.

Mr. Xiao Laijiu , Now serves as director, deputy general manager and chief accountant of the Company. a bachelor's degree holder , senior accountant. He has worked at the Company since 1992. from September 1997,he serves as current post until now. From 2003 to March 2006 also served as the secretary of the Board of Directors. He now concurrently serves as chairman of the board of directors of Guangdong Expressway Technology Investment Co., Ltd., director of Guangdong Fokai Expressway Co., Ltd and director of Guangfo Expressway Co., Ltd.

Mr. Hou Jingfang, a bachelor of engineering, senior economic engineer and senior political engineer, From November 2003 to May 2005, he serves as general manager of Guanghua Expressway Company. He has Deputy General Manager of the Company since June 2005,He has director of the Company He now concurrently serves as board chairman of Guangdong Express Technology Investment Co., Ltd. and vice board chairman of Huiyan Expressway Co., Ltd. and

director of Zhaoqing Yuezhao Expressway Co., Ltd..

Mr. Yang Miaojian, Now serves as director of the company, a senior engineer with Master's degree. He has served as director of Investment Dept. Law Affairs Dept and deputy General economy engineer of Guangdong Communication Group since 2000, He has Employee Supervisor of Guangdong Communication Group Since February 2002 till now, He served as General Law counselor of Guangdong Communication Group Co., Ltd form 2008 to February 2012.

Mr. Luo Yingsheng now serves as director and senior political engineer of the Company. Junior college, graduate, He has worked at the Guangdong Road-bridge Construction Development Company from 2001 to 2006. He once served as secretary of Party committee, vice board chairman & secretary of Party committee, board chairman & secretary of Party committee. He now serves as the chairman and secretary of Party committee of Guangdong Expressway Co., Ltd.

Chen Yanqing, Now serves as director who hold a MBA degree, and Economic engineer. From 2005 to 2008, He Served as Deputy economic manager of Tianda Industry (China) Co., Ltd. And Deputy General Manager of Tianda Medicine (Zhuhai) Co., Ltd. From June 2008 to October 2008, He Served as Deputy General Manager of Guangdong Runda Assets Management Co., Ltd. He serves as Deputy General Manager of Guangdong Yuecai Trust Investment Co., Ltd. Since October 2008 till Now.

Mr. Wang Jian, an independent director of the Company, master's degree. He was the former director of Property Ownership Management Office of State-owned Assets Supervision and Administration Commission of Guangdong Province, former deputy director of Enterprise Reform Office and Enterprise Supervision Office of Economic and Trade Commission of Guangdong Province, and former deputy director of Enterprise Reform Office and Macro Mechanism Reform Office of Economic Mechanism Reform Commission of Guangdong Province. Currently, he is a member of Party Committee and deputy general manager of Guangdong Hengjian Investment Holdings Limited. He is also an arbitrator of Guangzhou Arbitration Commission, vice president of Guangdong System Reform Institution, independent director of Zhuhai Port Co., Ltd and independent director of Nanning Chemical Co., Ltd.

Mr. Feng Ke, an independent director of the Company, doctor's degree of economics. He is the deputy director of Economic Research Institute and the school of economics Finance Society of Beijing University. He is the director of Real Estate Finance Center, tutor of postgraduate students and postdoctoral students, principal of Guang Hua Tian Cheng postdoctoral working station, and editor of New Economy magazine. He was the former assistant of general manager, member of investment policy committee, and marketing director of Golden Eagle Asset Management Co., Ltd., general manager of Beijing Branch and Shanghai Branch, part-time professor of Beijing Institute of Technology, tutor of postgraduate students of Social Sciences Academy of Guangdong Province, deputy director of Youth Economy Society of Beijing University, and independent director of Tande Co., Ltd. Currently, he is an independent director of Tianjin Guangyu Development Co., Ltd, Great Wall Computer Co., Ltd, Guangan AAA Public Co., Ltd, Asia Asset of Hong Kong Exchanges Co., Ltd., and consultant of Mopark Corporation.

Mr. Wang Pu, an independent director of the Company, MBA of Peking University, and founder and chief expert of Beida Zongheng Management Consulting Group. Currently, he is a member of China Youth Association, vice president of China Youth Entrepreneurs Association of Central Committee of Chinese Communist Youth League, and Beijing Enterprises Association, vice chairman of Beijing High-tech Enterprises Association, deputy director of Capital Entrepreneurs Club, honorary chairman of Inner Mongolia Youth Federation, and vice president of Chongqing Overseas Association. He is also a part-time professor of Central University of Finance and Economics and University of International Business and Economics, independent director of China Software and Technology Services Co., Ltd. and China Chemical Engineering Co., Ltd..

Mr. Tang Qingquan, an independent director of the Company, is an accounting professor and doctoral tutor of Management School of Zhongshan University and a (non-practicing) Chinese certified public accountant. Since 1997, he has served in Accounting Department of Management School of Zhongshan University. Once as an associate professor, he now serves as a professor.

Mr. Chen Chuxuan, the Chairman of the Supervisory Board of the Company, Management Master, senior accountant and senior economist. From September 2001 to June 2008, he served as chief accountant of Guangdong Guanyue Road & Bridge Co., Ltd. Since July 2008, he served as dispatched chairman of the supervisory committee of Guangdong Communication Group Co., Ltd. From March 2008 to March 2009, he was dispatched to Guangdong State-owned Assets Commission to concurrently serve as deputy chief of Work Division of Supervisory Committee

Ms. Yang Xiaohua, the supervisor of the Company, a bachelor's degree holder, Accountant, she serves as Deputy Manager of Enterprise Dept of Guangdong Nanyue Logistics Co., Ltd., From September 2009 until now, she served as dispatched chairman of the supervisory committee of Guangdong Communication Group Co., Ltd.

Mr. Zou Huiming, supervisor, deputy secretary of Party Committee, secretary of Discipline Inspection Commission, and chairman of Labor Union of the Company, economist, college degree. He was a secretary of Discipline Inspection Commission and chairman of Labor Union of Guangdong Communication Industrial Investment Company from August 2002 to July 2009. Since August of 2009, he was the deputy secretary of Party Committee, secretary of Discipline Inspection Commission, and chairman of Labor Union of the Company. He now concurrently serves as Director of Guangdong Fokai Expressway Co., Ltd and Chairman of the Supervisory Committee of Ganzhou Gankang Expressway Co., Ltd.

Ms Li Mei, the supervisor of the Company, a junior college graduate and political engineer, now serves as supervisor, office director, director of Party Office and member of discipline inspection committee. She has worked at the Company since 1998 to now and concurrently serves as chairman of the supervisory committee of Guangdong Guanghui Expressway Co., Ltd.

Ms Tu Huiling, the supervisor of the Company, a Master's degree holder and senior political engineer, now serves as supervisor and vice chairman of labor union of the Company. She has worked at the Company since 1992.

Mr. Wang Chunhua, a senior engineer and senior economic engineer with Master's degree, now serves as deputy general manager of the Company. He once served as deputy director of Guangdong Communication Group Co., Ltd. From April 2001 to August 2006, He has worked at the Company since September 2006, He now concurrently serves as vice chairman of the board of directors of Jingzhu Expressway Guangzhu Section Co., Ltd. and director of Guangdong Guanghui Expressway Co., Ltd.

Mr. Yun Wujun, a senior accountant with bachelor's degree, now serves as chief economic engineer and chief legal adviser of the Company. He has worked at the Company since 1995. He now concurrently serves as vice chairman of the board of directors of Guangdong Maozhan Expressway Co., Ltd., chairman of the supervisory committee of Guangdong Fokai Expressway Co., Ltd. and independent director of Guangdong Kaiping Chunkui Co., Ltd.

Mr. Wang Jiachen, a senior engineer with Bachelor's degree, now serves as chief engineer of the Company. He has worked at the Company since 2000 till now; He now concurrently serves as director of Guangdong Jiangzhong Expressway Co., Ltd. and board chairman of Zhaoqing Yuezhao Highway Co., Ltd.

Ms Zuo Jiang, a senior economic engineer with master's degree, Master of Finance,

She has worked at the Company since 1994 and once served manager of Securities Dept.

(4). Annual recompense

(1) The decision-making procedures, and determining basis and the actual payment of the salaries of directors, supervisors and Senior Executives staff.

During the reporting period, the annual salary of directors, supervisors, senior management is described in the table of basic information of directors, supervisors, Senior Executives staff.

(2) The remuneration of members of the sixth board of directors and supervisory committee was examined and determined at the first Provisional shareholders' general meeting in 2010. The remuneration of senior executives of the Company is determined according to the appraisal result under assets operation responsibility system in current year. Refer to the table of basic information of directors, supervisors and senior executives for details of annual remuneration obtained by directors, supervisors and senior executives from the Company in the report period.

(5) Name of the directors, supervisors or senior executives who were elected or left their posts in the report period and the reason therefore.

The 18th (Provisional) meeting of the Sixth board of directors of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held in the morning of October 17, 2011 (Monday) in the manner of voting by correspondence. The meeting examined and adopted the Proposal Concerning Resignation of Independent Director Wei Minghai and Nomination of Tang Qingquan as Candidate for Independent Director of the Sixth Board of Directors, Mr. Wei Minghai was approved to resign from the position of independent director of the Company due to post adjustment. Mr. Tang Qingquan was recommended as a candidate for independent director of

the sixth board of directors of the Company.

The Company held the Third Provisional general meeting of shareholders of 2011 on November 8, 2011, The meeting examined the Proposal Concerning the Nomination of Tang Qingquan as Candidate for Independent Director of the Sixth Board of Directors, Mr. Tang Qingquan was Elected as a candidate for independent director of the sixth board of directors of the Company, whose term of office is the same with that of the members of the sixth board of directors.

II. Particulars about employees

As of the end of 2011, the Company had 1477 on-the-job employees. The particulars are as follows:

	Number of persons	Proportion
Divided by function		
Managerial personnel	301	20.38%
Toll collectors	786	53.22%
Road service personnel	68	4.60%
Logistical personnel	322	21.80%
Total	1477	
Divided by professional title		
Senior professional title	41	2.78%
Semi-senior professional title	94	6.36%
Junior professional title	78	5.28%
Other	1264	85.58%
Total	1477	
Divided by academic qualification		
Holders of master's degree or above	29	1.96%
Graduates of regular university	207	14.01%
Graduates of junior colleges and secondary technical schools	652	44.14%
Other	589	39.88%
Total	1477	

75 retired employees for whom it bore expenses.

V. Administrative Structure

I. Administrative Particulars

Company strictly followed the requirement of laws and regulations in <company law>,< the Securities Law>,< Code of Corporate Governance for Listed Companies in China>, <Stock Listing Rules> etc. and kept on improving corporate governance structures, improving normative operation level. Company had stipulated rules such as <articles of association>, rules of procedures in three meetings, working guide of special committee in board of directors, working guide of general manager etc. and internal control system basically covering all operating management such as company financial management, investment management, information disclosure, related transaction, external guarantee, fund raising etc. All rules are well implemented.

In the report period, On the basis of the existing system, according to the China Securities Regulatory Commission and the Shenzhen Stock Exchange, the latest release of the regulations and requirements, the company added the development and revise and improve 16 system, the actual situation of current corporate governance issued by the China Securities Regulatory Commission about the corporate governance requirements of the normative documents basic line.

II. Particulars about duty performance of independent directors

In the report term, Four independent directors of the Company, i.e., Wang Jian, Wei Minghai, Wang Pu, Feng Ke and Tang Qingquan performed duties strictly according to rules and regulations including Guidelines for Governance of Listed Companies, Independent Director System, the Articles of Association of the Company and Rules of Procedure of the Board of Directors. In the report period, independent directors actively attended board meetings and shareholders' general meetings held by the Company, made independent, objective and fair judgment and gave professional opinions on the Company's daily operation and important investment decisions, expressed independent opinions on the special statement on fund transfer between the Company and its related parties and the Company's external guarantee, related transactions, appointment and dismissal of senior executives and earnestly safeguarded the interests of the Company and all shareholders based on their expertise and ability.

(1).Attendance of board meetings by independent directors

Name	Number of should present	Number of field meetings	Number of meetings attendance by means of communication	Times of attendance by proxy	Times of absence	Whether on the reasons why not personally attend the meeting of the board of director for twice successively.
Tang Qingquan	1	0	1	0	0	No
Wang Jian	13	2	11	0	0	No

Feng Ke	13	2	11	0	0	No
Wang Pu	13	2	11	0	0	No
Wei Minghai	12	2	10	0	0	No

(2). Objection made by independent directors to relevant matters of the Company

In the report period, Independent directors of the Company did not make objection to the proposals of the board of directors of the Company in the year.

III. Notes to the separation of the Company from its controlling shareholder in respect of business, personnel, assets, organs and finance

The controlling shareholder of the Company is Guangdong Communication Group Co., Ltd. It holds 513,300,021 shares of the Company, which account for 40.83% of the total share capital of the Company. The Company has sound corporate administration structure. It has been completely independent of its controlling shareholder in respect of business, personnel, assets, organs and finance and has independent and complete business and the ability of independent operation.

1. Independent business

The Company is mainly engaged in the toll collection and maintenance of Guangfo Expressway and Fokai Expressway. Meanwhile, it has invested in or holds Shenzhen Huiyan Expressway Co., Ltd., Guangdong Maozhan Expressway Co., Ltd., Guangdong Guanghui Expressway Co., Ltd., Jingzhu Expressway Guangzhu Section Co., Ltd., Zhongjiang Expressway Co., Ltd., Zhaoqing Yuezhao Highway Co., Ltd., Zhaoqing Yuezhao Highway Co., Ltd., Ganzhou Gankang Expressway Co., Ltd., Ganzhou Kangda Expressway Co., Ltd. Guangdong Guangle Expressway Co., Ltd. and Guangdong Expressway Technology Investment Co., Ltd. The Company has outstanding main operation, independent and complete business and the ability of independent operation. All business decisions of the Company were made independently, being completely separated from the shareholder with actual control. Related transactions were carried out in light of the principle of fair transaction, which did not harm the interests of the Company and other shareholders of the Company. The content of related transactions was fully, timely and accurately disclosed, which did not have negative influence on the Company.

2. Complete assets

The relationship of the Company's property right is clear. The assets injected by shareholders in the Company are independent and complete and have clear property right. All capital was paid up and relevant formalities of property right change were settled.

3. Independent personnel

As for personnel relationship, the general manager, deputy general managers, the secretary to the board of directors and financial controller of the Company were full-time employees and received salary from the Company, who did not concurrently hold positions at the parent company.

All directors and supervisors of the Company were elected through legal procedure. The general manager, deputy general managers, chief accountant, chief economic engineer and chief engineer were directly appointed by the board of directors. Other managerial personnel of all levels were directly appointed by the general manager. The Company owns independent power of personnel appointment and removal.

4. Independent finance

The Company, including subsidiaries established independent accounting department, independent accounting system and regulations on financial management.

The Company independently opened bank account and did not deposit funds in the accounts of the finance company or settlement center of the majority shareholder. The Company independently paid tax. The Company's financial decisions were independently made. The majority shareholder did not interfere with the use of funds by listed companies.

5. Independent organization

The board of directors, the supervisory committee and other internal organs of the Company operated independently. Its organs are complete and independent.

IV. Appraisal of Senior Executives in the reporting period and the establishment and implementation of related incentive mechanisms and incentive systems.

The Company implemented position responsibility to every senior management, and made clear regulations on job standards, appraisal standards. The senior management staff shall report to worker representatives and accept comments. If not qualified in successively 2 years, they will be demoted or dismissed.

V. Inter-Industry Competition and Affiliated Transaction with Controlling Shareholder and Affiliated Party

(1) Inter-Industry Competition

The Company is mainly engaged in the construction of expressways, grade highways and bridges, tolling and maintenance management of highways and bridges, salvation, repair, maintenance and cleaning of automobiles and concurrently engaged in automobile transport and warehousing supporting its business. Guangdong Communication Group Co., Ltd. is the controlling shareholder of the Company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses (if the above mentioned business scope requires licenses to operate, then operation licenses are required) ..

There is some overlapping in the expressway operation between the Company and Guangdong Communications Group Co., Ltd. including its subsidiaries. The expressway operation has obviously regional and directional characteristics, and there exists the substantial inter-industry competition only if those highways which have the same or similar start & end and are almost parallel in a relatively short distance according to the choice of traffic in the actual running of the highway. There not exists the situation of same start & end and almost parallel in a relatively short distance between the expressways of Guangdong Transportation Group Co., Ltd. & its controlling subsidiaries and the Company & its controlling subsidiaries. Therefore, there not exists the inter-industry competition between the Company & its controlling subsidiaries and Guangdong

Communications Group Co., Ltd. & its controlling subsidiaries.

(2) Related Transaction

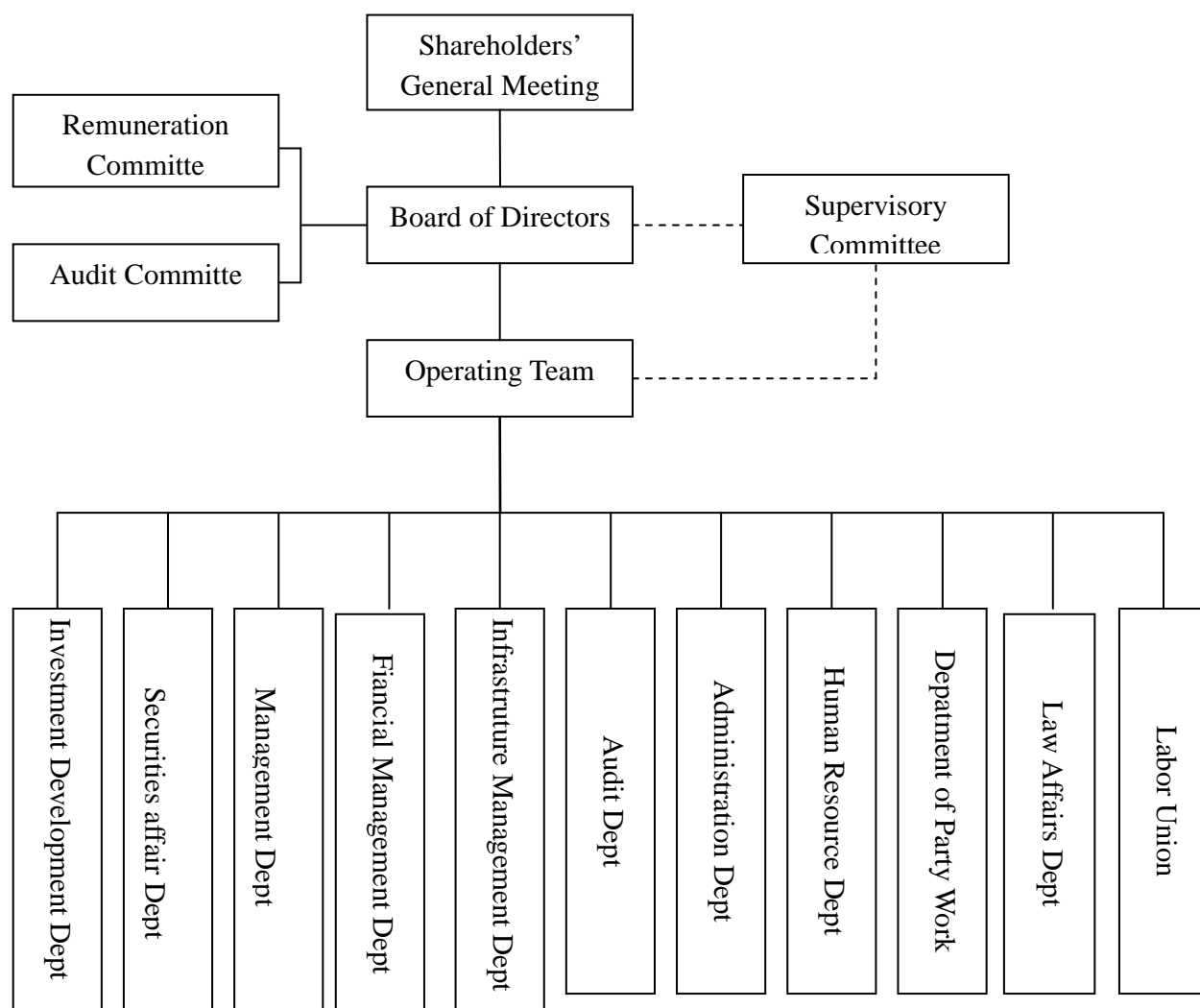
Due to the characteristics of the expressway industry and the historical cause the Company, there exists the continuous Related transaction between the Company and Guangdong Communications Group Co., Ltd. & its relates party, all the material Related transactions are priced as per the price in the market, the necessary decision-making procedure is fulfilled, and the relevant information related to the related transaction issued is disclosed. Because Guangdong Communications Group Co., Ltd. and its related party have greater advantages in expressway construction, overhauling, routine maintenance, project management and other aspects, there exists a certain related transaction between the Company and Guangdong Communications Group Co., Ltd. & its related party for a long time, mainly for the engineering services, the construction management commission and the loan entrustment, etc. The occurrence of these related transactions not only meets the actual situation of the Company, but also benefits the Company to fully use of the superior resources of Guangdong Communications Group for the cost reduction and efficiency promotion to satisfy the interests of shareholder.

The Company has signed the formal agreement for the related transactions of goods purchase and services receipt issued with Guangdong Communications Group Co., Ltd. and its related party, and adopted the market-oriented pricing mechanism to determine the transaction price through consultation or open tender. Thus, the pricing for the related transactions of goods purchase and services receipt issued between the Company and Communications Group Co., Ltd. & its related party abides by the fair, open and impartial principle, the approval authority of the shareholders' meeting and the Board of Directors of the Company for the related transactions is been divided definitely, and the requirements of examination procedure and vote avoidance of the related transactions are provided in accordance with relevant laws, administrative regulations, departmental rules, "Shenzhen Stock Exchange Listing Rules" and other relevant provisions. Also, the prior approval of the independent directors should be acquired when the Board of Directors examines the related transactions. There not exists the profits transportation or the funds transfer between the Company and the controlling shareholders, and not exists the damage to the interests of the Company and the shareholders.

VI. Establishment and improvement of internal control system.

(1) Summary of internal control

1. Structure of internal control of the company



2. Because the company follows the scientific, standard, basic principles, they could establish internal control management, according to actual situation of the company, in accordance with the principle of clear responsibilities and rational structure and corresponding power and responsibility, the company set up internal operating management institution, established a set of business processes covering all aspects of management and regulations, promoted standard operations by determining business and persons according actual situation and operating according regulations, laid solid basis for the long-term sustainable development.

Company Charter is the basic rules to conduct internal control management. In addition, the general shareholders meeting of the Company strictly operate in accordance with the Rules for General Shareholders Meeting; the Board of Directors complies with "Rules for the Board of Directors", and actively uses the power of independent directors and the board of directors and the relevant special systems and plays a decision-making role on major operation and management issues of the company.

The company had successively set up the internal management system in eight aspects: investment management, financing management, security services, business management, project management, financial audit management, human resources management executive, administrative management, legal affairs management, which cover all the systems like information disclosure, investor relations management, fund-raising use and internal control required by China Securities Regulatory Commission and Shenzhen Stock Exchange.

In the report period the Company revised partial clauses of the Articles of Association of the Company, Independent Director System, Rules of Procedure of the Board of Directors, Rules of Procedure of Shareholders' General Meeting, Rules of Procedure of the Supervisory Board, Regulations on Management of Related Transactions, Internal Important Information Report System, Regulations on Management of Relationship with Investors, Regulations on Management of Information Disclosure Affairs, Internal Control System, Regulations on Management of Raised Proceeds and Detailed Working Rules of General Manager and formulated Regulations on External Information Report and Use, Regulations on Management of Insider Information and Regulations on Management of the Company's Shares Held by Directors, Supervisors and Senior Executives and the Change Thereof.

3. The building of internal audit departments responsible for supervision and inspection in the company.

The special internal audit department responsible for supers and inspection is the audit & inspection department, equipped with four full-time staff, the information as follows:

No	Name	Sex	Age	Position	Title	Education
1	Peng Xiaofang	Female	49	Minister of Supervision of Audit	Senior Accountant	Undergraduate
2	Li Haifeng	Female	38	Vice Minister of Supervision of Audit	Auditors, CIA	Undergraduate

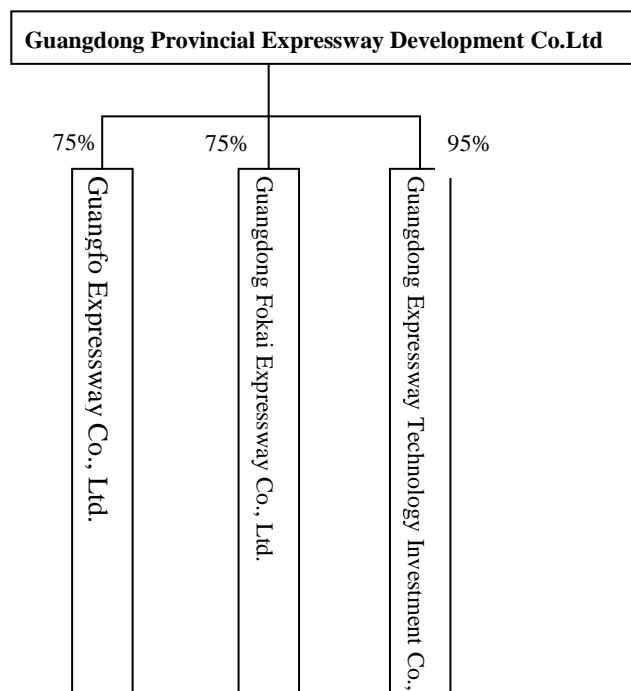
3	Chen Ting	Female	35	Deputy Manager	Political engineer, Economic engineer	Graduate
4	Liang Liang	Male	31	Deputy Manager	Auditors, CIA	Undergraduate
5	Zhao Xiaolin	Male	38	Business Manager	Accountant ,CPA	Undergraduate

4. General evaluation on internal control in 2011

The Board of Directors of the Company holds that the existing internal control system of the Company conforms to the relevant laws and regulations of our country and requirements of regulatory authorities as well as the actual situation of the Company and therefore has its rationality, legitimacy and validity. but still needs additional institution improvement. The Company has been strictly implementing its internal control system without material defects in the management control of subsidiaries and internal control of connected transactions, external guarantees, use of raised funds, substantial investments and information disclosure and realized its scheduled goal. With the further business development of the Company, changes of external environment and requirement for raising the management level, the internal control system of the Company must still be strengthened and perfected continuously.

(2) Critical control activities

1. Control structure and shareholding ratio of holding subsidiaries



2. Self-check of internal control

(i) Control of holding subsidiaries

The Company has set down control policies and procedures of holding subsidiaries and appointed senior management including directors, supervisors, general managers, deputy general managers or finance directors to holding subsidiaries, and it requires holding subsidiaries to annually present an annual business plan which can not be implemented until it is deliberated and passed by the Top Management Team of the Company; the holding subsidiaries have established the system of reporting major matters and deliberative procedures to duly report to responsible persons of the Company in charge of these major matters significant business and financial matters and other information that have potential significant influence on transaction prices of corporate stocks and their derived varieties as well as present major matters to the Board of Directors or shareholders' meeting of the Company for deliberation in strict compliance with the provisions of authorization; the holding subsidiaries are required to duly present their important documents such as resolutions of Board of Directors and shareholders' meeting to the Secretary of the Board of Directors of the Company and inform it of any matters that have potential significant influence on transaction prices of corporate stocks and their derived varieties; the holding subsidiaries are required to punctually submit their monthly and quarterly reports including operating reports, tolls and traffic volume statistics, balance sheets, income statements, cash flow statements and reports of funds and guarantees provided to others; the Company has established the performance appraisal system for its holding subsidiaries.

(ii) Internal control of connected transactions

The internal control of connected transactions of the Company follows the principle of good faith, equality, free will, impartiality, openness and justness without prejudice to any interests of the Company and its shareholders. In accordance with the relevant laws, administrative regulations, department rules and related provisions of Listing Rules of Shenzhen Stock Exchange, the Company has clearly defined the examination and approval authorities of its shareholders' meeting and Board of Directors for connected transactions and stipulated the deliberative procedures and requirements of withdrawing from the voting process.

When deliberating the connected transactions, the Board of Directors must obtain the prior approval of independent directors. Before making a judgment, the independent directors of the Company may engage an intermediary agency to issue a special report as their basis of judgment.

In addition, in the daily control, the Company must determine and duly update a list of related parties with reference to the provisions of Listing Rules to ensure the authenticity, accuracy and completeness of this list of related parties.

In the report period, the Company were not involved in related transactions.

The Company has no non-operational funds misappropriation by its controlling shareholders and related parties, and independent directors and supervisors of the Company quarterly refer to

the fund transfers between the Company and its related parties to check whether any funds, assets and other resources of the Company are misappropriated and transferred by controlling shareholders and related parties of the Company.

(iii) External guarantees

The internal control of external guarantees of the Company should follow the principle of legitimacy, prudence, mutual benefit and security with the strict control of guarantee risks. In accordance with the relevant laws, administrative regulations, department rules and related provisions of Listing Rules, the Company has clearly defined the examination and approval authorities of its shareholders' meeting and Board of Directors for external guarantees and stipulated that its external guarantees must require the other party to provide the counter guarantees.

In the report period, the Company and its holding subsidiaries have no external guarantees provided by them.

(iv) Use of raised funds

The Company has established the fund-raising management system which clearly defines the deposit, examination and approval, use, change, supervision and responsibility investigation relating to raised funds.

In the report period, The Company have no Use of raised funds.

(v) Substantial investments

The substantial investments of the Company should follow the principle of legitimacy, prudence, security and validity that controls the investment risks and focuses on investment benefits. The Company has clearly defined the examination and approval authorities of its shareholders' meeting and Board of Directors for substantial investments in the Articles of Association of the Company and set down the corresponding deliberative procedures. The Company has appointed its Investment Development Department to take charge of special research and evaluation of feasibility, investment risks and investment returns of substantial investment projects of the Company.

In the report period, The Company have no major investment project .

VII. Disclosure of information

1. The company set up information disclosure management system and reporting system of internal major information, making clear of the scope and content of significant information, and designated the secretary of the Board of Directors as the main contactor for information releasing.

2. According to the regulations in "Fair Information Disclosure and Guidelines for Listed Companies in Shenzhen Stock Exchange", "Guidelines for management of investor relations for

listed companies in Shenzhen Stock Exchange", the company standardized the reception, on-line show and other investor relations, ensuring the fairness of information disclosure.

The Company has formulated "Responsibility Claim System on Information Disclosure of Significant Error in Annual Report" in 2010, which has been examined and adopted by the 3rd Meeting of sixth of the Board of Directors. During the report period, the company hasn't had the occurrence of grave accounting errors correction, significant information omission supplement, performance forecast revision and other situations.

3. Establishment and operation of the system of internal control over financial reporting

Based on the Accounting Law, The Accounting Standard for Enterprises and regulatory related normative documents, established the internal control over financial reporting, focused on financial reporting, provides for control and management of the whole process of analysis and use. Company has developed a more complete account management and internal control system, focusing on financial approval, budgeting, management, engineering, construction, financial accounting, fixed assets, accounts receivable, foreign investments, financing and warranties, extraction and asset impairment accounting archives management, and many other aspects of internal control management. The company registration is complete, check and correct accounting books of records and other information relevant to the preparation of financial reports. Have a significant impact on financial reporting of transactions and events, system of companies in accordance with the relevant provisions of the rights and procedures for approval, ensure that the content is complete, digital calculation of true and accurate. Company has established submission of financial reporting and disclosure management system, in accordance with the provisions of, to the head of internal and external users to submit financial reports, disclosure of information according to the law.

In 2011, The company has not yet discovered any significant flaw in the internal control in the financial report.

4. Problems and improvement plans in key control activities

The company constantly develop, business has expanded from inside-province to outside-province, for dispersing highway industry policy risk, the company had both focused on its main business, also enter other industry for exploration and attempts, external environment constantly changes, and national legal regulations constantly update and complete, company business management level constantly improve, these are more high of requirements on risk management and internal control made, company internal control also should constantly perfect and deepen.

Base on the original management system of the company, the company re-revised the management system, including management, business management, corporate governance, investment and financing functions management 4 categories 13 areas, cover all aspects of production and management of the company, and was compiled on March, 2011, through the effective implementation of the system, further improve the management system of the company, and it is a powerful upgrade management level of enterprise standardization

With reference to the relevant laws and regulations requirements of "Overall Risk Management Guidance for Top State-Owned Enterprises", "Fundamental Norms for Internal

Control” and its supporting guidelines, China Securities Regulatory Commission and Shenzhen Stock Exchange, the Company has established the “Overall Risk Management Method” and prepared the “Overall Risk Management Manual”, which has covered the overall risk management environment, the information collection, the risk identification, the risk assessment, the risk response, the risk control, the risk management supervision and improvement, the risk management reporting, the risk management evaluation, the risk management information system and other aspects, initially set up the overall risk management system involving the strategy, the function, the process, the system and the evaluation, and formed the long-term mechanism of risk management for self-perfection and self-improvement.

The company has established a relatively internal control system, and has been effectively

implemented. To further improve the company's operating efficiency, enhance awareness of guarding against the risks, the company will adopt the following measures to improve internal controls:

1. Strengthen the promotion and training efforts for the internal control system and intensify the risk consciousness to ensure the effective implementation for all internal control system. Reinforce the training works for the Company's directors, supervisors, senior executives and all level of management personnel, especially for the relevant personnel of internal control construction and all in the process of business, to ensure all the internal control measures can be implemented faithfully and effectively in the various business processes and links of the Company, thereby improve the standardized operation level of the Company.

2. Strengthen the construction of internal control system of the Company to further improve and perfect the internal control system. Fully arrange and revise the existing rules and regulations of the Company, improve and optimize the management processes, and combine the Company's own production and management features to further establish the internal control system that suitable to the development of the Company.

3. Carry out the internal control system and strengthen the management and supervision of the controlling subsidiaries. On the basis of perfection of the internal control system, intensify the control and implementation efforts, strengthen the supervision inspection for the internal control of the subsidiaries and reinforce the evaluation efforts to make sure the effective implementation of the internal control and the performance of rectification.

In the reporting period, the China Securities Regulatory Commission and Shenzhen Stock Exchange and related staff did not make public blame. The company did not employ external audit institutions to issue opinions on self-evaluation of internal control of the company.

In the reporting period, the China Securities Regulatory Commission and Shenzhen Stock Exchange and related staff did not make public blame. The company did not employ external audit institutions to issue opinions on self-evaluation of internal control of the company.

- 4 Appraisal of Senior Executives in the reporting period and the establishment and

implementation of related incentive mechanisms and incentive systems.

The Company implemented position responsibility to every senior management, and made clear regulations on job standards, appraisal standards. The Board of Directors Salary Examination Commission had examined company's Senior Executives. The senior management staff shall report to worker representatives and accept comments. If not qualified in successively 2 years, they will be demoted or dismissed.

VI. Brief Introduction of Shareholders' General Meeting

In the report period, The Company held 4 shareholders meetings, Relevant particulars are as follows:

1. The first provisional shareholders' general meeting in 2011 was held on February 28, 2011. The resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn on March 1, 2011.

2. 2010 annual shareholders' general meeting was held on May 27, 2010. The resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn on May 28, 2010.

3. The Second provisional shareholders' general meeting in 2011 was held on July 13, 2011. The resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn on July 14, 2011.

4. The Third provisional shareholders' general meeting in 2011 was held on November 8, 2011. The resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily, Hong Kong Commercial Daily and www.cninfo.com.cn on November 9, 2011.

VII. Report of the Board of Directors

I. Review of the Company's operating status in the report period

(1). Overall operating status in the report period

In 2011, which is the first year of “the 12th Five-Year Plan”, and the year that Guangdong Expressway thoroughly implements the scientific concept of development and seeks a long-term development for the enterprise. In the last year, under the correct leadership of the Company’s Board of Directors, the Company closely focused on the strategic goal of “Bigger, Stronger, Optimal and Real”, firmly grasped the work guideline of “Grab Opportunity and Seek Development, Grasp Main Business and Solve Problem, Experience Good Exercise and Strengthen Mechanism, Ensure Stability and Promote Harmony” and had successfully accomplished various annual tasks target. Also, all kinds of work of production and operation is showing a good development situation.

As of December 31, 2011, The operating income and operating profit earned by the Company and the net profit for the shareholders of the Company are as follows:

Unit: RMB

	2011	2010	Increase/Decrease (%)
Business Income	1,078,042,712.93	1,002,219,500.20	7.57%
Business cost	629,381,603.00	518,321,042.54	21.43%
Investment income	346,149,172.62	341,515,204.47	1.36%
Business profit	375,545,209.39	507,585,956.69	-26.01%
Net profit attributable to shareholders of the listed company	216,786,205.90	388,478,016.28	-44.20%

The business income of the company is mainly from the toll income of Fokai Expressway, Guangfo Expressway and Jiujiang Bridge. The company's business income is mainly from the toll of Guangfo Expressway, Fokai Expressway and Jiujiang Bridge. From September 21, 2011 West district of Guangdong Province will operate the collection of toll by weight for trucks, There are certain increase of the toll income for Guangfo Expressway and Fokai Expressway.

The operating cost for 2011 was RMB 629 million, which increased by RMB 111 million and 21.43% year on year mainly due to the increase of depreciation expenses for the following reasons: (1) The depreciation provision made on basis of vehicle traffic volume increased after increase of income; (2) Part of the reconstruction and expansion project of Fokai Expressway was completed in advance and transferred into fixed assets for accounting. The increase of original value resulted in the increase of depreciation provision.

For the said reason and due to increase of loan principal and rise of interest rate in 2011,

financial expenses increased by RMB 70 million so that operating profit further decreased by 26.01% year-on-year.

On the other hand, the expansion of Fokai Expressway, retirement of assets including intercommunication fly-over bridges and toll collection booths along the expressway and retirement of assets and relevant removal cost arising from partial demolition of Beijiang Bridge caused year-on-year increase of non-operating expenses by RMB 110 million. As a result, the net profit for the shareholders of the Company further decreased by 44.20% year on year.

(2).Main operation and operating status

The Company is an infrastructure industry, with main business in developing and operating expressway and big bridges. It is one of the main institutions of developing expressway and big bridge in Guangdong Expressway System. The expressway industry is the industry helped by government. The operating of the company is benefited from the state policy. During the reporting period, the business income from main business projects was RMB 1,068,795,146.40, operating profit RMB 375,545,209.39 , which mainly from business charges in expressway and big bridges, the specific structure as follows:

Unit: RMB

Table of the status of main operation in terms of business line						
In terms of business line	Income from main operation	Cost of main operation	Rate of profit from main operation (%)	Increase/decrease of income from main operation over the previous year (%)	Increase/decrease of cost of main operation over the previous year (%)	Increase or decrease of rate of profit from main operation over the previous year (%)
Highway Transportation	1,057,165,655.43	614,407,359.35	41.88%	7.11%	20.79%	-6.58%
Other	11,629,490.97	11,733,205.70	-0.89%	70.64%	81.28%	-5.93%
Table of the status of main operation in terms of product						
In terms of business product	Income from main operation	Cost of main operation	Rate of profit from main operation (%)	Increase/decrease of income from main operation over the previous year (%)	Increase/decrease of cost of main operation over the previous year (%)	Increase or decrease of rate of profit from main operation over the previous year (%)
Tolls income	1,057,165,655.43	614,407,359.35	41.88%	7.11%	20.79%	-6.58%
Other	11,629,490.97	11,733,205.70	-0.89%	70.64%	81.28%	-5.93%

Unit: RMB

Area	Income from key business	Increase/decrease of income (%)
Guangdong	1,068,795,146.40	7.55%

(3) In the report period, Assets constitutes and change influencing

Unit: RMB

Items of Balance Sheet	Year-end balance	Year-beginning balance	Proportion of changed
Monetary capital	1,018,999,531.05	258,881,333.75	293.62%
Available for sale financial assets	691,200,000.00	950,400,000.00	-27.27%
Long-term equity investments	2,918,288,171.88	2,649,867,203.64	10.13%
Fixed assets	4,063,417,803.17	3,782,771,159.07	7.42%
Construction-in-progress	2,760,092,723.87	2,573,858,108.94	7.24%
Other account payable	1,790,792,109.05	791,524,406.75	126.25%
Long-term loan	3,309,764,803.54	3,575,964,803.54	-7.44%
Capital reserves	1,697,958,715.57	1,957,158,715.57	-13.24%

Influencing factors are as follows:

1.The main reason for the Increase of Monetary capital: Parent company issued RMB 1 billion installment medium at current term, Part of the balance is not put into the project and borrowing increased.

2. The main reason for the decrease of Available for sale financial assets : at the end of the report period fair value decreased

3. The main reason for the Increase of Long-term equity investments: Base on the process of Guangle Expressway in current period, parent company

Invested RMB 390 million to Guangdong Guangle Expressway company.

4. The main reason for the increase of Fixed assets: Fokai Expansion Project partial finished the turn into fixed asset and toll income increased led to the increase of the depreciation.

5. The main reason for the Increase of Construction-in-progress: The input for the expansion project of Fokai Expressway Xiebian to Sanbao increased at current term

6.The main reason for the increase of bond payable: Parent company issued RMB 1 billion installment medium at current term.

7. The main reason for the decrease of Long-term loan: It was the result of the comprehensive influence of increase of long-term loans for financing Fokai Company's expansion project of Xiebian-Sanbao Section and inward transfer of long-term loans to become due within one year into corresponding accounts.

8. The main reason for the increase of Capital reserves: The fair value of financial assets available for sale got decreased.

Unit: RMB

Items	Report period	Same period of the previous year	Proportion of changed
Main operating income	1, 068, 795, 146. 40	993, 797, 335. 17	7. 55%
Main operating cost	626, 140, 565. 05	515, 145, 693. 94	21. 55%
Management expenses	148, 690, 324. 28	120, 532, 985. 43	23. 36%
Financial Expenses	231, 914, 175. 31	161, 929, 617. 65	43. 22%
Non-operating expenses	142, 209, 042. 80	31, 830, 082. 58	346. 78%

Influencing factors are as follows::

1. The main reason for the increase of main operating income: the nature increase of the traffic volume and the west of Guangdong Province used toll by weight of trucks on September 21st, 2011 and the income increased.

2. The main reason for the increase of Main operating cost: Mainly because the increase in depreciation Expense, first reason is the increase in income; second reason is Fokai Expansion project partly completed in advance so counted into fixed assets, cause an increase in depreciation.

3. The main reason for the increase of Administrative expenses: the parent company increased asset restructure and other special charges in the report period.

4. The main reason for the increase of Financial expenses: the influence of the increase of the loan capital and the interest rate

5. The main reason for the increase of non-operating Expenses: Assets like Fokai Expressway Expansion, scrap part of the interchange overpass and toll-gate, Beijiang Bridge partial demolition project scrap partial assets and the charge fee of demolition, led to the increase of the non-revenue expense.

(4) Composition of the Company's cash flows from business activities, investing activities and financing activities

Unit: RMB

Influencing factors are as follows:

Items	2011	2010	Amount of changed	Changed rate
Total of cash inflow	437,784.98	365,995.24	71,789.74	19.61%
Including: operating activities	119,323.07	160,010.96	-40,687.90	-25.43%
Investing activities	37,738.66	34,911.28	2,827.38	8.10%
Financing activities	280,723.25	171,073.00	109,650.25	64.10%
Total of cash outflow	361,771.21	262,180.09	99,591.13	37.99%
Including: operating activities	57,292.26	100,981.58	-43,689.32	-43.26%
Investing activities	121,812.48	34,911.28	86,901.20	248.92%
Financing activities	182,666.48	126,287.23	56,379.25	44.64%

Net Cash inflow of the operating activities is RMB 620 million.

The Company is mainly engaged in expressway toll collection and expressway maintenance. The cash inflows of RMB 1.193 billion are mainly from toll income. Cash inflows from operating activities and toll income increased synchronously. The year-on-year decrease is mainly because the fund inflow of "cash pool" in the same period of previous year included the fund inflow of level-2 accounts. In the report year, the net amount after deduction of the fund inflow of level-2 accounts was stated.

Cash outflow is 573 million, It mainly includes the toll income of RMB 174 million paid to all sections, all kinds of cash payments of RMB 171 million related to staff and workers and taxes and levies payment of RMB 51.7178 million.

Net cash inflow of the investment activities is RMB 840 million.

Cash outflow is RMB 1.218 billion, mainly for acquiring share company cash dividends

Cash outflow is RMB1.218billion, Fixed Assets invested RMB 828 Million in Fokai Expansion Project

Net cash inflow of the Financing activities is RMB 981 million.

Cash inflow is RMB 2.807 million, to receive loans and bonds Total RMB 2.666 million, Fokai Company has received RMB 141 million from minority shareholders

Cash outflow is RMB 1.827 , Including , repay loan RMB 1.379 billion, distribution of dividends and interest payment RMB 448 million and the interest payment is RMB 333 million.

(5). Analysis of operating status and results of main controlled subsidiaries and joint ventures

1.In the report period, the vehicle traffic and toll income of the controlled subsidiaries and joint ventures of the Company are as follows:

	Volume of vehicle traffic in 2011	Year-on-year increase or decrease (%)	Toll income in 2011 (RMB'0000)	Year-on-year increase or decrease (%)
Guangfo Expressway	35,935,382	11.43%	30,045.10	8.48%
Fokai Expressway	25,854,917	-1.33%	70,215.27	5.39%
Jiujiang bridge	7,547,425	11.43%	5,341.43	17.84%
Huiyan Expressway	27,292,611	-3.03%	28,126.34	-10.40%
Maozhan Expressway	9,540,308	4.36%	42,036.43	6.29%
Jingzhu Expressway Guangzhu Section	46,576,178	8.59%	114,758.68	-1.96%
Guangzhao Expressway	17,033,939	25.83%	37,788.91	33.32%
Guanghui Expressway	28,062,528	7.76%	143,651.54	-5.29%
Jiangzhong Expressway	33,074,832	31.67%	35,535.30	11.91%
Kangda Expressway	1,347,021	157.27%	16,469.39	327.39%
Gankang Expressway	1,898,586	272.71%	9,809.31	317.50%

In the report period, the vehicle traffic volume and toll income of the expressways partly or wholly held by the Company kept stable growth on the whole;

Due to road construction in the neighborhood, some vehicles made a detour to run on Guangfo Expressway so that its vehicle traffic volume and toll income somewhat increased. The toll income of Fokai Expressway slightly increased mainly due to the Fokai Expressway expansion project was finished. The vehicle traffic volume and toll income of Jiujiang Bridge is still in the stage of restored growth. Due to increase of getaway of container trucks without toll payment, toll income of Shenzhen Huiyan Expressway somewhat decreased. As Hengli Fly-over Bridge opened to traffic, short-distance vehicles running on Guangzhu Section of Jingzhu Expressway increased. However, due to decrease of vehicle traffic volume of the whole road, toll income decreased. As Yunwu Expressway and phase-II Guangzhao Expressway were open to traffic last year and the road network was formed, the vehicle traffic volume and toll income of Guangzhao Expressway increased by big margin. The opening of Yuegan Expressway to traffic shunted some trucks so that the toll income of Guanghui Expressway somewhat decreased. As west line of

Guangzhu Expressway was open to traffic, short-distance vehicles running on Jiangzhong Expressway increased. Meanwhile, "Green Passage" of Jiangzhong Expressway was opened to traffic from this year. As a result, the growth rate of toll income is apparently lower than that of vehicle traffic volume. As Shaogan Expressway was open to traffic and road network was formed, the vehicle traffic volume and toll income of Kangda Expressway increased by big margin.

The Gankang Expressway started to operate so the traffic volume and toll income greatly rise year on year

2 Business situation of main subsidiaries and share participating companies

(1) Guangfo Expressway Co., Ltd. The Company holds 75% equity of that company. The registered capital of Guangfo Expressway Co., Ltd. was RMB0.2 billion, with main business in operating Guangfo Expressway Co., Ltd.(starts from Hengsha, Guangzhou, ends in Xiebian, Foshan. Total length 15.7 kilometers): construction, maintenance management, vehicle rescue and cleaning. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of Guangfo Company are RMB 89,6441,951.46, RMB 284,470,481.06, RMB 307,116,574.60, RMB -14,703,980.70 and RMB-7,753,183.70 respectively.

(2) Guangdong Fokai Expressway Co., Ltd. The Company holds 75% equity of this company. The registered capital of the company is RMB 1.108 billion. It is engaged in operation and management of Fokai Expressway Co., Ltd., supporting salvage, maintenance and cleaning, supply of parts and components, etc. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of Fokai Expressway Co., Ltd. are RMB 6,536,533,786.30, RMB2,331,849,007.45, RMB758,939,151.94, RMB 198,706,752.95 and RMB36,101,007.90 respectively.

(3) Guangdong Expressway Technology Investment Co., Ltd. The Company holds 100% equity of this company. The registered capital of Guangdong Expressway Technology Investment Co., Ltd. is RMB 100 million. It is engaged in investing in science and technology industries. Investment in technical industries and provision of relevant consulting services, research and development of lighting technology, energy saving and storage technology, photovoltaic technology of solar energy and production and sales of relevant products, design, production , release and agency of all kinds of domestic and foreign advertisements, construction and maintenance management of highway projects and domestic trade. (excluding illegally, or prohibited and restricted by law products) For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of Guangdong Expressway Technology Investment Co., Ltd. Are RMB 23,255,944.60, RMB10,631,715.15, RMB20,866,531.01, RMB-3,289,167.68 and RMB-2,675,605.82 respectively.

(4) Shenzhen Huiyan Expressway Co., Ltd. The Company holds one third equity of this company. The registered capital of the company is RMB 36 million. The company is engaged in the organization and management of the construction of the main line of Shenzhen section of Huiyan Expressway, its operation, management and maintenance after its completion, collection of toll and road service management, the construction management of road, bridge and culvert

projects and engineering consultation. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 441,789,189.97, RMB 408,117,909.38, RMB287,488,052.83, RMB177,161,523.60 and RMB134,424,393.32 respectively.

(5) Guangdong Maozhan Expressway Co., Ltd. The Company holds 20% equity of this company. The registered capital of the company is RMB 1.12 billion. The company is engaged in operation, maintenance and management of Dianbai-Zhanjiang Expressway and relevant supporting facilities. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 2,636,063,792.08, RMB 761,607,019.50, RMB 424,071,518.09, RMB103,026,454.80 and RMB94,831,129.53 respectively.

(6) Jingzhu Expressway Guangzhou Section Co., Ltd. The Company holds 20% equity of this company. The registered capital of the company is RMB 580 million. The company is engaged in the operation and management of Guangzhou-Zhuhai Expressway and provision of supporting services including fueling, salvage and supply of parts and components. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB4,053,956,086.47, RMB1,228,246,291.82, RMB 1,174,595,638.34, RMB628,732,408.11 and RMB 622,165,776.09 respectively.

(7) Zhaoqing Yuezhao Highway Co., Ltd. The Company holds 25% equity of this company. The registered capital of the company is RMB 818.3 million. It is engaged in the construction, operation and management of Guangzhao Expressway, old highways and their supporting facilities, service facilities and integrated projects. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 2,163,773,551.48, RMB806,855,524.93, RMB400,763,335.13, RMB58,145,563.57 and RMB 54,716,502.91 respectively.

(8) Guangdong Guanghui Expressway Co., Ltd. The Company holds 30% equity of this company. The registered capital of the company is RMB 2.352 billion. It is engaged in the investment in and construction of Guanghui Expressway Co., Ltd. and supporting facilities, the toll collection and maintenance management of Guanghui Expressway. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 5,948,178,146.56, RMB2,721,307,156.56, RMB1,453,748,050.40, RMB660,807,759.19 and RMB 496,175,594.57 respectively.

(9) Guangdong Jiangzhong Expressway Co., Ltd.. The Company holds 15% equity of this company. The registered capital of Jiangzhong Co. is RMB 1.015 billion. It is engaged in investing in, constructing, operating and managing Jiangzhong Expressway Co., Ltd. and phase-II project of Jianghe Expressway and developing supporting projects. This project is currently operating earlier, Although toll fee income is growing steadily, still can not be the level of profitability. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB 2,673,589,598.84, RMB1,013,423,396.29, RMB380,448,757.48, RMB45,251,239.57 and RMB 46,734,011.31 respectively.

(10) Ganzhou Kangda Expressway Co., Ltd. The company holds 30% equity of that company. The registered capital of Kangda Company was RMB 0.6 billion , with operating scope in construction, operation and management of expressway projects; highway maintenance; Advertising; wholesale and retail of construction machinery equipments and accessories (the above-mentioned projects should be in accordance with state special provisions). this project was established this year, toll fee income still located at a lower level. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB1,839,887,705.80 , RMB241,372,897.89, RMB166,505,980.20 , RMB-12,221,604.44 and RMB-12,082,051.44 respectively.

(11) Ganzhou Gankang Expressway Co., Ltd. The company holds 30% equity of Gankang Company. Registered capital of Gankang Company was RMB 754 million , business scope: project of Ganzhou-dayu expressway (Maodian-Sanyi) and the construction and management of Ganjiang Highway project; earth mining and sale; highway maintenance; advertising; service facilities; building materials, decoration materials, metal materials, wholesale and retail of construction machinery and equipments and accessories (the above-mentioned projects should be in accordance with state special provisions). Two projects of the company are still under construction. For the year 2011, the total assets, net assets, income from main operation, profit from main operation and net profit of this Company were RMB2,076,570,296.14 , RMB659,230,162.88, RMB100,192,229.34 , RMB-58,248,682.27 and RMB -57,893,244.27 respectively.

(12) Guangdong Guangle Expressway Co., Ltd. The company holds 30% equity of Guangdong Guangle Expressway Co., Ltd.. Registered capital of Guangdong Guangle Expressway Co., Ltd. was RMB 500 million , Business scope are: conducting investment, construction, operation and management on Guangle expressway and its assorted facilities.(excluding project need permit). For the year 2011, the total assets, and net assets of this Company were RMB11,370,282,760.40 and RMB3,531,534,072.45 respectively. Guangle expressway is currently under construction.

II. Forecast of the Company's future development

(1) Development trend of expressway industry

In recent years, our country's expressways have a rapid development and the freeway main lines have achieved its initial development, but the density of expressways is still low and the network hasn't fully formed yet. Also, in our country, there is no freeway to directly and effectively link up between some prefecture-level cities and provincial capital cities or between the prefecture-level cities in which the population and the economic output have reached the considerable scale. With the continuous growth of our country's national economy and the continual increase of expressway demanded by social running, Highway still has a certain amount of room for development in China in the future. Highway upfront investment is huge and slow growth on investment benefits, apparent hysteresis effect and output. Highway upfront investment for a huge, slow growth of investment benefits, apparent hysteresis effect and output. The changes in national policies, directly affecting the realization of the company's main business revenue and

goals.

Guangdong Province has used the weight toll policy in Northern Guangdong, Western Guangdong. This toll policy is based on "Standard models, excess load, excess charges" principle, fully reflects the toll charged of fairness, logic and science, it is a great significance development on expressway industry.

(2).Development opportunities and challenges

The general target in 2012 is: Completing business income RMB 1.174 billion, keeping the overhead expenses within RMB 705 million, ensuring the full completion of the annual task target assigned by company's board of directors.

Centering on above target, company will focus on works in below two fields in 2012.

1. Centering on the development target of "Getting big, strong, excellent and solid" company will carry out steady investing and financing works.

(1)Company will insist on the investment strategy of "rely on group, base on project inside the province, give consideration to project outside the province", keep carrying on "go out" investment strategy and put more efforts in project source development. Purchasing quality highway property project in operation and constructing new project will be carried out simultaneously. When purchasing quality highway property project in operation, the priority is buyout, secondary is equity participation. In new construction project, the priority shall be buyout on condition that project has feasible scale and controllable risk. Actively exploring and attempting equity investment project. Enhancing the analysis and study, gradually establishing evaluation & assessment system on equity investment project, moderately develop industrial investment relevant to expressway major business, it is for creating new profit growth point for company's future development and improving sustainable development ability of enterprise.

(2) Explore moderate diversification development and create new profit growth point. Start the Company's preparation of development strategy, adhere to focus on the benefit to develop the investment on projects, explore relevant diversification development mode and actively seek the industry breakthrough on the premise of consolidation of the road property industry. Centering on the transportation industry chain to research and concerning on the land exploitation along the expressway lines. Also, energetically develop the energy conservation service projects for expressway, strengthen the research and development of techniques, emphasize on the accumulation of experts and strive for the policy support. Moreover, moderately carry out the investment analysis for other fields, create the new profit growth point for the Company and enhance the future development of the enterprise.

2. Center on the production and operation, make efforts to resolve the key issues and difficulties, and push the management level to a new stage.

(1)Make every effort to push a reasonable solution for the rebuilding delay and the price adjustment. The delay work has prospective, representative and demonstrative influence. So, should further accelerate the pace of work, thoroughly analyze and research, strive for the support of superior departments, to effectively mitigate our province Expressway extension into the contradiction bet

ween investment income and make bold explorations and try.

(2) Give priority to the supervision and coordination for the rebuilding project of Guangfo and FoKai. In accordance with the duties of the project supervision group, strengthen the daily supervision and coordination, and achieve the completion acceptance of Guangfo in 2012 and the traffic of Guangfo Company rebuilding project at the end of 2012 (except for the Beijiang Bridge mainline project) as per the plan. Also, intensify the maintenance management, and in the aspects of design management, cost and quality management, bidding and tender management, application of new technologies and the construction and management mode, actively learn and absorb the successful experiences and practices, in order to continually promote the level of engineering maintenance and construction management. Moreover, attach great importance to the safe maintenance and management of bridge and culvert structures, and strengthen the daily inspections on the bridge and culvert structures.

(3) Continuously improve the daily operational management level. Establish a sound, efficient and clear management mechanism and continually improve the profitability of the project company, with focusing on the “Increase Revenue and Reduce Expenditure”. strengthen the daily supervision and direction, make a good job of detection and self-inspection of the weight charge equipment, and ensure the smooth development of the weight charges. Also, overcome the negative factors, strengthen the management of “Green Pass” overload charge and escape-prevention charge, and fully do the “Safety and Smooth Ensured” well in Golden Week.

(3) The planned fund use and fund source in 2012.

Unit: RMB billion

Items	Amount
Fixed assets constructed	1. 346
Reimbursement due loans	1. 576
Expressway construction investment	0. 873
Yue Guang Elevision project investment	0. 20
Total	3. 995

The funds required for the above projects will be solved with own funds and through debt financing.

(4) Analysis on Operation Risk

The investment is huge in the first stage of expressway, but the investment benefit grows slowly, so there is obvious hysteresis effect on the input-output. The important factor of continuous and rapid development in the expressway industry is the support of national policy. If the national policy changes, accomplishment of the main business revenue and the operation goal will be affected directly. According to “Toll Road Administration Ordinance of the People’s Republic of China” issued on Order of the State Council of the People’s Republic of China (No.

417), the charge limit of the operation expressway shouldn't be longer than 30-year in China. Therefore, before the expiry of the existing highway toll period, only if the expressway company continuously gains new and better cost-effective charge management rights of expressways and bridges by the form of newly creating and merging, this kind of policy risk can be resolved and achieve the continuous development of funds and projects.

In 2011, The Ministry of Transport of the People's Republic of China ("Ministry of Transport"), the National Development and Reform Commission (NDRC), the Ministry of Finance of the People's Republic of China ("Ministry of Finance"), the Ministry of Supervision and the State Council Office for Rectifying Malpractices jointly published a "Notice about Special Rectification Work on Implementation of Toll Highways" (Highway [2011] No. 283), which will have an influence on the expressway industry. Due to the toll policy is established by relevant national regulatory authorities, the Company isn't able to estimate and can't influence the formulation and revision of toll policy by the nation. The charge standard of the vehicle pass charge must be reviewed by the competent transport department and the same level of the competent price department of the people's government of the province, autonomous region or municipality, and then be submitted to the level of the People's government for examination and approval. Therefore, the adjustment trend of toll price and the corresponding adjustment on the toll price in the rising of the future price level and the Company's cost still depends on the approval of the relevant national policies and government departments, and it is difficult for the Company to timely adjust the toll standards in accordance with its own operation cost or the market changes in supply and demand. Also, the changes of toll policy and the adjustment of toll standards have the influence on expressway operated by the Company to a certain extent.

At the same time, the implementation of "Green Pass Free Policy", toll cancelling of the secondary highway loans repaid by all provincial and municipal government, change of the future charge system and adjustment of toll standards in recent years all have a certain influence on the pass charges of highways.

III. Particulars about investments

(1) The proceeds raised in the reporting period are used for the following purposes

In the report period, the Company neither raised other funds nor had the funds that were raised before and used in the reporting period.

(2) The actual progress of important investment projects utilizing non-raised funds

The Company held the 15th meeting of the fifth board of directors on September 10, 2009 to review and approve the Motion of Investing in 30% Equity of Guangzhou-Lechang Expressway Project. The board of directors consented to invest RMB2,561.914 million in 30% equity of Guangzhou-Lechang highway project. Total investment and capital invested by shareholders shall be the final accounts approved by the competent government authority. The board of directors authorized the management team of the Company to negotiate about and modify the contracts and articles related to the project, and deal with other matters that are not mentioned herein. The board of directors authorized the chairman to sign the related contracts. The Company held the second extraordinary general meeting of shareholders on September 28, 2009 to review and approve the preceding motion and its contents. The Company invested RMB390 million to Guangle company. As of December 31, 2011, The company has invested accumulated RMB729.9975

million.

(3) Entrusted loan

Unit: RMB'0000

Signing-party	Loan objects	Sources	Amount	Term		Loan interest rate	Earnings of the report period	Whether litigation
				Starting date	Termination date			
Guangdong Development Bank Co., Ltd.	Guangfo Expressway Co., Ltd.	Self fund	5,000.00	June 27, 2011	June 26, 2012	6.31%	192.37	No
Guangdong Development Bank Co., Ltd.	Guangfo Expressway Co., Ltd.	Self fund	1,000.00	November 10, 2011	November 9, 2012	6.56%	7.47	No
Guangdong Development Bank Co., Ltd.	Guangfo Expressway Co., Ltd.	Self fund	10,000.00	December 20, 2011	December 20, 2012	6.56%	0.00	No
Total	-	-	16,000.00	-	-	-	199.84	-

Including : As of the end of the report period, overdue unrecovered entrusted loan and profit is RMB 0.00 million.

IV. The explanation of the changing of the accounting estimations

On May 27, 2011, the 2010 Annual Shareholders' General Meeting adopted the Proposal Concerning Change of Accounting Estimate. The meeting examined and adopted the Proposal Concerning Change of Accounting Estimate.

The meeting approved Guangfo Expressway Co., Ltd. and Guangdong Fokai Expressway Co., Ltd. (including G325 Jiujiang Bridge), controlled subsidiaries of the Company, to change accounting estimate and use total standard vehicle traffic volume (2010 version) as the basis for making provision for depreciation of highways and bridges from January 1, 2010. the company used the prospective application method on this matter, the changing of accounting estimate led to the increase of the provision RMB 97,444,503.45 estimated by the original accountants compared with the fixed asset depreciation of this year. RMB 73,083,377.59 decrement in Net profit and RMB 54,812,533.20 decrement in net profit attributed to owner of parent company.

V Daily work of the Board of Directors

(1) Meetings of the board of directors in the reporting period and the resolutions.

In the reporting period, the board of directors of the Company held a total of 13 meetings, and the main contents and resolutions are as follows:

1. The 8th meeting of the sixth board of directors was held on January 7, 2011 in the manner of voting by correspondence. The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on January 8, 2011.

2.The 9th meeting of the sixth board of directors was held on January 31, 2011 in the manner of voting by correspondence , The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on February 1,2011.

3. The 10th meeting of the sixth board of directors was held on February 28, 2011 in the manner of On-site , The meeting examined and adopted the Proposal Concerning Disposal of Fixed Assets, the Proposal for Making and Writing Back Provision for Bad Debts, the Proposal Concerning Final Accounting Report for 2010. the Proposal Concerning Preplan for Profit Distribution for 2010, the Proposal Concerning Change of Accounting Estimate, the Proposal for Retaining Certified Public Accountants, the Financial Budget Report of the Company for 2010, the Work Report of the Board of Directors for 2010, the Business Report of the General Manager for 2010, Annual Report for 2010 and its summary, the Proposal the report on self-evaluation of the Company's internal control, the Proposal Concerning Report on Rectification According to Results of Site Inspection of the Company by Guangdong Supervision Bureau of CSRC, the Proposal for Extending Entrusted Loan to Guangfo Expressway Co., Ltd, the Proposal for Amending Part of Articles of Association of the Company, the Proposal for Amending Independent Director System, Rules of Procedure of the Board of Directors and Rules of Procedure of Shareholders' General Meeting of the Company,the Proposal for Amending Regulations on Management of Related Transactions, Internal Important Information Report System, Regulations on Management of Relationship with Investors, Regulations on Management of Information Disclosure Affairs, Internal Control System, Regulations on Management of IPO Proceeds and Detailed Working Rules of General Manager of the Company and the Proposal for Formulating Regulations on Public Report and Use of Information, Regulations on Management of Insider Information and Regulations on Shareholding of Directors, Supervisors and Senior Executives and Its Change.

Shenzhen Stock Exchange reviewed the comments on the changes in accounting estimates made by the audit opinion. The company reopen the 1 1st provisional meeting of the sixth board of directors after 5 business days in the manner of voting by correspondence and examined the related proposal and the abstract of the 2010 annual report, the disclosure of this meeting was exempted.

4. The 11st provisional meeting of the sixth board of directors was held in the morning on March 4, 2011 in the manner of voting by correspondence, The deliberations and decision matters are the same with the 10th provisional meeting of the sixth board of directors .The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on March 5, 2011.

5. The 12nd provisional meeting of the sixth board of directors was held in the morning on March 24, 2011 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on March 25, 2011.

6. The 13rd provisional meeting of the sixth board of directors was held in the morning on April 29, 2011 in the manner of voting by correspondence, The announcement of resolutions of

this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and [www. cninfo.com.cn](http://www.cninfo.com.cn) on April 30, 2011.

7.The 14th meeting of the sixth board of directors was held on June 9, 2011 in the manner of On-site , The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and [www. cninfo.com.cn](http://www.cninfo.com.cn) on June 13,2011.

8. The 15th provisional meeting of the sixth board of directors was held in the morning on June 24, 2011 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and [www. cninfo.com.cn](http://www.cninfo.com.cn) on June 28, 2011.

9. The 16th provisional meeting of the sixth board of directors was held in the morning on August 9, 2011 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and [www. cninfo.com.cn](http://www.cninfo.com.cn) on August 11, 2011.

10. The 17th provisional meeting of the sixth board of directors was held in the morning on September 28, 2011 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and [www. cninfo.com.cn](http://www.cninfo.com.cn) on September 29, 2011.

11.The 18th provisional meeting of the sixth board of directors was held in the morning on October 17, 2011 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and [www. cninfo.com.cn](http://www.cninfo.com.cn) on October 18, 2011.

12. The 19th provisional meeting of the sixth board of directors was held in the morning on October 28, 2011 in the manner of voting by correspondence, 11 directors were supposed to attend the meeting and all of them were actually present. The directors present at this meeting exceeded half of all directors. The meeting complied with relevant provisions of the Company Law and the Articles of Association of the Company and the Rules of Procedure of the board of directors of the Company. the meeting examined and adopted the Third quarter Report for 2011. According to relevant regulations of Shenzhen Stock Exchange, the disclosure of this meeting was exempted.

13.The 20th provisional meeting of the sixth board of directors was held in the morning on November 28, 2011 in the manner of voting by correspondence, The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and [www. cninfo.com.cn](http://www.cninfo.com.cn) on November 29, 2011.

(2) The Board of Directors implements the resolutions of the general shareholders meeting. Implementation of the programs of profits distribution of and public reserves transferring to

capital: the 2011 general shareholders meeting adopted the resolution of 2010 profit distribution: the total capital 1,257,117,748 shares as the base number, every 10 shares distributed cash dividends 1.00 yuan (include tax). The profit distribution program was completed in July 2010.

(3) Audit Committee, Remuneration Committee

1. The Board of Director has an Audit Committee, composing three directors as members, two of whom are independent directors, the chairman is the independent director Wei Minghai, Mr. Wei Minghai was approved to resign from the position of independent director of the Company due to post adjustment in 2011.) the summary information report as follows:

According to the Company's Discussion Procedure Rules of the Board Audit Committee and Working Rules of the Annual Report of the Board Audit Committee, as well as requirements of the China Securities Regulatory Commission (CSRC) and Shenzhen Stock Exchange on the 2011 annual report, the Audit Committee conducted a series of works for the audit of 2011. the summary information report as follows:

(1) On January 12, 2011 the Audit Commission and Chief Accountant of the CPA Firm determined through consultation the schedule of audit work of financial statements in this fiscal year.

(2) The certified public accountants audited financial statements prepared by the Company and formed their written opinions. On January 12, 2011, the certified public accountants audited financial statements submitted by the Finance Department of the Company and gave the following audit opinions: ① the Company selected and applied proper accounting policy, made reasonable accounting estimates and prepared these financial statements free of any material misstatements and omissions found; ② no major shareholders have been found to have misappropriated any funds of the Company; ③ the Company has not been found to have provided any external guarantees in violation of rules and done any abnormal connected transactions; ④ the financial statements of the Company may be submitted to the CPA Firm for annual audit.

(3) The formal commencement on the audit work on the site by the CPA Firm and the pressing of the Audit Commission are set forth as follows: after the work team of the CPA Firm formally commences on the audit work on the site, the Audit Commission sent a Letter of Pressing for Audit Work twice successively, requesting the CPA Firm to do the audit work according to the master schedule of audit work and report the related work progress to the Audit Commission.

(4) On February 14, 2011, the certified public accountants audited the financial statements in 2010 which were submitted by the Finance Department of the Company and on which the certified public accountants for annual audit gave their preliminary audit opinions as well as formed the following written audit opinions: ① the certified public accountants for annual audit did the audit work of financial statements of the Company in 2011 in strict accordance with the standards for audit business; ② during the preparation of annual audit report, the certified public accountants for annual audit and the Audit Commission had an effective communication, fully took the Audit Commission's advice and came to an agreement on all material respects of the annual audit. ③ the

annual financial statements accompanied by the preliminary audit opinions given by the certified public accountants are relatively complete and free of any material omissions as well as fairly reflected in all material respects the financial position of the Company ended 31 December 2011 and production and operation results and cash flow of the Company in 2011.

(5) On March 23, 2011, the certified public accountants audited the financial statements in 2009 which were submitted by the Finance Department of the Company and on which the certified public accountants for annual audit gave their standard unreserved audit opinions as well as gave the following written audit opinions: the financial statements of the Company are a true, correct and complete reflection of the whole position of the Company, and the certified public accountants agree that these financial statements in 2011 which were prepared by the Company and audited by the certified public accountants for annual audit are submitted to the Board of Directors for deliberation.

2. The Board of Directors has a salary committee, composed of three directors, two of them are independent directors, The independent director Wang Pu served as the chairman.

During the reporting period, according to the relevant laws and regulations of China Securities Regulatory Commission, Shenzhen Stock Exchange and internal control system, Guangdong securities company and site survey results and the company's Board of Directors on March 5, 2011 review on Guangdong, China Securities Regulatory Commission, adopted by the authority on company site survey report on results of rectification and reform of the arrangements, enacted the Senior Management Board on September 28, 2011 for consideration of personnel performance appraisal and salary management system. This system of remuneration and Evaluation Committee for examination by the Board and within the framework of implementation of executive officers annual remuneration and performance evaluation of programmes, in the course of its Board of Directors the remuneration and Evaluation Committee commissioned a company's human resources department and the Department of management are drafting the remuneration scheme and evaluation program remuneration and Evaluation Committee by resolution of the Board of Directors, Executive performance of 2010 supplemental examination and appraisal; Examined and adopted the company's 2011 annual remuneration of senior management staff as well as the examination program, and "implementation rules for the salary and appraisal commission of the board of directors of the company, the salary and appraisal commission made audit on the salary disclosed by directors, supervisors and senior management, and make the following audit opinions:

The decision-making procedure of salary of directors, supervisor and senior management complied with the relevant regulations; the release of salary of directors, supervisors and senior management complied with the regulations of the salary system approved by the board of directors of the company; the salary of directors, supervisors and senior management disclosed in 2011 annual report was true and accurate.

The Company didn't conducted any share equity incentive program up to the Report Period.

VI. Profit distribution plans and the plans of transfer of reserve to common shares

(1) In according with the Standard of the company, The company will continue the profit

distribution policy's stability and continuous, profit distributed in cash every three years accumulatiely no less than 30 percent of the annual distributable profit realized in that three-year”.

(2) According to the audit of the Company's financial condition for 2011 by Guangdong Zhengzhong Zhujiang Certified Public Accountants in accordance with Chinese accounting standards for business enterprises, The company's Parent company statement net profit is RMB 270,152,764.75 in 2011, Parent company statement accumulative distribution profit is RMB 956,625,647.90. According to the actual demand of the Company's development, the Company's profit distribution preplan for 2011 is as follows:

1. 10% of the net profit of the company for 2011 (RMB 270,152,764.75), i.e. RMB 34,27,015,276.48, is to be allocated for statutory common reserve fund.

2. The profit for 2011 is to be distributed as follows: RMB 62,855,887.40 is to be allocated as the fund for dividend distribution for 2011. with the total shares at the end of 2011, i.e., 1,257,117,748 shares, as the base, cash dividend of RMB 0.5 (including tax) is to be distributed for every 10 shares. The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's Middle rate quoted by People's Bank of China on the first working day after 2011 annual shareholders' general meeting makes resolution on dividend distribution.

(3) Dividend distribution of the latest three years

Unit: RMB

Year r	Cash dividend (Including Tax)	Net profit attributable to the over of the parent company in the consolidated financial statements	Ratio in net profit attributable to the parent company in the consolidated financial statements	Distributable profits during the year
2010	125,711,774.80	388,478,016.28	32.36%	873,338,859.86
2009	125,711,774.80	332,040,435.70	37.86%	657,661,380.39
2008	125,711,774.80	404,911,057.09	31.05%	613,583,498.48
The proportion of accumulative cash during recent three years in latest annual average net profit (%)			100.53%	

VII Implementation of the Management System on Learners of Insider Information

For standardizing the management of the Company's insider information, strengthening the confidentiality of the Company's insider information and maintaining the fair principle of information disclosure, the Company has set up "Management System on Insider Information" and "Internal Report System of Significant Information" and defined the scope of insider

information, the learners of insider information and its scope, the registration record management, the confidentiality and the relevant responsibility claim according to the relevant laws and regulations and the provisions of “Articles of Association” and combining with the actual situation. During the report period, the Company has further established and perfected the “Registration and Management System on Learner of Insider Information” as per the requirements and the relevant provisions of China Securities Regulatory Commission “Provisions on Registration and Management System on Learner of Insider Information Established by Listed Company”. The Company strictly implements the registration and management system on learner of insider information and the relevant systems, strengthens the registration, management, supervision and inspection on learner of insider information, and standardizes the internal transfer process of the material information, in order to ensure the fairness of information disclosure and faithfully prevent the disclosure of insider information and the deeds of insider transaction.

Through the self-examination, there not exists the learner of insider information uses the insider information to conduct the transaction on the shares of the Company before the influence of significant sensitive information disclosure of the Company’s shares, and also there is no the regulatory measures and administrative penalties adopted by the regulatory departments in 2011.

VII Implementation Programme of Internal Control Norm in 2012

(1) Construction Target and Organization Security of Internal Control

1. Construction Target of Internal Control

Through strengthening and standardizing the internal control construction of enterprise, the Company reasonably assures the business management of enterprise following the laws and regulations, and the trueness and completeness of assets security, financial statements and the relevant information. Thus, effectively improve the operational efficiency and effectiveness, and promote the enterprise to achieve the development strategy.

2. Organization Security and Personnel Arrangement

For ensuring the effective implementation of internal control construction, the Company has established the work leading group and the leading group office of internal control, which are led by the Company’s Ministry of Legal Affairs. Also, hires an intermediary advisory body to jointly build the project team to carry out the specific work. .

(1)The leading group is responsible for the formulation of the general principles of internal control construction, examines the Company’s internal control system and all kinds of internal control system, directs the leading group office to carry out the relevant specific works, and coordinates to resolve the problems encountered in the work. The Director of the Company is regarded as the number-one responsible for the internal control system construction.

(2)The leading group office of internal control is responsible for drawing out the implementation program of internal control norms, organizes and implements after following the internal approval procedures, and takes charge of various specific jobs in the stage of construction and implementation.

(3) Leading Department of Internal Control Construction

The Ministry of Legal Affairs is regarded as the leading department of construction and implementation of internal control system, and takes charge of the organization and coordination of system construction and implementation.

(4) Consulting Project Team of Internal Control System Construction

In order to ensure the smooth development and the effective implementation of this system construction, the Company has decided to hire an intermediary advisory body with the relevant qualifications and rich industry experience as a consultant unit to fully participate in the system construction. Also, the consultant unit should appoint the consulting project team to work in the field.

(5) Arrangement of Project Budget

For ensure the project funds, the project budget will be included in the annual budget of the Company.

(2) Work Plan of Internal Control Construction

1. Included in the Scope of Internal Control Norm Construction

According to the requirements of “Fundamental Norms for Enterprise Internal Control” and application guidelines, the implementation scope of the internal control construction includes the Company’s major business fields, processes, headquarter and controlling subsidiaries.

The major business fields refer to the business areas that there is significant and important influence on the legality and compliance of the Company’s financial statements.

The business process refers to the fundamental norms of internal control and application guidelines of development strategy, organizational structure, human resources, financial statements, auditing and supervision.

The controlling subsidiary refers to the 3 controlling subsidiaries under the Company. Namely, Guangfo Expressway Co., Ltd, Guangdong Fokai Expressway Co., Ltd (including Jiujiang Branch) and Guangdong Expressway Technology Investment Co., Ltd.

The contents of internal control construction include, but not limited to the following:

- The compliance diagnosis and research on current situation for the internal control, and the cognizance of weaknesses and the implementation of rectification program for internal control;
- The arrangement of business process related to the financial statements, and the optimization of internal control;
- The design and the construction of internal control system;
- The self-evaluation standard design and mechanism construction for internal control.

2. Overall Plan of Internal Control

According to the targets and scopes of internal control construction, the Company has established the work plan of internal control construction, which is divided into three stages on the whole:

The first stage is the start one of internal control.

The second stage is the construction one of internal control system.

Third stage is the stage of solidifying the achievements of internal control construction.

3. Start Stage of Internal Control (before March,31)

The Company plans to accomplish the promotion, mobilization and start work of the internal control construction before March, 31. Main contents include as follows:

Set up the organization system of internal control construction, and arrange all the functional departments of the headquarters and its controlling subsidiaries to participate abroad;

Prepare “Implementation Plan and Work Program for Internal Control Norms”, which is disclosed after the Board of Directors examines.

Widely promote, mobilize and train, and reach to a common view and work together in harmony within the Company. Such as, create a column for promotion of internal control inside the network of the Company; issue the “Fundamental Norms for Enterprise Internal Control” and the relevant supporting guidelines; arrange the personnel to participate in the training and learning, and so on. Convene the start meeting, which is mobilized and deployed by the directors of the Company, and conduct the training for the internal control construction of listed company.

Accomplish the hiring work of external intermediaries.

4. Construction Stage of Internal Control System(March 29-Before October 31)

The Company plans to accomplish the internal control system construction during the period from Mar. 29 to Oct. 31. At this stage, the Company will complete the following tasks with external intermediaries:

(1) In accordance with the “Fundamental Norms of Internal Control” and the supporting guidelines required by five ministries, as well as the Company’s key business fields, processes and the important subsidiaries to determine the scope of internal control implementation; the implementation scope of internal control construction should be examined and approved by the leading team of internal control and the Audit Committee, and submit the influence of implementation scope of internal control construction & its determined basis and the mergence of implementation scope on the Company’s financial statements to Guangdong Regulatory Agency for record. This project should be accomplished before Apr. 15.

(2) Find out the weaknesses of internal control and prepare the rectification program of internal control defects to ultimately form the “Evaluation Report of Internal Control and Proposal of Management Improvement”; this project is planned to complete before May 31. During the process, the Company will:

- ① Arrange the process through the way of interviews, review of documents or questionnaires, etc., comprehensively analyze and identify the inherent risks as per the possibility of risks issued and the influence degree, evaluate the grade of inherent risks and prepare the list of risks.
- ② Identify the key control activities in the processes, prepare the process description, the risk control matrix and other internal control implementation documents and make the records for the control activities and control points.
- ③ Contrast the existing systems and business processes with the risks list, collect the valid evidence of internal control design and operation by the methods of through test, sampling and comparative analysis to find out the internal control weaknesses. Also, evaluate the influence degree of internal control defects and distinguish the defects of design and operational effectiveness.
- ④ Make summary and conduct analysis for the major defects or material risks as well as improvement suggestions found, prepare “Evaluation Report of Internal Control and Proposal of Management Improvement”, and report to the senior management and the Board of Directors.

(3) All functional departments of the parent and subsidiary companies prepare the “Rectification

Program of Internal Control Defects” according to the “Evaluation Report of Internal Control and Proposal of Management Improvement”, which would be submitted to Guangdong Regulatory Agency for record after examined by the evaluation group of internal control construction; this project should be finished before Jun. 30.

(4) Implementation of design flaw: combine the risks list to prepare the “Risk Database”, including the risk description and rating; by which, revise the Company’s management system and that related internal control to form “Compilation for Internal Control System of Enterprise”; form “Internal Control Manual” according to the process description, the risk control matrix and other internal control implementation documents, including the control target, the control activities, the implementation departments of control and the corresponding system index. This project is scheduled to be completed by Jul. 31.

(5) Carry out the defects, and further improve the rectification and the implementation for design defects as per the implementation situation, including the adjustment of the organizational structure, the business processes and personnel deployment. This project is scheduled to be completed by Sep. 30.

(6) The Company gradually conducts the rectification for the defects found in accordance with the defect rectification program, design the control activities after the rectification, run the effective test, and form “Rectification Report of Internal Control Defects”, which should be submitted to Guangdong Regulatory Agency for record after examined by the leading group of internal control construction. This project is planned to be finished before Oct. 31.

(7) As per the requirements of China Securities Regulatory Commission, report to the relevant supervision departments and disclose the implementation status of internal control norms on time, including monthly reports of “Statistical Summary of Implementation Status of Internal Control Norms”, quarterly, semi-annual and yearly reports of “Development Report of Internal Control Norms”, etc. The contents of the reports include: the comparison of the implementation status of internal control norms with this program, the differences reasons of preparation, the solutions adopted and the difficulties, problems, relevant recommendations and opinions encountered in the process of implementation.

5. Solidifying the achievements Stage of Internal Control Construction.(November 1-November30)

Compare with the work plan of implementation of internal control norms, and summarize the achievements in the process of internal control construction. This project is scheduled to be completed before Nov. 30.

IX. The newspapers selected by the Company and statutory website for information disclosure.

The Company selected Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily as newspapers for information disclosure and www.cninfo.com.cn as the website for information disclosure.

VIII. Report of the Supervisory Committee

I. Work of the Supervisory Committee

In the report period, the Company held 8 meetings of supervisory committee in total. The particulars of the meetings are as follows:

1. The 6th provisional meeting of the sixth Supervisory Committee was held on January 31, 2011 in the manner of voting by correspondence. The meeting examined and adopted the following resolutions: (1) The Proposal on the Issue Size of Company Less than or Equal to RMB1 Billion in Medium Term Note, (2) The Proposal for Borrowing Entrusted Application from Guangdong Communication Group Co., Ltd. (3) The Proposal for holding the first provisional Shareholders' General Meeting in 2011.

The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on February 1, 2011.

2. The 7th meeting of the sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held in No.8 Kamada Lobby, 3/F, Kamada Pearl Hotel Guangzhou in the Morning of February 28, 2011 (Monday). The meeting examined and adopted the following resolutions: (1) The work report of the supervisory committee of the Company for 2010. (2) The Proposal for Amending Rules of Procedure of the Supervisory Committee. (3) The Proposal Concerning Change of Accounting Estimate. (4) The meeting approved the resolution made by the 10th meeting of the sixth board of directors of the Company on the Proposal Concerning Disposal of Fixed Assets and the Proposal for Making and Writing Back Provision for Bad Debts. (5) The meeting assessed and adopted to the Company's proposal concerning final accounting report for 2010. (6) The meeting assessed and adopted to the Company's proposal concerning profit distribution preplan for 2010. (7) The meeting assessed and adopted the Proposal for Retaining Certified Public Accountants. (8) The meeting assessed and adopted the Proposal Concerning Preplan for Profit Distribution for 2011. (9) The meeting assessed and adopted the Work Report of the Board of Directors for 2010. (10) The meeting assessed and adopted the Business Report of the General Manager for 2010. (11) The meeting assessed and adopted to the 2010 annual report of the Company and its summary. (12) The meeting agreed to the proposal concerning the self-evaluation report on the Company's internal control in 2010. (13) The meeting assessed and adopted the Proposal Concerning Report on Rectification According to Results of Site Inspection of the Company by Guangdong Supervision Bureau of CSRC. (14) The meeting assessed and adopted the Proposal for Extending Entrusted Loan to Guangfo Expressway Co., Ltd. (15) The meeting assessed and adopted the Proposal for Amending Part of Articles of Association of the Company. (16) The meeting assessed and adopted the Proposal for Amending Independent Director System, Rules of Procedure of the Board of Directors and Rules of Procedure of Shareholders' General Meeting of the Company. (17) The meeting assessed and adopted the Proposal for Amending Regulations on Management of Related Transactions, Internal Important Information Report System, Regulations on Management of Relationship with Investors, Regulations on Management of Information Disclosure Affairs,

Internal Control System, Regulations on Management of IPO Proceeds and Detailed Working Rules of General Manager of the Company. (18) The meeting assessed and adopted the Proposal for Formulating Regulations on Public Report and Use of Information, Regulations on Management of Insider Information and Regulations on Shareholding of Directors, Supervisors and Senior Executives and Its Change.

Shenzhen Stock Exchange reviewed the comments on the changes in accounting estimates made by the audit opinion. The company reopen the 1st provisional meeting of the sixth board of directors and the 8th meeting of the sixth Supervisory Committee after 5 business days in the manner of voting by correspondence and examined the related proposal and the abstract of the annual report. the disclosure of this meeting was exempted.

3. The 8th (Provisional) meeting of the Sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held in the morning of March 4, 2011 (Monday) in the manner of voting by correspondence. The deliberations and decision matters are the same with the 7th meeting of the sixth Supervisory Committee.

The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on March 5, 2011.

4. The 9th (Provisional) meeting of the Sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held in the morning of April 29, 2011 (Monday) in the manner of voting by correspondence. The meeting examined and adopted the following resolutions: (1) The Proposal on Liquidation of Fixed Assets. (2) The proposal concerning the report for the First quarter of 2011, (3) The Proposal for Holding 2010 Annual Shareholders' General Meeting.

The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on April 30, 2011.

5. The 10th meeting of the sixth Supervisory Committee of Guangdong Provincial Expressway Development Co., Ltd. was held in the form of on-the-spot meeting at 3/F meeting room on June 9, 2011. The meeting examined and adopted the following resolutions: (1) The meeting assessed and adopted the Proposal Concerning the Company's Satisfaction of the Conditions of Significant Asset Reorganization and Private Issue of Shares. (2) The meeting assessed and adopted the Proposal Concerning the Plan of the Company for Issue of Shares to Purchase Assets item by item. (3) The meeting assessed and adopted the Proposal Concerning the Significant Asset Reorganization for Assets Purchase Through Issue of Shares Constituting Related Transaction. (4)The meeting assessed and adopted the Proposal Concerning the prediction plan of Guangdong Provincial Expressway Development Co., Ltd. on Significant Asset Reorganization and Related Transaction Regarding Issue of Shares to Purchase Assets. (5)The meeting assessed and adopted the Proposal for Requesting the Shareholders' General Meeting to Approve Exempting Guangdong Communication Group Co., Ltd. and Guangdong Highway Construction Co., Ltd. from Purchasing the Shares of the Company in the Mode of Tender Offer. (6)The meeting

assessed and adopted the Proposal for Signing Agreement on Share Issue to Purchase Assets with Guangdong Highway Construction Co., Ltd. (7)The meeting assessed and adopted the Proposal that the Issue of Shares to Purchase Assets Complies with Provisions of Article 4 of Regulations on Several Issues Concerning Standardization of Significant Asset Reorganization of Listed Companies. (8) The meeting assessed and adopted the proposal for Requesting the Shareholders' General Meeting to Authorize the Board of Directors to Handle the Matters Concerning the Issue of Shares to Purchase Assets. (9) The meeting assessed and adopted the Notes to the Completeness and Legal Compliance of Performance of Legal Procedure for This Issue of Shares to Purchase Assets and Validity of Submitted Legal Documents. (10)The meeting assessed and adopted the Proposal on Intermediary Organization such as Independent Financial Consultant Engaged by the Management of Authorized Company for the Project.(11) The meeting assessed and adopted the Proposal on Audit Report and Assets Evaluation Report related to the Material Assets Reorganization Approved.(12) The meeting assessed and adopted the Proposal on Expressing Opinion to Issues related to Assets Estimation by the Board of Directors.(13)The meeting assessed and adopted the Proposal Concerning the Time of Convening Shareholders' General Meeting after This Board Meeting.

The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on June 13, 2011.

6. The 11st (provisional) meeting of the sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. was held of June 24, 2011 in the manner of voting by correspondence, The meeting examined and adopted the following resolutions: (1) The Proposal Concerning the Report (Draft) of Guangdong Provincial Expressway Development Co., Ltd. on Significant Asset Reorganization and Related Transaction Regarding Issue of Shares to Purchase Assets and Its Summary. (2) The Proposal for Signing Profit Compensation Agreement with Guangdong Highway Construction Co., Ltd. (3) The meeting examined and adopted the Proposal on Audit Report of Profit Forecast to the Material Assets Reorganization Approved. (4) The Notes to the Completeness and Legal Compliance of Performance of Legal Procedure for This Issue of Shares to Purchase Assets and Validity of Submitted Legal Documents. (5) The proposal for Requesting the Shareholders' General Meeting to Authorize the Board of Directors to Handle the Matters Concerning the Issue of Shares to Purchase Assets adopted by The 14th (provisional) meeting of adjusting the board of directors .(6) The meeting examined and adopted the Proposal on Application for Holding the Second Provisional Shareholders' General Meeting in 2011”

The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on June 28, 2011.

7. The 12nd (Provisional) meeting of the Sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held of August 9, 2011 in the manner of voting by correspondence., The meeting examined and adopted the following resolutions: (1) The meeting agreed to 2011 Semiannual Report of the Company and its summary. (2) The Proposal

Concerning Disposal of Fixed Assets.

The announcement of resolutions of this meeting were published on Securities Times, China Securities Daily, Shanghai Securities Daily and Hong Kong Commercial Daily and www.cninfo.com.cn on August 11, 2011.

8. The 13rd (Provisional) meeting of the Sixth supervisory committee of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held on October 28, 2011 in the manner of voting by correspondence. The meeting examined and adopted the proposal concerning the report for the third quarter of 2011.

According to relevant regulations of Shenzhen Stock Exchange, the disclosure of this meeting was exempted.

II. Other management meetings which board of supervisors attended in this year

Board of supervisors attended management working meeting for 21 times. Among them, attending office meeting 5 times, production subject meetings 4 times and other meeting 12 times.

II. Independent Opinions of the Supervisory Committee

(1) Company operations

(1) The company had strictly complied with the requirement of Company Law, Securities Act and Company Constitution and relevant laws and regulations of China Securities Regulatory Commission, and had constantly improved the corporate governance structure. Under the leading of the board of directors, the operating team of the company completed all the operational tasks, and was affirmed and recognized in the stock market. company board of directors can execute scientific decision based on general meeting of shareholders resolution, can guide and lead the management team accomplish all operation and management task together and correctly. In the report period the Company established clauses of the Articles of Association of the Company, Independent Director System, Rules of Procedure of the Board of Directors, Rules of Procedure of Shareholders' General Meeting, Rules of Procedure of the Supervisory Board, Regulations on Management of Related Transactions, Internal Important Information Report System, Regulations on Management of Relationship with Investors, Regulations on Management of Information Disclosure Affairs, Internal Control System, Regulations on Management of Raised Proceeds and Detailed Working Rules of General Manager and formulated Regulations on External Information Report and Use, Regulations on Management of Insider Information and Regulations on Management of the Company's Shares Held by Directors, Supervisors and Senior Executives and the Change Thereof.

In the report period the Company revised partial clauses of the Articles of Association of the Company, Independent Director System, Rules of Procedure of the Board of Directors, Rules of Procedure of Shareholders' General Meeting, Rules of Procedure of the Supervisory Board, Regulations on Management of Related Transactions, Internal Important Information Report System, Regulations on Management of Relationship with Investors, Regulations on Management of Information Disclosure Affairs, Internal Control System, Regulations on Management of Raised Proceeds and Detailed Working Rules of General Manager and formulated Regulations on External Information Report and Use, Regulations on Management of Insider Information and Regulations on Management of the Company's Shares Held by Directors, Supervisors and Senior

Executives and the Change Thereof.

(2) The company's financial information

The board of supervisors established internal audit system, adhered to strengthening the financial auditing supervisory work on the participating companies, controlling companies and the headquarter of the company. After the audit and inspection, no violations were found. Recommended to strengthen the independence of the internal audit of the company, pay attention to perform the functions of reporting to the Audit Committee of the Board; Companies should increase the intensity of financing, note the length and match, effectively control the financial risk; In addition, it is recommended that companies should invest in the project analysis, focusing on the project's investment return ability

Guangdong Zhengzhong Zhujiang Accounting Firm conducted audit on the 2011 financial report of the Company. The audit report accurately reflected financial positions and operating results of the company, the audit report was fair, objective, truthful and reliable.

(3) During the period of reporting, The Company did not use raised fund in the report period.

(4) During the period of reporting, there's no acquisition and no sale of assets.

(5) During the period of reporting, The company had no Significant related transaction

(6) The 14th (Provisional) meeting of the sixth supervisory Committee examined and adopted <Self-assessment report on internal control 2011> and gave opinion as follows: Company followed the requirement of <Listed company internal control guide> and our company's <Internal control system> and conducted serious audit and assessment on the effectiveness of company's internal control and made self-assessment on internal control. The assessment result is relatively objective in reflecting the real situation of company's internal control. The conclusion on company's internal control is relatively comprehensive. The disclosure on existed problem is relatively profound and rectifying advice had been given, we admit this report.

IX. Important events

I. The significant litigation and arbitration events in the reporting period.

1、There are litigation in the reporting period:

(1) On June 30, 2008, China International Economic and Trade Arbitration Commission Shenzhen Branch made final award on the lawsuit of the dispute in the contract and additional agreement of the China-foreign constructed and operated Fozhan Expressway Dianbai (Magang) to Zhanjian (Suixi) that at the September 25, 2001: (1) The arbitral award includes ruling Southeast Asia Maofa Co., Ltd. to pay the default fine and part of expenses for handling the arbitration case and allocated expenses of each party involved in this arbitration case to the Company. In April 2005, Guangzhou Municipal Intermediate People's Court made a judgment concerning entirely auctioning Maozhan Company's stocks held by Southeast Asia Maofa Co., Ltd. and made an announcement of auction. Guangzhou Municipal Intermediate People's Court submitted this enforcement case to Guangdong Higher People's Court for jurisdiction transfer in July 2005 according to the notice of Guangdong Higher People's Court regarding liquidation of outstanding cases beyond the legal time limit of enforcement. On September 2, 2008, Yangjiang Municipal Intermediate People's Court made the following ruling: (i) canceling the seizure of 35% of Maozhan Company's stocks and incomes held by Southeast Asia Maofa Co., Ltd. as the party subject to enforcement; (ii) freezing the debts of RMB5,334,500 that are due to Maozhan Company by Southeast Asia Maofa Co., Ltd. as the party subject to enforcement, and seizing RMB5,334,500 that is due to Southeast Asia Maofa Co., Ltd. as the party subject to enforcement by Maozhan company for repayment of debts, and serving a notice of Assisting in Enforcement to Maozhan Company. In Oct.2010, we received the notice from Guangzhou Intermediate People's Court, Guangdong Higher People's Court had assigned Guangzhou Intermediate People's Court to execute this case. Original execution court Yangjiang Intermediate People's Court had transferred the case file. Currently, This enforcement case has not finally been closed yet. In May 2011, Guangzhou Municipal Intermediate People's Court drew up a plan for allocation in which request transferring RMB 3.479 million to the account of Guangdong Expressway Technology Investment Co., Ltd. Guangzhou Municipal Intermediate People's Court issued the (2010)SZFZ ZI No.1910 written Ruling to enforce the measures.

(2) The technology company as the holding subsidiary of the Company filed a lawsuit with the People's Court of Yuexiu District of Guangzhou in May 2006, requesting Wang Jianji, as the guarantor of Beijing Green Angel Organic Fertilizer Co., Ltd. for the RMB8 million entrusted loan purpose, to perform its guarantee liabilities, repay RMB8 million and accrued interests and disburse a default fine of RMB 93,716.00. The People's Court of Yuexiu District of Guangzhou made the (2006) YFMEC Zi No. 1708 Judgment of First Instance that the Defendant Wang Jianji should repay the principal of the RMB8 million entrusted loan and its overdue interests as well as pay a default fine of RMB 93,716.00 to the technology company. The Defendant Wang Jianji lodged an appeal against the Judgment of First Instance. Guangzhou Municipal Intermediate People's Court made the (2007) SZFMEZ Zi No. 1057 Judgment of Second Instance to affirm the original judgment on August 24, 2007.

Wang Jianji did not accept the civil award of (2007) Suizhongfamingzhong No.1057 by Guangdong Guangzhou Intermediate People's Court and applied to Guangdong Provincial Higher People's Court for retrial. On November 26, 2007, Guangdong Provincial Higher People's Court made (2007) Yegaofaliming No. 1010 award, This case entered the retrial proceedings. On September 11, 2008, Guangzhou Municipal Intermediate People's Court issued the (2008) SZFSJMZ Zi No. 66 Written Civil Ruling that the (2006) SZFLMZ Zi No. 1146 Written Civil Ruling and the (2006) YFMEC Zi No. 1708 Written Civil Ruling made by the People's Court of Yuexiu District of Guangzhou of Guangdong should be rescinded, the (2007) SZFMEZ Zi No. 1057 Paper of Civil Judgment and the (2006) YFMEC Zi No. 1708 Paper of Civil Judgment made by the People's Court of Yuexiu District of Guangzhou of Guangdong should be rescinded and this case should be transferred to the People's Court of Xicheng District of Beijing for processing. On September 16, 2009, The case came to trial. In April 2010, the court decided in the first instance that the Defendant Wang Jianji should pay the principal of entrusted loan, i.e., RMB 8 million, and interest incurred to Guangdong High-tech. The Defendant Wang Jianji lodged an appeal against the Judgment of First Instance. The hearings for the second instance of this case was held in Beijing First Intermediate People's Court on July 15, 2010. On October 19, 2010, Guangzhou Municipal Intermediate People's Court made the final adjudication, rejected accuser's appeal and affirmed the original judgment. Currently, Beijing West District People's Court has placed this case on file for execution. In November 2010, Technology Company applied to the court for enforcement. In February 2011, the procedure of placing the case on file was completed. On July 25, 2011, Technology Company received (2011) Gao Min Shen Zi No. 2516 Hearing Notification served by Beijing Higher People's Court. Wang Jianji refused to accept final judgment and applied for retrial. Beijing Higher People's Court held the opinion that the conditions for retrial were satisfied and judged to put the case on trial on December 19, 2011. During retrial, the enforcement of the original judgment suspended. The court session for the retrial is to be opened on March 19, 2012, has not received the judgment from the court

(3) On June 15, 2007 morning, the Nanguiji 035 ship owned by Yang Xiong, Foshan Nanhaiyu Ship Co., Ltd. heated Jiujiang Bridge on 325 National Road owned by the controlling company of the company, and resulted in more than 200 meters of Jiujiang Bridge collapsed.

On June 19, 2007, The Ministry of Communications, the State Production Safety Supervision and Administration Commission issued the JiaoAnWeiming File [2007] No. 8 "Notification on the Guangdong"6.15 "Jiujiang Bridge Collision Accident", initially determined the causes of the accident are: the incident ship suddenly met heavy fog on the way from Foshan Gaoming to Sunde, the captain neglected looking out, did not take proper measures and deviated from the main channel, touched the 325 National Road Jiujiang Bridge the non-navigation bridge pier and caused the collapson of part of the Jiujiang bridge. The accident was an unilateral responsibility of the ship.

On July 19, 2007, Fokai Expressway Co., Ltd. applied preservation of property to Guangzhou Maritime Court. On August 22, 2007, Fokai Company officially prosecuted to Guangzhou Maritime Court, asking Foshan South Sea Shipping Company Limited and Yang Xiong to undertake the compensation 25,587,684 yuan for the loss caused by collapson of Jiujiang Bridge. On August 28, 2007, Guangzhou Maritime Court accepted the case. According to the (2007)-Canton Haifa No. 332 ruling book issued by Guangzhou Maritime Court, the proceeding

of the case was suspended. After the court accepted the case, the incident investigation team of Guangdong Provincial Government had not made the final report of Jiujiang Bridge accident. The Court, on November 5, 2007, decided to suspend the proceeding. In September 2008, Jiujiang Bridge accident investigation report was officially reported and resumed the proceedings. On December 5, 2008, Guangzhou Marine Court opened a court trial to proceed the case. Currently, Guangzhou Haizhu prosecutorial office was intend to prosecute the accident captain Shi Guide, therefore, on January 5, 2009, Guangzhou Maritime Court ruled the suspension of the case. At present, no further notice related to this case has been received from the court and its hearing is still in suspense.

2. Major Bankruptcy Reorganization of the company and the related events

During the reporting period, the company had no major bankruptcy-related events.

3. The company hold shares of other listed companies, shares of financial firms.

Unit: RMB

Name of subjects held	Initial investment amount	Number held	The proportion to the equity of the company	Book value at period end	Loss and gain in the reporting period	Changes of owner's equity in the reporting period	Accounting calculation subjects	Origin of equity
601818	China Everbright Bank	528,000,000.00	0.72%	691,200,000.00	0.00	-259,200,000.00	Long-term equity investment	Subscribe on 2009
Total		528,000,000.00	-	691,200,000.00	0.00	-259,200,000.00	-	-

Name of subjects held	Initial investment amount	Number held	The proportion to the equity of the company	Book value at period end	Loss and gain in the reporting period	Changes of owner's equity in the reporting period	Accounting calculation subjects	Origin of equity
Huaxia Securities Co., Ltd.	5,400,000.00	5,400,000	0.27%	0.00	0.00	0.00	Long-term equity investment	Shareholder investment
Huazheng Assets Management	1,620,000.00	1,620,000	0.54%	226,800.00	0.00	0.00	Long-term equity investment	Dividend Investment

Co., Ltd.								
Kunlun Securities Co., Ltd.	30,000,000.00	30,000,000	5.74%	0.00	0.00	0.00	Long-term equity investment	Purchased
Total	37,020,000.00	37,020,000	-	226,800.00	0.00	0.00	-	-

4.Acquisition and sale of assets and corporate merger during the reporting period and their impacts.

On March 14, 2011, the Company issued the Announcement of Suspension of Listing to announce its planning of important matters.

On April 11, 2011, the Company issued the Announcement of Significant Asset Reorganization and Continuation of Listing Suspension to announce that Guangdong Communication Group Co., Ltd., the controlling shareholder of the Company, is further planning significant asset reorganization concerning the Company.

On June 13, 2011, the Company issued the Preplan for Significant Asset Reorganization and Related Transaction through Share Issue to Purchase Assets, which was examined and adopted at the 14th (provisional) meeting of the sixth board of directors of the Company.

On June 28, 2011, the Company issued the Report on Significant Asset Reorganization and Related Transaction through Share Issue to Purchase Assets, which was examined and adopted at the 15th (provisional) meeting of the sixth board of directors of the Company. The Company planned to issue shares to Guangdong Highway Construction Co., Ltd. to acquire 100% equity of Guangzhou Guangzhu Communication Investment Management Co., Ltd. held by Guangdong Highway Construction Co., Ltd.

On July 13, 2011, the second provisional shareholders' general meeting of the Company in 2011 vetoed the said Report on Significant Asset Reorganization and Related Transaction through Share Issue to Purchase Assets and related eight proposals .

The announcements of the above-mentioned matters were published on Securities Times and www.cninfo.com.cn on March 14, April 11, June 13, June 28 2011 and July 14, 2011.

The above-mentioned matters have no significant influence on the Company's operating results and financial position in the report period.

5.Major related transactions occurred during the reporting period

During the reporting period, The company had no Significant related transaction

Other daily related transactions, See Financial statement VI, Related parties and Related transaction (II) Related parties transaction

6.The declaration about the company's controlling shareholder or other associated party for using of company funds

Guangdong Zhengzhong Zhujiang Accounting Firm has published the Special Statement on the Fund Occupation by the Controlling Shareholder and Other Related Parties of Guangdong Provincial Expressway Development Co., Ltd.(GHSZZ[2012]No. 11006250209) based on companies' shareholders and other related party about occupying company's funds information

In the report period,, The Largest shareholders and their subsidiary enterprises did not occupy company's funds.

7. Important contracts and implementing

1. The Company did not hold in trust or contract for or lease the assets of other companies nor did other companies hold in trust, contract for or lease the assets of the Company in the report period.

2. The Company did not provide important external guarantee in the report period.

3. The Company did not entrust others with money management in the report period.

4. The Company's material contracts in the report period

8. Commitments.

In the report period, there is no significant commitments concerning the Company, board members, and higher management or the shareholders hold 5% share capital for disclosure to the report period.

9. Appointment of certified public accountants

The particulars about the remuneration of certified public accountants:

Certified public	2011		Number of continuous years of provision of audit services to the company
	Financial audit expenses	Other expenses	
Guangzhou Yangcheng Certified public Accountants Co., Ltd.	RMB 0.4 million	RMB 0.00	20 years
Guangdong Zhengzhong Zhujiang Certified public Accountants Co., Ltd.	RMB 0.3 million	RMB 0.00n	1 year

The Company did not bear the traveling expenses of certified public accountants.

10. The Company, its board of directors and its directors were not investigated by CSRC, administratively punished or publicly criticized by CSRC or publicly condemned by stock exchange.

11. Other Important matters

The registration form of acceptance of investigation, communication and interview in the report period for future reference

Date	Place	Mode	Type	Visitor	Content of discussion and materials provided
June 13, 2011	The Company	Telephone	Other	Securities times journalist	The core information of the communication is the company's great asset recompose, the Information provided is more than has been disclosed by the company related announcements.
June 15, 2011	The Company	Telephone	Other	Huaxia Securities times journalist	The core information of the communication is the company's great asset recompose, the Information provided is more than has been disclosed by the company related announcements
June 15, 2011	The Company	Telephone	Other	Investor Journal journalist	The core information of the communication is the company's great asset recompose, the Information provided is more than has been disclosed by the company related announcements
June 22, 2011	The Company	Telephone	Other	Weekly on stocks journalist	The core information of the communication is the company's great asset recompose, the Information provided is more than has been disclosed by the company related announcements

July 15, 2011	The Company	Onsite investigation	Organization	J.P.Morgan Researchers of Asia-Pacific capital construction Securities Research Dept	(1) Content of discussion: 1) The Company's daily operation; 2) Analysis of the Company's financial date; 3) Future development strategy of the company; 4) The Company's opinions on industry change.
August 16, 2011	The Company	Onsite investigation	Organization	Transportation and communication industry analyst of Anxin Securities Co., Ltd.	(1) Content of discussion: 1) The Company's daily operation; 2) Analysis of the Company's financial date; 3) Future development strategy of the company; 4) The Company's opinions on industry change.
September 29, 2011	The Company	Onsite investigation	Organization	Transportation and communication industry analyst of SWS Research	(1) Content of discussion: 1) The Company's daily operation; 2) Analysis of the Company's financial date; 3) Future development strategy of the company; 4) The Company's opinions on industry change.

List of the activities such as investigations, view exchanges and interviews received from the report period to the disclosure date did not happen

X. Financial Report

Auditors' Report

GHSSZD(2012)No.: 11006250018

To all shareholders of Guangdong Provincial Expressway Development Co., Ltd.:

We audited accompanying financial statements of Guangdong Provincial Expressway Development Co., Ltd. (hereinafter referred to as "the Company"), including Consolidation and parent Company balance sheet on December 31, 2012, Consolidation and parent Company profit statement, Consolidation and parent Company cash flow statement for the year 2011 and Consolidation and parent Company statement of change in shareholders' equity and the notes to financial statements.

I. Responsibilities of the management concerning the financial statements

The Management is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Accounting Standard for Business Enterprises and China Accounting System For Business Enterprises. These responsibilities include: (i) designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;(ii) selecting and applying appropriate accounting policies; (iii) and making accounting estimates that are reasonable in the circumstances.

II. Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

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

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

III. Auditing opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

Guangdong Zhengzhong Zhujiang Certified public Accountants

Chinese C.P.A.: Wang Shaohua

Chinese C.P.A.: Yao Jing

Guangzhou , China

March 28, 2012

Balance sheet

Prepared by:: Guangdong Provincial Expressway Development Co., Ltd.

December 31, 2011

Unit: RMB

Items	At the end of term		Beginning of term	
	Consolidated	Parent Company	Consolidated	Parent Company
Current asset:				
Monetary fund	1,018,999,531.05	701,899,352.28	258,881,333.75	179,597,767.35
Settlement provision				
Outgoing call loan				
Trading financial assets				
Bill receivable				
Account receivable	17,726,118.11		18,043,508.27	
Prepayments	144,982,896.65		195,653,487.32	
Insurance receivable				
Reinsurance receivable				
Provisions of Reinsurance contracts receivable				
Interest receivable		316,891.66		
Dividend receivable	90,658,881.05	139,574,457.39		19,662,486.37
Other account receivable	37,983,304.82	3,657,454.90	31,363,602.07	4,079,305.90
Repurchasing of financial assets				
Inventories			279,948.92	
Non-current asset due in 1 year				
Other current asset		160,000,000.00		
Total of current assets	1,310,350,731.68	1,005,448,156.23	504,221,880.33	203,339,559.62
Non-current assets:				
Loans and payment on other's behalf disbursed				
Disposable financial asset	691,200,000.00	691,200,000.00	950,400,000.00	950,400,000.00
Expired investment in possess				
Long-term receivable				
Long term share equity investment	2,918,288,171.88	4,763,046,741.40	2,649,867,203.64	4,017,933,273.16
Property investment	5,541,038.08	5,288,899.83	6,005,251.48	5,753,113.23
Fixed assets	4,063,417,803.17	5,837,841.17	3,782,771,159.07	5,983,727.98
Construction in progress	2,760,092,723.87		2,573,858,108.94	
Engineering material				
Fixed asset disposal				
Production physical assets				
Gas & petrol				
Intangible assets	53,166,163.90		59,244,651.25	
R & D petrol				
Goodwill				
Long-germ expenses to be amortized	370,543.34	335,238.40	95,827.54	
Differed income tax asset				
Other non-current asset				
Total of non-current assets	10,492,076,444.24	5,465,708,720.80	10,022,242,201.92	4,980,070,114.37

Items	At the end of term		Beginning of term	
	Consolidated	Parent Company	Consolidated	Parent Company
Total of assets	11,802,427,175.92	6,471,156,877.03	10,526,464,082.25	5,183,409,673.99
Current liabilities				
Short-term loans	891,470,000.00	481,470,000.00	500,000,000.00	200,000,000.00
Loan from Central Bank				
Deposit received and hold for others				
Call loan received				
Trade off financial liabilities				
Bill payable				
Account payable	135,228,709.74		121,223,271.87	
Prepayment	5,392,391.20		6,441,245.88	
Selling of repurchased financial assets				
Fees and commissions receivable				
Employees' wage payable	2,002,220.57	88,015.62	949,773.92	133,219.71
Tax payable	13,070,029.12	1,912,304.18	1,702,514.30	521,312.74
Interest Payable	37,161,794.55	29,720,154.33	17,571,390.99	11,333,333.33
Dividend Payable	29,154,211.10	12,849,018.98	18,997,256.40	12,443,094.27
Other account payable	319,750,258.89	109,125,634.87	237,781,580.86	2,234,014.32
Reinsurance fee payable				
Insurance contract provision				
Entrusted trading of securities				
Entrusted selling of securities				
Non-current liability due in 1 year	384,200,000.00		327,000,000.00	
Other current liability		65,542,566.45		70,804,209.27
Total of current liability	1,817,429,615.17	700,707,694.43	1,231,667,034.22	297,469,183.64
Non-current liabilities:				
Long-term loan	3,309,764,803.54		3,575,964,803.54	
Bond payable	1,790,792,109.05	1,790,792,109.05	791,524,406.75	791,524,406.75
Long-term payable	2,022,210.11	2,022,210.11	2,022,210.11	2,022,210.11
Special payable				
Expected liabilities				
Differed income tax liability	126,663,710.47		125,310,513.48	
Other non-current liabilities				
Total of non-current liabilities	5,229,242,833.17	1,792,814,319.16	4,494,821,933.88	793,546,616.86
Total of liability	7,046,672,448.34	2,493,522,013.59	5,726,488,968.10	1,091,015,800.50
Owners' equity				
Share capital	1,257,117,748.00	1,257,117,748.00	1,257,117,748.00	1,257,117,748.00
Capital reserves	1,697,958,715.57	1,698,106,856.32	1,957,158,715.57	1,957,306,856.32
Less: Shares in stock				
Special reserves				
Surplus reserves	191,496,386.02	191,496,386.02	164,481,109.54	164,481,109.54
Common risk provision				
Undistributed profit	968,553,255.86	830,913,873.10	904,494,101.24	713,488,159.63
Different of foreign				

Items	At the end of term		Beginning of term	
	Consolidated	Parent Company	Consolidated	Parent Company
currency translation				
Total of owner's equity belong to the parent company	4,115,126,105.45	3,977,634,863.44	4,283,251,674.35	4,092,393,873.49
Minor shareholders' equity	640,628,622.13		516,723,439.80	
Total of owners' equity	4,755,754,727.58	3,977,634,863.44	4,799,975,114.15	4,092,393,873.49
Total of liabilities and owners' equity	11,802,427,175.92	6,471,156,877.03	10,526,464,082.25	5,183,409,673.99

Profit statement

Prepared by:: Guangdong Provincial Expressway Development Co., Ltd.

January-December 2011

Unit: RMB

Items	Current term		Amount of last year	
	Consolidated	Parent Company	Consolidated	Parent Company
I.Total business income	1,078,042,712.93	4,407,470.00	1,002,219,500.20	7,681,393.90
Incl: Business income	1,078,042,712.93	4,407,470.00	1,002,219,500.20	7,681,393.90
Interest income				
Insurance fee earned				
Fee and commission received				
II.Total business cost	1,048,646,676.16	156,206,037.80	836,148,747.98	102,945,599.84
Incl: Business cost	629,381,603.00	464,213.40	518,321,042.54	464,213.40
Interest expense				
Fee and commission paid				
Insurance discharge payment				
Net claim amount paid				
Net insurance policy reserves provided				
Insurance policy dividend paid				
Reinsurance expenses				
Business tax and surcharge	39,646,087.18	240,806.72	35,370,398.64	392,199.10
Sales expense				
Administrative expense	148,690,324.28	71,890,766.74	120,532,985.43	55,208,927.34
Financial expenses	231,914,175.31	84,278,210.21	161,929,617.65	46,880,260.00
Asset impairment loss	-985,513.61	-667,959.27	-5,296.28	
Add: Gains from change of fair value ("-" for loss)				
Investment gain("-"for loss)	346,149,172.62	418,581,993.80	341,515,204.47	436,555,003.03
Incl: Investment gains from affiliates	323,445,172.62	323,445,172.62	340,496,439.38	340,496,439.38
Gains from currency exchange ("-" for loss)				
III. Operational profit("-"for loss)	375,545,209.39	266,783,426.00	507,585,956.69	341,290,797.09
Add: Non-Business income	12,968,375.36	3,391,900.00	18,648,532.91	343,210.70
Less: Non-Business expenses	142,209,042.80	22,561.25	31,830,082.58	244,753.52
Incl: loss from disposal of	139,982,019.46	22,331.25	30,188,971.42	78,663.00

Items	Current term		Amount of last year	
	Consolidated	Parent Company	Consolidated	Parent Company
non-current assets				
IV. Gross profit (“-” for loss)	246,304,541.95	270,152,764.75	494,404,407.02	341,389,254.27
Less: Income tax expenses	22,431,380.00		56,072,077.39	
V. Net profit (“-” for net loss)	223,873,161.95	270,152,764.75	438,332,329.63	341,389,254.27
Net profit attributable to the owners of parent company	216,786,205.90	270,152,764.75	388,478,016.28	341,389,254.27
Minor shareholders' equity	7,086,956.05		49,854,313.35	
VI. Earnings per share:				
(i) Basic earnings per share	0.17		0.31	
(ii) Diluted earnings per share	0.17		0.31	
VII. Other comprehensive income	-259,200,000.00	-259,200,000.00	422,400,000.00	422,400,000.00
VIII. Total comprehensive income	-35,326,838.05	10,952,764.75	860,732,329.63	763,789,254.27
Total comprehensive income attributable to the owner of the parent company	-42,413,794.10	10,952,764.75	810,878,016.28	763,789,254.27
Total comprehensive income attributable minority shareholders	7,086,956.05		49,854,313.35	

Enterprise combination under same controlling at the end of current period. the net profit for the enterprise to be combined is 0.00.

Cash Flow statement

Prepared by:: Guangdong Provincial Expressway Development Co., Ltd.

January-December 2011

Unit: RMB

Item	Current term		Amount of last year	
	Consolidated	Parent Company	Consolidated	Parent Company
I.Net cash flow form business operation				
Cash received from sales of products and providing of services	1,072,252,401.41	331,086.40	990,235,949.22	247,086.40
Net increase of customer deposits and capital kept for brother company				
Net increase of loans from central bank				
Net increase of inter bank loans from other financial bodies				
Cash received against original insurance contract				
Net cash received from reinsurance business				
Net increase of client deposit and investment				
Net increase of trade financial asset disposal				
Cash received as interest, processing fee, and commission				
Net increase of inter bank fund received				
Net increase of repurchasing business				
Tax returned				
Other cash received from business operation	120,978,269.75	66,099,300.20	609,873,672.49	920,431,302.48
Subtotal of cash inflow from business activities	1,193,230,671.16	66,430,386.60	1,600,109,621.71	920,678,388.88
Cash paid for purchasing of merchandise and services	175,943,980.75		174,334,538.71	
Net increase of client trade and advance				
Net increase of savings in central bank and brother company				
Cash paid for original contract claim				
Cash paid for interest, processing fee and commission				
Cash paid for policy				

Item	Current term		Amount of last year	
	Consolidated	Parent Company	Consolidated	Parent Company
dividend				
Cash paid to staffs or paid for staffs	170,894,295.56	39,014,725.38	143,537,459.33	35,991,026.33
Taxes paid	51,717,811.99	643,355.36	78,965,618.48	548,640.34
Other cash paid for business activities	174,366,467.47	99,614,185.32	612,978,176.94	950,367,769.37
Subtotal of cash outflow from business activities	572,922,555.77	139,272,266.06	1,009,815,793.46	986,907,436.04
Cash flow generated by business operation, net	620,308,115.39	-72,841,879.46	590,293,828.25	-66,229,047.16
II. Cash flow generated by investing				
Cash received from investment retrieving				
Cash received as investment gains	377,069,323.33	420,249,054.54	348,309,034.59	358,833,846.78
Net cash retrieved from disposal of fixed assets, intangible assets, and other long-term assets	317,300.07	49,500.00	803,747.70	308,300.00
Net cash received from disposal of subsidiaries or other operational units				
Other investment related cash received		158,753,491.94		407,955,707.50
Subtotal of cash inflow due to investment activities	377,386,623.40	579,052,046.48	349,112,782.29	767,097,854.28
Cash paid for construction of fixed assets, intangible assets and other long-term assets	828,124,764.13	1,244,531.00	974,827,252.13	2,817,849.00
Cash paid at investment	390,000,000.00	866,692,500.00	372,296,500.00	559,856,500.00
Net increase of loan against pledge				
Net cash received from subsidiaries and other operational units				
Other cash paid for investment activities		315,000,000.00		
Subtotal of cash outflow due to investment activities	1,218,124,764.13	1,182,937,031.00	1,347,123,752.13	562,674,349.00
Net cash flow generated by investment	-840,738,140.73	-603,884,984.52	-998,010,969.84	204,423,505.28
III. Cash flow generated by financing				
Cash received as investment	140,962,500.00		62,520,000.00	
Incl: Cash received as investment from minor shareholders	140,962,500.00		62,520,000.00	
Cash received as loans	1,666,470,000.00	861,470,000.00	1,648,210,000.00	200,000,000.00
Cash received from bond placing	999,800,000.00	999,800,000.00		
Other financing –related cash received				

Item	Current term		Amount of last year	
	Consolidated	Parent Company	Consolidated	Parent Company
Subtotal of cash inflow from financing activities	2,807,232,500.00	1,861,270,000.00	1,710,730,000.00	200,000,000.00
Cash to repay debts	1,379,000,000.00	475,000,000.00	870,120,000.00	100,000,000.00
Cash paid as dividend, profit, or interests	447,559,819.70	187,117,093.43	392,752,292.95	172,056,672.27
Incl: Dividend and profit paid by subsidiaries to minor shareholders	14,393,243.73		3,508,270.73	
Other financing –related cash received	105,000.00	105,000.00		
Subtotal of cash outflow due to financing activities	1,826,664,819.70	662,222,093.43	1,262,872,292.95	272,056,672.27
Net cash flow generated by financing	980,567,680.30	1,199,047,906.57	447,857,707.05	-72,056,672.27
IV. Influence of exchange rate alternation on cash and cash equivalents	-19,457.66	-19,457.66	-14,226.74	-14,226.74
V. Net increase of cash and cash equivalents	760,118,197.30	522,301,584.93	40,126,338.72	66,123,559.11
Add: Balance of cash and cash equivalents at the beginning of term	258,881,333.75	179,597,767.35	218,754,995.03	113,474,208.24
VI. Balance of cash and cash equivalents at the end of term	1,018,999,531.05	701,899,352.28	258,881,333.75	179,597,767.35

Consolidated Statement on Change in Owners' Equity

Prepared by: Guangdong Provincial Expressway Development Co., Ltd.

Year 2011

Unit: RMB

Items	Amount of the current term									
	Owners' Equity attributable to Parent Company								Minor shareholders equity	Total of owners' equity
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
I.Balance at the end of last year	1,257,117,748.00	1,957,158,715.57			164,481,109.54		904,494,101.24		516,723,439.80	4,799,975,114.15
Add: Change of accounting policy										
Correcting of previous errors										
Other										
II.Balance at the beginning of current year	1,257,117,748.00	1,957,158,715.57			164,481,109.54		904,494,101.24		516,723,439.80	4,799,975,114.15
III.Changed in the current year		-259,200,000.00			27,015,276.48		64,059,154.62		123,905,182.33	-44,220,386.57

Items	Amount of the current term									
	Owners' Equity attributable to Parent Company								Minor shareholders equity	Total of owners' equity
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
(I) Net profit							216,786,205.90		7,086,956.05	223,873,161.95
(II) Other misc.income		-259,200,000.00								-259,200,000.00
Total of (I) and (II)		-259,200,000.00					216,786,205.90		7,086,956.05	-35,326,838.05
(III) Investment or decreasing of capital by owners									140,962,500.00	140,962,500.00
1. Capital inputted by owners									140,962,500.00	140,962,500.00
2. Amount of shares paid and accounted as owners' equity										
3. Other										

Items	Amount of the current term									
	Owners' Equity attributable to Parent Company								Minor shareholders equity	Total of owners' equity
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
(IV) Profit allotment					27,015,276.48		-152,727,051.28		-24,144,273.72	-149,856,048.52
1.Providing of surplus reserves					27,015,276.48		-27,015,276.48			
2. Common risk provision										
3. Allotment to the owners (or shareholders)							-125,711,774.80		-24,144,273.72	-149,856,048.52
4. Other										
(V) Internal transferring of owners' equity										
1. Capitalizing of capital reserves (or to capital shares)										

Items	Amount of the current term									
	Owners' Equity attributable to Parent Company								Minor shareholders equity	Total of owners' equity
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Other		
2. Capitalizing of surplus reserves (or to capital shares)										
3. Making up losses by surplus reserves.										
4. Other										
(VI) Special reserves										
1. Provided this year										
2. Used this term										
3. Other										
IV. Balance at the end of this term	1,257,117,748.00	1,697,958,715.57			191,496,386.02		968,553,255.86		640,628,622.13	4,755,754,727.58

Consolidated Statement on Change in Owners' Equity(Cont'd)

Prepared by:: Guangdong Provincial Expressway Development Co., Ltd.

Year 2011

Unit: RMB

Items	Amount of last year									
	Owners' Equity attributable to Parent Company								Minor shareholders equity	Total of owners' equity
	Practical capital collected	Capital reserves	Less: Shares in stock	Speci alized reser ve	Surplus reserves	Commo n risk provisio n	Attributable profit	Oth er		
I.Balance at the end of last year	1,257,117,748.00	1,534,906,856.32			130,342,184.11		675,866,785.19		415,183,418.56	4,013,416,992.18
Add: Change of accounting policy										
Correcting of previous errors										
Other										
II.Balance at the beginning of current year	1,257,117,748.00	1,534,906,856.32			130,342,184.11		675,866,785.19		415,183,418.56	4,013,416,992.18
III.Changed in the current year		422,251,859.25			34,138,925.43		228,627,316.05		101,540,021.24	786,558,121.97
(I) Net profit							388,478,016.28		49,854,313.35	438,332,329.63
(II) Other		422,400,000.00								422,400,000.00

misc.income										
Total of (I) and (II)		422,400,000.00					388,478,016.28		49,854,313.35	860,732,329.63
(III) Investment or decreasing of capital by owners		-148,140.75							83,365,640.75	83,217,500.00
1. Capital inputted by owners									84,137,500.00	84,137,500.00
2. Amount of shares paid and accounted as owners' equity										
3. Other		-148,140.75							-771,859.25	-920,000.00
(IV) Profit allotment					34,138,925.43		-159,850,700.23		-31,679,932.86	-157,391,707.66
1.Providing of surplus reserves					34,138,925.43		-34,138,925.43			
2. Common risk provision										
3. Allotment to the owners (or shareholders)							-125,711,774.80		-31,679,932.86	-157,391,707.66
4. Other										
(V) Internal transferring of										

owners' equity										
1. Capitalizing of capital reserves (or to capital shares)										
2. Capitalizing of surplus reserves (or to capital shares)										
3. Making up losses by surplus reserves.										
4. Other										
(VI) Special reserves										
1. Provided this year										
2. Used this term										
3. Other										
IV. Balance at the end of this term	1,257,117,748.00	1,957,158,715.57			164,481,109.54		904,494,101.24		516,723,439.80	4,799,975,114.15

Parent Company Statement on Change in Owners' Equity

Prepared by: Guangdong Provincial Expressway Development Co., Ltd.

Year 2011

Unit: RMB

Items	Amount of the current term							
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I.Balance at the end of last year	1,257,117,748.00	1,957,306,856.32			164,481,109.54		713,488,159.63	4,092,393,873.49
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II.Balance at the beginning of current year	1,257,117,748.00	1,957,306,856.32			164,481,109.54		713,488,159.63	4,092,393,873.49
III.Changed in the current year		-259,200,000.00			27,015,276.48		117,425,713.47	-114,759,010.05
(I) Net profit							270,152,764.75	270,152,764.75
(II) Other misc.income		-259,200,000.00						-259,200,000.00
Total of (I) and (II)		-259,200,000.00					270,152,764.75	10,952,764.75
(III) Investment or								

Items	Amount of the current term							
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
decreasing of capital by owners								
1. Capital inputted by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment					27,015,276.48		-152,727,051.28	-125,711,774.80
1. Providing of surplus reserves					27,015,276.48		-27,015,276.48	
2. Common risk provision								
3. Allotment to the owners (or shareholders)							-125,711,774.80	-125,711,774.80
4. Other								
(V) Internal transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of								

Items	Amount of the current term							
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
3. Other								
IV. Balance at the end of this term	1,257,117,748.00	1,698,106,856.32			191,496,386.02		830,913,873.10	3,977,634,863.44

Parent Company Statement on Change in Owners' Equity(Cont'd)

Prepared by:: Guangdong Provincial Expressway Development Co., Ltd.

Year 2011

Unit: RMB

Items	Amount of last year							
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
I.Balance at the end of last year	1,257,117,748.00	1,534,906,856.32			130,342,184.11		531,949,605.59	3,454,316,394.02
Add: Change of accounting policy								
Correcting of previous errors								
Other								
II.Balance at the beginning of current year	1,257,117,748.00	1,534,906,856.32			130,342,184.11		531,949,605.59	3,454,316,394.02
III.Changed in the current year		422,400,000.00			34,138,925.43		181,538,554.04	638,077,479.47
(I) Net profit							341,389,254.27	341,389,254.27
(II) Other misc.income		422,400,000.00						422,400,000.00
Total of (I) and (II)		422,400,000.00					341,389,254.27	763,789,254.27

Items	Amount of last year							
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
(III) Investment or decreasing of capital by owners								
1. Capital inputted by owners								
2. Amount of shares paid and accounted as owners' equity								
3. Other								
(IV) Profit allotment					34,138,925.43		-159,850,700.23	-125,711,774.80
1.Providing of surplus reserves					34,138,925.43		-34,138,925.43	
2. Common risk provision								
3. Allotment to the owners (or shareholders)							-125,711,774.80	-125,711,774.80
4. Other								
(V) Internal								

Items	Amount of last year							
	Practical capital collected	Capital reserves	Less: Shares in stock	Specialized reserve	Surplus reserves	Common risk provision	Attributable profit	Total of owners' equity
transferring of owners' equity								
1. Capitalizing of capital reserves (or to capital shares)								
2. Capitalizing of surplus reserves (or to capital shares)								
3. Making up losses by surplus reserves.								
4. Other								
(VI) Special reserves								
1. Provided this year								
2. Used this term								
3. Other								
IV. Balance at the end of this term	1,257,117,748.00	1,957,306,856.32			164,481,109.54		713,488,159.63	4,092,393,873.49

Guangdong Provincial Expressway Development CO., LTD

XI. Documents Available for Inspection

1. Accounting statements carried with personal signatures and seals of legal representative, Chief Financial officer and Financial Principal.
2. Original of Auditors' Report carried with the seal of Certified Public Accountants as well as personal signatures of certified Public accountants.
3. The texts of all the Company's documents publicly disclosed on the newspapers and periodicals designated by China Securities Regulatory Commission in the report period;

Table of contents

	<u>Page</u>
I. Auditor' s Report	
II Audited Financial Statements	
1 Balance sheet	
2 Profit Statement	
3 Cash flow statement	
4 Consolidated Statement on changes of owners' equity	
5 Statement on changes of owners' equity of Parent company	
III Notes to financial statements	

Auditors' Report

GHSSZD(2012)No.: 11006250018

To all shareholders of Guangdong Provincial Expressway Development Co., Ltd.:

We audited accompanying financial statements of Guangdong Provincial Expressway Development Co., Ltd. (hereinafter referred to as "the Company"), including Consolidation and parent Company balance sheet on December 31, 2012, Consolidation and parent Company profit statement, Consolidation and parent Company cash flow statement for the year 2011 and Consolidation and parent Company statement of change in shareholders' equity and the notes to financial statements.

I. Responsibilities of the management concerning the financial statements

The Management is responsible for the preparation and the true and fair presentation of these financial statements in accordance with Accounting Standard for Business Enterprises and China Accounting System For Business Enterprises. These responsibilities include: (i) designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; (ii) selecting and applying appropriate accounting policies; (iii) and making accounting estimates that are reasonable in the circumstances.

II. Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to

the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

III. Auditing opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2011 and its financial performance and cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises and China Accounting System for Business Enterprises.

Guangdong Zhengzhong Zhujiang Certified public Accountants

Chinese C.P.A.: Wang Shaohua

Chinese C.P.A.: Yao Jing

Guangzhou , China

March 28, 2012

I. Company Profile

(1).History

The Company was established in February 1993, which was originally named as Guangdong Fokai Expressway Co., Ltd. On June 30, 1993, it was renamed as Guangdong Provincial Expressway Development Co., Ltd. after reorganization pursuant to the approval of the Office of Joint Examination Group of Experimental Units of Share Holding System with YLSB (1993)No. 68 document. The share capital structure after reorganization is as follows:

Composition of state-owned shares: The appraised net value of state-owned assets of Guangdong Jiujiang Bridge Co. and Guangfo Expressway Co., Ltd. as of January 31, 1993 confirmed by Guangdong State-owned Asset Management Dept., i.e.,RMB 418.2136 million, was converted into 155.025 million shares. Guangdong Expressway Co. invested cash of RMB 115 million to subscribe for 35.9375 million shares. Other legal persons invested cash of RMB 286.992 million to subscribe for 89.685 million shares. Staff of the Company invested RMB 87.008 million to subscribe for 27.19 million shares. The total is RMB 307.8375.

2. Pursuant to the approval of Guangdong Economic System Reform Committee and Guangdong Securities Regulatory Commission with YTG (1996) No. 67 document, part of the shareholders of non-state-owned legal person shares transferred 20 million non-state-owned legal person shares to Malaysia Yibao Engineering Co., Ltd. in June 1996.

3. Pursuant to the approval of Securities Commission under the State Council with WF (1996) No. 24 approval document and that of Guangdong Economic System Reform Committee with YTG (1996) No. 68 document, the Company issued 135 million domestically listed foreign investment shares (B shares) to overseas investors at the price of HKD 3.54 (equivalent to RMB 3.8) with the par value of each share being RMB 1 during June to July 1996.

4. Pursuant to the reply of the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China with (1996) WJMZYHZ No. 606 document, the Company was approved to be a foreign-invested joint stock company limited.

5. The Company distributed dividends and capitalized capital common reserve for the year 1996 in the following manner: The Company paid 1.7 bonus shares for each 10 shares and capitalized capital common reserve on 3.3-for-10 basis.

6. Pursuant to the approval of China Securities Regulatory Committee (CSRC) with ZJFZ (1997) No. 486 and No. 487 document, the Company issued 100 million public shares (A shares) at the

price of RMB 5.41 in term of “payable in full on application, pro-rate placing and subject to refund” with the par value of each share being RMB 1 in January 1998.

7. In accordance with the Resolutions of the 1999 Shareholders’ General Meeting of the Company and pursuant to the approval of Guangzhou Securities Regulatory Office under CSRC with GZZJH (2000) No. 99 and that of CSRC with ZJGSZ (2000) No. 98, the Company offered 3 Rights for every 10 shares of 764.256249 million shares at the price of RMB 11 per Right. 73,822,250 ordinary shares were actually placed to all

8. Pursuant to the reply of the General Office of the People’s Government of Guangdong Province with YBH (2000) No. 574 document, the state-owned shares were transferred to Guangdong Communication Group Co., Ltd. (Group Co.) for holding and management without compensation.

9. Pursuant to the approval of Shenzhen Stock Exchange, 53.0205 million staff shares of the Company (132,722 shares held by directors, supervisors and senior executives are temporarily frozen) were listed on February 5, 2001. As of December 31, 2011, the quantity of the shares subject to sale restriction held by senior executives is 196,038.

10. In accordance with the resolutions of 2000 annual shareholders’ general meeting, the Company capitalized capital common reserve into 419,039,249 shares on 5-for-10 basis with the total share capital as of the end of 2000, i.e., 838,078,499 shares as base. The date of stock right registration was May 21, 2001. The ex-right date was May 22, 2001.

11. On March 8, 2004, As approved by China Securities Regulatory Commission by document Zheng-Jian-Gong-Si-Zi [2003]No.3, the 45,000,000 non-negotiable foreign shares were placed in Shenzhen Stock

12. On December 21, 2005, the Company's plan for share holding structure reform was voted through at the shareholders' meeting concerning A shares. On January 26 2006, The Ministry of Commerce of PRC issued “The approval on share converting of Guangdong Provincial Expressway Development Co., Ltd.” to approve the share equity relocation and transformation. On October 9 2006, according to the “Circular about implementing of share equity relocation and relative trading” issued by Shenzhen Stock Exchange, the abbreviation ID of the Company’s A shares was restored from “G-Expressway” “Expressway A”.

C. (2) Organization structure and the actual controller of the Company

As of December 31, 2011, Registration capital :RMB1,257,117,748, Legal representative: Zhou Yuming, Registration place: No.85, Baiyun Road, Guangzhou, Headquarters Office: No.85, Baiyun Road, Guangzhou., The company has set up: Investment Development Dept, Security Affairs Department, Management Department, Financial Management Department, Base construction Department, Audit and Supervise Department, Affairs Department, Personnel

Department , Party Work Department, Law affairs Department and Labour union etc.

Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Zhu Xiaoling. Date of establishment: June 23, 2000. As of December 31, 2011, Registered capital: RMB 26.8 billion. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses (if the above mentioned business scope requires licenses to operate, then operation licenses are required) ..

D. (3) The company's main business and share ,Holding company

The Company is mainly engaged in the construction of expressways, grade highways and bridges, tolling and maintenance management of highways and bridges, salvation, repair, maintenance and cleaning of automobiles and concurrently engaged in automobile transport and warehousing supporting its business.

The Company is mainly engaged in tolling and maintenance of Guangfo Expressway, Fokai Expressway and Jiujiang Bridge, investment in technological industries and provision of relevant consultation while investing in Shenzhen Huiyan Expressway Co., Ltd., Guangdong Maozhan Expressway Co.,Ltd, Guangzhou Guanghui Expressway Co., Ltd.,Jingzhu Expressway Guangzhu Co., Ltd.,Guangdong Jiangzhong Expressway Co., Ltd., Zhaoqing Yuezhao Expressway Co., Ltd.,Ganzhou Kangda Expressway , Ganzhou Gankang Expressway Co., Ltd.and Guangzhou Guangle Expressway Co., Ltd.

II. Principal accounting policies, accounting estimates and early errors

(1) Basis for Preparing the Financial Statements

The company prepares the financial statements on the basis of a continuous operation, the actual transactions, "Accounting Standards for Enterprises – Basic Standards", other accounting standards & related regulations. Furthermore, all the materials of financial statements of the company meet the relevant disclosure requirements of financial statements and notes on the "Editing and Reporting Rules Regarding Information Disclosure for Companies Publicly Issuing Securities No. 15 – General Provisions of Financial Statements" promulgated and revised by China Securities Regulatory Commission in 2010.

(2). Statement on the Accounting Standard Followed by the Company

The financial statements prepared by the Company comply with the requirements of corporate accounting standards. They truly and completely reflect the financial situations, operating results, equity changes and cash flow, and other relevant information of the company.

(3)Fiscal Year

The Company adopts the Gregorian calendar year commencing on January 1 and ending on December 31 as the fiscal year.

(4) Standard currency for bookkeeping

The Company takes RMB as the standard currency for bookkeeping.

(5) Accountings for Business Combinations under the Same Control & Business Combinations not under the Same Control

1.Business Combinations under the Same Control

The assets and liabilities that the company obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party & the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted.

The direct costs for the business combination of the company, including the expenses for audit, assessment and legal services, shall be recorded into the profits & losses at the current period.

The handling fees, commissions & other expenses for the issuance of equity securities for the business combination shall be credited against the surplus of equity securities; if the surplus is not sufficient, the retained earnings shall be offset.

Where the accounting policies adopted by the combined parties are different from those adopted by the company, the company shall adjust them on the combining date according to the accounting policy it adopts, and shall, pursuant to the Accounting Standards for Enterprises, recognize them on the basis of such adjustments.

2. Business Combinations not under the Same Control

The assets paid as the consideration for the business combination & the liabilities assumed on the acquisition date shall be measured in accordance with the fair value. The difference between the fair value & its carrying amount shall be recorded into the profits & losses at the current period.

The company will distribute the combination costs on the acquisition date.

The company shall recognize the positive balance between the combination costs & the fair value of the identifiable net assets it obtains from the acquire as Goodwill while it shall record the negative balance between the combination costs & the fair value of the identifiable net assets it obtains from the acquire into the profits & losses of the current period.

As for the assets other than intangible assets acquired from the acquire in a business combination (not limited to the assets which have been recognized by the acquire), if the economic benefits brought by them are likely to flow into the enterprise and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values. As for any intangible asset acquired in a combination, if its fair value can be measured reliably, it shall be separately

recognized as an intangible asset and shall be measured in light of its fair value. As for the liabilities other than contingent liabilities acquired from the acquire, if the performances of the relevant obligations are likely to result in any out-flow of economic benefits from the enterprise, and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values. As for the contingent liabilities of the acquire obtained in a combination, if their fair values can be measured reliably, they shall be separately recognized as liabilities and shall be measured in light of their fair values.

(6) Methods for Preparing the Consolidated Financial Statements

The scope of the consolidated financial statements will be recognized on the basis of controlling. All the subsidiaries will be included into the consolidated financial statements.

The accounting policies & accounting periods adopted by all the subsidiaries that have been included into the scope of the consolidated financial statements should be consistent with those adopted by the company. If the accounting policies & accounting periods adopted by the subsidiaries are different from those adopted by the company, the company shall make necessary adjustments according to the accounting policies & accounting periods it adopts when preparing the consolidated financial statements.

After adjusting the long-term equity investments on its subsidiaries according to the equity method, the company shall prepare the consolidated financial statements based on the financial statements of the company & its subsidiaries, and other related documents.

The influences of the internal transactions between the company & its subsidiaries, and its subsidiaries themselves on the consolidated balance sheet, consolidated profit statement, consolidated cash flow statement & consolidated statement of changes in owner's equity will be counteracted at the preparation of the consolidated financial statements.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority shareholders' interest and presented as "minority interest" in the consolidated balance sheet within owners' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interest is presented in the consolidated income statement below the "net profit" line item as "minority interest". In the consolidated financial statements, when the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount should be still allocated against minority interest.

In the report period, If the subsidiary is added through the business combination under the same control, the beginning balance of the consolidated balance sheet shall be adjusted. The incomes, expenses & profits of the subsidiary incurred from the beginning of the current period to the end of the reporting period shall be included into the consolidated profit statement. The cash flow from the beginning of the current period to the end of the reporting period shall be included into the consolidated cash flow statement.

In the report period, If the subsidiary is added through the business combination not under the same control, the beginning balance of the consolidated balance sheet shall not be adjusted. The incomes, expenses & profits of the subsidiary incurred from the acquisition date to the end of the reporting period shall be included into the consolidated profit statement. The cash flow from the acquisition date to the end of the reporting period shall be included into the consolidated cash flow statement.

For purchase of minority interests held by the minority shareholders of a subsidiary, when preparing the consolidated financial statements, the difference between the long-term equity investment newly gained by buying minority interests and the portion of net assets consistently calculated from the acquisition date (or the consolidation date) pursuant to newly added shareholding percentage entitled by the subsidiary should be adjusted to the owners' equity (the capital reserve). If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings.

In the report period, If the company disposes its subsidiary, the incomes, expenses & profits incurred from the beginning of the subsidiary to the disposal date shall be included into the consolidated profit statement. The cash flow from the beginning of the subsidiary to the disposal date shall be included into the consolidated cash flow statement.

(7) Recognition Standard of Cash & Cash Equivalents

The company recognizes its cash in vault & the deposits that are ready for payment at any time as cash when preparing the cash flow statement, which are featured with short term (expire within 3 months since purchased), high liquidity, easy to convert to know cash, low in risk of value change, could be recognized as cash equivalents. Equity investment are not recognized as cash equivalents.

(8) Foreign Currency Transaction

The foreign currency transaction uses the spot rate at the time of the transaction as the exchange rate to convert the currency into CNY for keeping account.

The balances of the foreign currency monetary items shall be converted according to the spot rate on the balance sheet date. Except that the exchange balances on the foreign currency borrowings for expenses on the assets eligible for capitalization shall be dealt according to the principle of loan expense capitalization, all the other exchange balances shall be included into the profits & losses at the current period. The foreign currency non-monetary items measured in historical costs shall still be converted according to the spot rate at the time of the transaction. Their account standard money amounts shall not be changed. The foreign currency non-monetary items measured in fair values shall be converted according to the spot rate on the recognition date of the fair values. The exchange balances incurred accordingly shall be recorded into the profits & losses at the current period or the additional paid-in capital.

(9) Financial tools

1. Categories of financial Tools

The Company divides the financial assets into four categories: financial assets measured at fair value and their variations are recognized as current gain/loss, including trade financial assets

or financial liabilities and recognized directly as financial assets measured at fair value and their variations are recognized as current gain/loss; Investment hold till expiration; loans and account receivable; saleable financial assets .The company divides the financial liabilities into two categories: financial liabilities measured at fair value and their variations are recognized as current gain/loss; other financial liabilities.

2. Recognition and measurement of financial tools

(1) Financial assets and liabilities measured at fair value and their variations are recognized as current gain/loss

The fair value (after deducting of announced but not distributed cash dividend or due but not obtained bond interests) is recognized as initial amount when obtained.

Interests or cash dividends during the period of holding are recognized as investment gains. The fair value will be adjusted and accounted as current gain/loss.

When disposed, the differences between fair value and initial amount are recognized as investment gains, and thus adjust the gain/loss of fair value.

(2) Investment hold till expiration

The fair value (after deducting of due but not obtained bond interests) plus the related trade expenses is recognized as initial amount when obtained.

Interest gains will be calculated at amortizing of costs and actual interest rate (the face rate is adopted when the difference between the actual rate and face rate is minor) during the period of holding, and accounted as investment gains. Actual rate is recognized when obtained, and is not changed in the predictable holding period or applicable shorter period.

When disposed, the difference between the obtained price and book value is accounted as investment gains.

If the company sells or reclassifies large-amount due investments before the expired date (large amount refers to comparing with the amount before the selling or reclassifying the investments), the company will reclassify the rest of the investments as financial assets for sale, and in the current accounting period or within two complete accounting years, no financial assets will be classified as holding due assets, except for the following situations: the sale date or reclassification date is close to the expired date of the investment (such as three months before the expired), and the change of interest rate has no significant influence on the fair value of the investment; after all the initial principal is mostly recovered according to periodic payments or repay in advance regulated in the contract, the rest part will be sold or reclassified; the sale and reclassification is caused by the independent events which are uncontrollable

and unexpected and will not happen any more.

(3) Account receivable

The receivable debts of selling goods or providing services, and the credits of other company hold by the company not including the debt which has price in active market, including accounts receivable, notes receivable, prepaid accounts, other receivables, long-term receivables, etc. The contract or agreement price charging from purchaser should be taken as the initial confirmation amount; if it has the nature of financing, it should be confirmed according its current value.

When retrieved or disposed of, the difference between the actual received amount and the book value is accounted as current gain/loss.

(4) Saleable financial assets

The fair value (after deducting of announced but not distributed cash dividend or due but not obtained bond interests) plus the related trade expenses is recognized as initial amount when obtained.

Interest or cash dividend occurred during the period of holding is recognized as investment gains.

Change of fair value is accounted as capital reserves (other capital reserves) at the end of term.

When disposed, the difference between the obtained price and book value is accounted as investment gains. Meanwhile, the corresponding part of accumulated change of fair value accounted as owners' equity is transferred into investment gain/loss.

(5) Other financial liabilities

Other financial liabilities are recognized initially at the sum of fair value and related trade expenses. Successive measurement will be on the basis of amortized costs.

3. Recognition and measurement basis of financial asset transposition

When financial asset transposition occurred, the recognition of this particular financial asset is terminated if almost all risks and rewards attached to the asset have been transferred to the acceptor. If retain all the risks and rewards of ownership of financial assets, the financial assets can be confirmed.

When determine whether the transfer of financial assets meet the conditions of confirmation of the above financial assets, the principle of substance being more important than form should be adopted. The transfer of financial assets can be divided into overall transfer and part transfer of financial assets. If the transfer of financial assets meet the conditions of terminating confirmation, the following the difference of the two amounts will be included in the current profit and loss:

(1) Book value of the financial asset to be transposed;

(2) The sum of price received due to the transposition, and the accumulation of change in fair value originally accounted as owners' equity (when the asset to be transposed is saleable financial asset).

If part transfer of financial assets meet the conditions of terminating confirmation, the book value of the transferred financial assets, the difference between the confirmed part and the unconfirmed part (in this case, the service assets retained should be deemed as the part of unconfirmed financial assets), should be amortized in accordance with their relative fair value, and the difference between the following two amount should be included current profit and loss:

① Book value of the confirmed part;

② All fair values of financial assets and financial liabilities are recognized with reference to the price in the active market.

If the transfer of financial assets does not meet the conditions of terminating confirmation, the financial assets should be confirmed again, the prices received will be recognized as financial liabilities.

4. The conditions to stopping the financial liabilities

The obligation of financial liabilities are already cancelled which should be stopped confirming the financial liability or the part of it. Our company could stop confirming the currently financial liability and begin to confirm the newly financial liability if the loaner made an agreement that they would assume the new way of financial liability which replace the current one, and make sure the newly financial liability is totally different from the old one in contract with our company.

Stop admitting the financial liability or a part of it, and at mean time we could admit the newly financial liability which is in new insertions of contract as the newly financial liability if the current financial liability has been revised.

Stop admitting the balance of value of financial liability and consideration (Including the roll-out of non-cash assets or financial liabilities) which could be consider as current profits and losses.

Stop and continue admitting a part of value, and distribute the value of financial liability, if our company repurchased the part of financial liability. And the balance of value of which distributed to the part of stopping admitting and paid (Including the roll-out of non-cash assets or financial liabilities) which could be consider as current profits and losses.

5. Recognition basis of financial assets and financial liabilities

All fair values of financial assets and financial liabilities are recognized with reference to the price in the active market (Using valuation technique, etc) .

6. Impairment provision for financial assets

① Impairment provision for financial assets for sale:

If the fair value of financial assets for sale greatly drops at the end of the period, or after

considering all the relevant factors and expecting decrease trend is non-temporary, the impairment should be confirmed, and the accumulative loss formed by the decrease of fair value of owner's equity originally included should be transferred out altogether and confirmed as impairment loss.

②Holding the impairment provision of expired investments:

The measurement of holding the impairment provision of expired investment will be according to the method of the measurement of impairment provision for receivables.

(10) Accounts Receivable

1. Accounts receivable with material specific amount and specific provisioned bad debt preparation.

(1) Judgment criteria or amount standard of material specific amount or amount criterion: the accounts receivable whose single amount is over RMB 1 million & accounts for over 10% of the accounts receivable amount.

(2) Provision method with material specific amount and provision of specific bad debt preparation: Conduct the devalue test separately. Set up the bad debt reserve according to the shortfall of the present value of expected future cash flows against its carrying amount and record it into the profits & losses at the current period.

2. The accounts receivable of bad debt provisions made by Group

(1) Recognition basis of credit risk feature portfolio: the accounts receivable whose single amount is over RMB 1 million & accounts for over 10% of the accounts receivable amount. the accounts receivable under 5 years of age which are not significant without any business connections any more.

(2) Counting & drawing method according to credit risk feature portfolio:

①The adopting aging analysis method:

Aging account	Reserve proportion for accounts receivable (%)	Reserve Proportion for other receivables(%)
Within 1 year (including 1 year)	0	0
1—2 years	10	10
2—3 years	30	30
3—4 years	50	50
4—5 years	90	90
Over 5 years	100	100

The counting & drawing of bad debt reserves shall be based on the ending balance of the accounts

receivable after the deduction of the incomings & outgoings between the subsidiaries within the scope of consolidated report forms.

②The accounts receivable of bad debt provisions withdrawn by adopting other methods:

Conduct the devalue test separately. Set up the bad debt reserve according to the shortfall of the present value of expected future cash flows against its carrying amount and record it into the profits & losses at the current period.

3. Recognition Standard and Counting & Drawing Method of Bad Debt Reserves for the Accounts Receivable Whose Single Amount Is not Significant

(1) the accounts receivable under 5 years of age which are not significant without any business connections any more.

Account receivable with non-material specific amount but specific bad debt preparation: the accounts receivable under 5 years of age which are not significant without any business connections any more.

(2) Counting & drawing method of bad debt reserves for the accounts receivable whose single amount is significant: Conduct the devalue test separately. Set up the bad debt reserve according to the shortfall of the present value of expected future cash flows against its carrying amount and record it into the profits & losses at the current period.

(11) Inventories

1. Inventories class: The company's stocks can be classified as: raw materials, inventory goods, low-value consumables & other materials, etc.

2. Valuation method of inventory issued :The company calculates the prices of its inventories according to the weighted averages method or the first-in first-out method.

3. Recognition Basis of Inventories' Net Realizable Values and Counting & Drawing Method of Obsolete Inventory Reserves:After taking stock at the end of the period, the company sets up or adjusts the obsolete inventory reserves according to the lower of the two indexes – the inventory costs or the inventories' net realizable values.

4. Inventory System:Adopts the Perpetual Inventory System

(12) Long-term equity investment

1. Initial measurement

(1) Long-term equity investment formed by Consolidation

For Consolidation of enterprise under common control, merger cost is determined on equity combination basis. For equity investment paid by the Company in terms of cash, non-monetary asset, undertaking of debts, or issuing of equity securities, the initial cost will be the booking value of the long-term investment provided by the enterprise to be merged at the day of consolidation. The differences between the initial investment cost of long-term investment and cash paid, the non-monetary asset transferred out or book value of debt undertaken and the total face value of shares placed, is used to adjust the capital reserves. When the capital reserve is not

enough to cover the adjustment, the retained gains will be adjusted. All direct expenses attached to the Consolidation are included in the gain/loss account of the current term.

Business combination not under the same control: The combination costs shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the acquirer in exchange for the control on the acquiree & all relevant direct costs incurred for the business combination. For a business combination realized by two or more transactions of exchange, the combination costs shall be the summation of the costs of all separate transactions. Where any future event that is likely to affect the combination costs is stipulated in the combination contract or agreement, if it is likely to occur and its effects on the combination costs can be measured reliably, the amount shall also be recorded into the combination costs.

(2) Long-term equity investment obtained by other ways

Long-term equity investment obtained by cash payment is recognized for initial investment cost according to the price practically paid.

Long-term equity investment obtained by placing of equity stocks is recognized for initial investment cost at the fair value of the stock.

Long-term equity investment input by investors is recognized for initial investment cost according to the investment contract or agreement (less the cash dividend or profit announced but not distributed). However when the value in the contract or agreement is not fair value is not adopted.

The non-monetary asset exchange for a commercial real income and assets or the fair value other assets can be reliably measured, the initial investment cost should be determined according to long-term equity investment exchanged through the non-monetary asset exchange, unless there is evidence showing that for the fair value of assets is more reliable; the non-monetary asset exchange which does not meet the above premises, the book value of the exchanged assets to and the relevant fees and taxes to be paid should be the initial investment cost of the long-term equity investment.

The initial investment cost of the long-term equity investments obtained through debt restructuring should be determined in accordance with fair value.

2. Follow-up Measurements & Recognitions of Profits or Losses

(1) Follow-up measurement

Cost basis is adopted in accounting of long-term equity investment without joint control or major influence, and with no quotation in an active market, thus the fair value is not able to be reliably measured.

Equity basis will be adopted for the long-term equity investment with joint control or major influence.

The long-term equity investment that has joint control or significant influences over the invested

entity shall be measured by employing the equity method. If the initial cost is more than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the initial cost of the long-term equity investment may not be adjusted. If the initial cost is less than the investing enterprise' attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be recorded into the profits & losses at the current period.

The treatment for the other changes of owner's equity besides net loss and profit of the unit being invested: for the other changes of owners' equity besides net profit and loss of the unit being invested, when shareholding ratio remains unchanged, the part shared or undertaken according to share ratio, the book value of long-term equity investment should be adjusted, and at the same time, the capital surplus (other capital surplus).

(2) Recognition of Profits or Losses

Employing the cost method, besides acquiring the actual payment for investing or the dividends / profits which have already been declared but not distributed yet, the company shall recognize its current investment income by enjoying the dividends / profits declared to be distributed by the invested entity.

The investment income Recognition by cost method is only limited to distribution of accumulated net profit after the unit being invested receives investment, the part of profit and cash dividends more than the amount will be regarded as initial investment cost recovery.

The loss which should be confirmed to the unit being invested under equity method should be treated in accordance with the following orders: First of all, deduct the book value of long-term equity investment. Second, if the book value of long-term equity investment can not be deducted, the long-term equity value of the net value of the unit being invested should be further confirmed as investment loss and used to deduct the book value of long-term receivables. Finally, after the above treatment, the additional liabilities to be undertaken according to investment contract or agreement should be confirmed as expected liability according to the expected liability and be concluded in the current investment loss.

If the unit being invested achieves profit in the following period, after deducting the unconfirmed liabilities, it should be treated according to the adverse order as described above, the book value of the confirmed expected liabilities should be deducted, the book value of the long-term equity investment and long-term equity of net assets of the unit being invested should also be resumed, and at the same time, the investment income should be confirmed.

(3) Disposal of a long-term equity investment

On disposal of a long term equity investment, the difference between the proceeds actually received and the carrying amount is recognized in profit or loss for the current period. For a long-term equity investment accounted for using the equity method, any changes in the owners'

equity of the investee other than net profits or losses included in the owners' equity of the investing enterprise, shall be transferred to profit or loss for the current period on a pro-rata basis according to the proportion disposed of.

3. Recognition Basis for the Joint Control & the Significant Influence over the Invested Entity

The control over an economic activity in accordance with the contracts and agreements, which does not exist unless the investing parties of the economic activity with one an assent on sharing the control power over the relevant important financial & operating decisions, shall be recognized as the joint control together with other parties over the invested entity. The power to participate in making decisions on the financial & operating policies of a company, but not to control or to do joint control together with other parties over the formulation of these policies shall be recognized as the significant influence of the investing party on the invested entity.

4. Test Method for Impairment and Counting & Drawing Method for Impairment

Reserves

As to a long-term equity investment with no significant influence, if there is no offer in the active market for it and its fair value cannot be reliably measured, its impairment loss shall be recognized according to the difference between its carrying amount & the current value recognized by discounting the future cash flow according to the current market return similar to the financial asset.

Besides the business reputation formed by the business combination, where the measurement results of the removable amounts show that the receivable amount of any other long-term equity investment is lower than its carrying value, the difference shall be recognized as the impairment loss.

No matter whether there is any sign of possible assets impairment, the business reputation formed by the business combination shall be subject to impairment test every year.

Once any loss of the long-term equity investment impairment is recognized, it shall not be switched back any more.

(13) Commissioned loan

Commissioned loan should be accounted according to actual commissioned loan amount. Account receivable interest rate according to the interest rate stipulated in commissioned loan.

Make overall inspection on the principal of commissioned loan on the balance sheet date, if there is evidence showing that the principal of commissioned loan is higher than the recoverable amount, impairment provision should be accounted on the commissioned loan.

(14) Investment Real Estates

The term "investment real estates" refers to the real estates held for generating rent and / or capital appreciation, including the right to use any land which has already been rented, the right to use

any land which is held and prepared for transfer after appreciation & the right to use any building which has already been rented.

The company shall make a measurement to the investment real estate through the cost pattern. The company shall adopt the same depreciation policy as its fixed assets for the investment real estates measured by the cost pattern – buildings for renting & the same amortization policy as its intangible assets for the right to use any land for renting. Where any evidence shows that there is possible impairment, the recoverable amount of the fixed assets shall be estimated. Where the recoverable amount is lower than its carrying value, the corresponding impairment loss shall be recognized. Once any loss of the investment real estate impairment is recognized, it shall not be switched back any more.

(15) Fixed asset

1.Fixed assets standard

Fixed assets refer to physical assets owned for purpose of production, service providing, leasing or management, and operation with service life of more than one year. Fixed assets are recognized when all of the following conditions are satisfied:

- (1) Financial benefits attached to the fixed asset is possibly inflowing to the Company;
- (2) The cost of the fixed asset can be reliably measured.

2. Categories of fixed assets

Fixed assets are categorized as: Guangfo Expressway, Fokai Expressway, Jiujiang Bridge, house and building, Machinery and equipment, vehicles, electronic and other equipment.

Provision for depreciation of highways and bridges is made with work amount method. Estimated net residual value rate is zero. Estimated useful life is determined according to the period of operation right in respect of charge collection. The concrete calculation method is as follows: The amount of provision for depreciation per standard vehicle traffic volume is to be calculated based on the estimated total standard vehicle traffic volume within expected useful life of highways and bridges and the original value or book value of highways and bridges. Then provision for depreciation is made according to the actual standard vehicle traffic volume in each fiscal period.

The Company regularly rechecks the estimated total standard vehicle traffic volume within the remaining operation period of highways and bridges. When there is big difference between actual standard vehicle traffic volume and estimated standard vehicle traffic volume, the Company will re-estimate future total standard vehicle traffic volume and adjust the provision for depreciation per standard vehicle traffic volume to ensure that the book value of relevant highways and bridges will be completely amortized within useful life.

The company adopts the straight line method for the depreciation of fixed assets except highways & bridges, and recognizes the depreciation rate according to the fixed asset group, expected useful

life & the expected net salvage value rate.

Depreciation ages and ratios of fixed assets:

Type	Service life	Predicted retained value rate	Annual depreciation rate
Highway and Bridge:			
Including: Guangfo Expressway	28 years	0%	Working flow basis
Fokai Expressway	30 years	0%	Working flow basis
Jiujiang Bridge	19 years	0%	Working flow basis
House Building	20-30 years	3%—10%	3%-4.85%
Machine Equipment	10 years	3%—10%	9%-9.7%
Transportation Equipment	5-8 years	3%—10%	11.25%-19%
Electric Equipment and other equipment	5-15 years	3%—10%	6%-19%

3. Test Method for Fixed Asset Impairment and Counting & Drawing Method for Fixed Asset Impairment Reserves

The company shall, at the end of each period, make a judgment on whether there is any sign of possible fixed assets impairment.

Where any evidence shows that there is possible fixed assets impairment, the recoverable amount of the fixed assets shall be estimated. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the fixed assets minus the disposal expenses & the current value of the expected future cash flow of the fixed assets.

Where a fixed asset's recoverable amount is lower than its carrying value, the carrying value of the fixed asset shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of the fixed asset impairment and be recorded into the profits & losses at the current period. Simultaneously, the fixed asset impairment reserve shall be made accordingly.

After the loss of the fixed asset impairment has been recognized, the depreciation expense of the impaired fixed asset shall be adjusted accordingly in the future period so as to amortize the post-adjustment carrying value of the fixed asset systematically (deducting the expected net salvage value) within the residual service life of the fixed asset.

Once any loss of the fixed asset impairment is recognized, it shall not be switched back in the future accounting periods.

(16) Construction-in-process

1. Calculation of Construction-in-process

The constructions in process are classified & accounted according to the established projects.

2. Standard & Time Point for Carrying Constructions in Process Forward to Fixed Assets

All the expenditures that bring the construction in process to the expected condition for use shall be the credit value of the fixed asset. If the fixed asset construction in process has already reached the expected condition for use, but hasn't been made the final account; it shall be carried forward to a fixed asset according to its estimated value based on the budget, cost or actual cost of the construction starting from the date when it reaches the expected condition for use, and the fixed asset shall be depreciated according to the company's depreciation policy for fixed assets. After the final account has been made, the original provisional estimated value shall be adjusted according to the actual cost, but the depreciation which has originally been counted & drawn shall not be adjusted.

3 Test Method for Construction-in-Process Impairment and Counting & Drawing Method for Construction-in-Process Impairment Reserves

The company shall, at the end of each period, make a judgment on whether there is any sign of possible constructions-in-process impairment.

Where any evidence shows that there is possible constructions-in-process impairment, the recoverable amount of the constructions-in-process shall be estimated. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the constructions-in-process minus the disposal expenses & the current value of the expected future cash flow of the constructions-in-process.

Where a construction-in-process's recoverable amount is lower than its carrying value, the carrying value of the construction-in-process shall be recorded down to the recoverable amount, and the reduced amount shall be recognized as the loss of the construction-in-process impairment and be recorded into the profits & losses at the current period. Simultaneously, the construction-in-process impairment reserve shall be made accordingly.

Once any loss of the construction-in-process impairment is recognized, it shall not be switched back in the future accounting periods.

(17) Loan expenses

1. Recognition principles for capitalizing of loan expenses

Borrowing expenses occurred to the Company that can be accounted as purchasing or production of asset satisfying the conditions of capitalizing, are capitalized and accounted as cost of related asset. Other borrowing expenses are recognized as expenses according to the occurred amount, and accounted into gain/loss of current term.

The assets meeting capital conditions refer to the fixed assets, investment real estates and inventories which are constructed or produced in a long time to reach the predicted use or sale state.

When a loan expense satisfies all of the following conditions, it is capitalized:

1. Expenditures on assets have taken place, asset expenditures include the assets used to construct or produce the assets which meet the capitalization conditions, and expend by cash or transferring non-cash assets or bearing interest debt;
2. Loan costs have taken place;
3. The construction or production activities to make assets to reach the intended use or sale of state have begun.

2. Duration of capitalization of Loan costs

The capitalization period refers to the period from starting capitalization of loan costs to the stop of capitalization, the period of the break of capitalization of Loan costs is not included.

When the construction or production meets the intended use or sale of state of capitalization conditions, the Loan costs should stop capitalization.

When the construction or production meets the conditions of capitalization and can be used individually, the capitalization of the loan costs of the assets should be stopped.

Where each part of a asset under acquisition and construction or production is completed separately and is ready for use or sale during the continuing construction of other parts, but it can not be used or sold until the asset is entirely completed, the capitalization of the borrowing costs shall be ceased when the asset is completed entirely.

.3 Capitalization Suspension Period

Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue. The borrowing costs incurred during such period shall be recorded into the profits & losses at the current period, till the acquisition and construction or production of the asset restarts.

4. Calculation of the amount of capitalization of Loan costs

Interest expense due to specialized Loan and its auxiliary expenses shall be capitalized before the asset which satisfies the capitalizing conditions reaches its useable or saleable status.

Interest amount of common Loan to be capitalized equals to accumulated asset expense less weighted average of specialized loan part of asset expense multiplies capitalizing rate of common Loan occupied. Capitalizing rate is determined according to weighted average interest of common Loan.

If the Loan has discount or premium, the discount or premium amount should be determined according to actual interests in each accounting period. The interest amount should be adjusted in each period.

(18) Intangible assets

1. The valuation methods of intangible assets

(1)The initial measurement is conducted according to the actual cost when the intangible assets are acquired

The cost of the purchased intangible assets includes its buying price, relevant tax and the other expenses that are directly attributed to this assets meeting its predetermined objective and other expenses that occur. The buying price of intangible assets is over the deferred payment under normal credit conditions, which has the nature of financing materially, the cost of intangible assets is determined on the basis of the present value of its buying price.

We acquire the mortgaged intangible assets from debtors through debt restructuring and determine the entry value on the basis of the fair value of the intangible assets,we have the balance between the book value of debt restructuring and the fair value of intangible assets used for mortgage charged to the current profit and loss.

The entry value of the non-monetary assets exchanged into by the non-monetary assets are determined on the basis of the fair value of the assets exchanged out if the exchange of non-monetary assets has commercial nature and the assets exchanged into or out can be reliably measured, unless there is authentic evidence indicating that the fair value of assets exchanged into are more reliable; if the non-monetary assets that cannot meet the above prerequisite use the book value of the assets exchanged out and relevant taxes payable as the cost of the non-monetary assets, the profit and loss is not confirmed.

The entry value of the intangible assets acquired by the absorption merger under the control of one company is determined by the book value of the merged party;the entry value of the intangible assets acquired by the absorption merger that is not under the control of one company is determined by the fair value.

The cost of the intangible assets developed internally includes the materials consumed in developing the assets, cost of service, registration fees, other patent used in developing, amortization of concession and interest charges meeting the capitalization conditions and othe direct costs that occur before the intangible assets meeting the predetermined objective.

(2) Subsequent measurement

The Company analyses and makes judgment of its serviceable life when acquiring the intangible assets.

The intangible assets that have limited serviceable life are amortized by the straight-line method during the period when the assets can bring about economic interests;The intangible assets are deemed as uncertain serviceable life and are not amortized if it is impossible to expect the period when the assets could bring about economic interests.

2. Provision for the depreciation of value of the intangible assets

The intangible assets that have certain serviceable life are conducted at the ending with the test of depreciation of value if the assets indicate obviously that those are depreciating

For conducting a test of depreciation of value of the intangible assets, it needs to estimate the recoverable amount of the assets. The recoverable amount is determined by the higher between the net amount obtained through the fair value of intangible assets minus settlement changes and the present value of the future cash flow expected by the intangible assets.

When the recoverable amount of intangible assets is below their book value, the book value of intangible assets is written down to the recoverable amount and the amount written down is

confirmed as the loss of depreciation of value of intangible assets and is charged to the current profit and loss, while the corresponding provision for the depreciation of value of intangible assets is made.

The depletion of the depreciation of value of intangible assets or the amortization charge in the future period will be adjusted accordingly after confirmation of the loss of the depreciation of value of intangible assets so that it can systematically allocate the book value of intangible assets adjusted in the residual serviceable life of intangible assets(deduction of anticipated net value).

Upon confirmation of the loss of the depreciation of value of intangible assets, the loss will not be reversed in the subsequent accounting period any longer.

The Company estimates its recoverable amount on the basis of the single intangible assets if there is indication that possible loss of depreciation of one item of intangible assets. The Company uses intangible assets belonging to the capital group as a basis to confirm the recoverable amount of intangible assets.

(19) Long-term amortizable expenses

Long-term prepaid expenses refer to that enterprises have already spent, and amortization periods of all expenses are more than one year (excluding 1 year), they should be amortized in the regulated years.

(20) Bond payable

Valuation of payable bonds

When the company is issuing bonds, the total price issued should be included in the "payable bonds" subject.

Amortization method for bond premium or discount

The difference between bond issuance total amount and the total amount of bond face value should be worked as bond premium or discount and be amortized within the bond period according to actual interest rate and vertical line method, and be treated according to borrowing costs described below.

(21) Income

The incomes of the company mainly include: The toll service income, providing labor services.

1.Principles for the confirmation of the toll service income are as follows:The toll income refers to the operation of toll Road fees, to actually collect revenues.

2. Principles for the confirmation of incomes from providing service are as follows:

The service started and completed in the same accounting year should be confirmed upon the completion of labor income. If the beginning and completion of the service belongs to different accounting year, when the results of providing service transaction can be reliably estimated, on

the balance sheet date, the company should confirm the relevant service income according to the completion percentage. When all the following conditions can be met, the results of the transaction can reliably estimated:

- (1). Total labor revenue and total labor costs can be reliably measured;
- (2). The economic benefits relating to transactions will flow into the enterprise;
- (3). The progress of completion of the service can be reliably identified.

(22) Government subsidies

Government subsidies mean that the Company free of charge acquires the monetary assets and the non-monetary assets. Government subsidies can be classified into capital-related government subsidies and earnings-related one.

The purchasing of the fixed assets, intangible assets and other long-term assets related to government subsidies are confirmed as deferred revenue, the revenue is in installments charged to the non-operating earnings in accordance with the serviceable life of assets built or purchased.

The earning-related government subsidies that are used to compensate the relevant expenses or loss are confirmed as deferred earnings when the subsidies are acquired, the deferred earnings are charged to the current non-operating earnings; When the subsidies are used to compensate the relevant expenses or loss that occurred, the subsidies are directly charged to the current non-operating earnings.

(23)Deferred income tax assets and deferred income tax liabilities

1. References for confirmation of deferred income tax assets

The company is likely to determine the deferred income tax assets produced from deductible temporary differences with the limit of offsetting the taxable income of temporary difference.

2.The confirmation basis of deferred income tax liabilities

The Company confirms the temporary differences of the taxable that is not paid in the current and prior periods as the deferred income tax liabilities. However, the goodwill, the transactions formed from non-business merger and those will affect either accounting profit or the temporary differences of the taxable income when the transactions occur are not included in the deferred income tax liabilities.

(24) Accounting Methods of Income Tax

The company's income tax is accounted in Balance Sheet Liability Approach.

The company recognizes the sum of current income tax and deferred tax as the income tax expenses (or incomes) in the income statement on the basis of calculating and determining the income tax of the current period (namely the current taxes payable) and the deferred tax (the deferred tax expenses or incomes), but excluding the effects of the business combination and the income taxes related to the transactions or events directly recorded in the owner's rights and

interests.

(25) Changing of main accounting policies, accounting estimations

1. Changing of main accounting policies

No changing of accounting estimations in report term.

2.Changing of Major accounting estimations

On May 27, 2011, 2010 annual shareholders' general meeting of the Company adopted the Proposal Concerning Change of Accounting Estimate to approve Guangfo Expressway Co., Ltd. and Guangdong Fokai Expressway Co., Ltd. (including G325 Jiujiang Bridge), controlled subsidiaries of the Company, to change accounting estimate. From January 1, 2011, newly predicted total standard vehicle traffic volume (2010 version) is adopted as the basis for making provision for the depreciation of the above-mentioned highways and bridges. Regarding this matter, the Company made adjustment with future application method. After this change of accounting estimate, the provision for depreciation of fixed assets for the period from January to June of this year increased by RMB97,444,503.45 and the net profit and net profit for the owners of the parent company respectively decreased by RMB 73,083,377.59 and RMB 54,812,533.20.

(26)Correcting of accounting errors in the prior period

No changing of accounting errors in the prior period

III. Taxation

(I)Turnover tax and surcharges

1.Turnover tax

Type of taxes	Taxable Items	Tax ratio
Business tax	Toll income	3%、5%
Business tax	Gains from rents	5%
Business tax	Gains from service providing	5%

2.Urban Maintenance and construction Tax

Calculated and paid at 7% or 5% of the turnover tax. Foreign invested enterprise under the Company is exempted from urban maintenance and construction tax according to the regulations

from January-November 2010.

3. .Education surcharges

Calculated and paid at 3% of the turnover tax. Foreign invested enterprise under the Company is exempted from urban maintenance and construction tax according to the regulations from January-November 2010.

4. Local Education surcharges

From January 1, 2011, Calculated and paid at 2% of the turnover tax.

5. Defend expense

Calculated and paid at 0.1% or 0.12% of the turnover tax.

(II) Enterprise income tax

According to “Provisional Regulations of Enterprise Income Tax of PRC”, the Company pays enterprise income tax at 25%.

According to “Provisional Regulations of Enterprise Income Tax of PRC”, Guangfo Expressway Co., Ltd. pays enterprise income tax. As approved by Guangzhou Tax Bureau Foreign Division with Shui-Wai-Fa[1993]1669, Guangfo Expressway Co., Ltd. pays enterprise income tax at 24% in 2011.

IV. Enterprise Consolidated and Consolidated Financial Statement

(I) Information of subsidiaries

1.The subsidiary acquired through the establishment or investment and other means.

Name of subsidiary	Type	Registered address	Business nature	Registered capital	Operating scope	The year end's actual amount of capital investment	Balance of other essentially constituting net investment in subsidiary	Equity holding percentage	Voting power (%)	Whether consolidate financial statement	Minority shareholders' equity	Amount deduct from minority shareholders' equity		The balance between current losses assumed by minority shareholders' deducted from owners' equity belongs to parent company and the minority shareholders' attributable share of owners' equity at the opening balance
												Minority shareholders' equity	deduct from minority shareholders' equity	

Guangdong Expressway Technology Investment Co., Ltd.	Holding subsidiaries	4/F, Expressway Buildin No.85 Baiyun, Yuexiu , Guangzhou	Limited liability Company	100,000,000.00	Investment in technical industries and provision of relevant consulting services, research and development of lighting technology of City and Road, energy saving and storage technology, photovoltaic technology of solar energy and	95,920,000.00		100.00	100.00	Yes			
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					production and sales of relevant products, design, production, release and agency of all kinds of domestic and foreign advertisements, construction and maintenance management of highway projects and domestic trade. (excluding gold, silver, motor vehicles and								
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					dangerous								
					chemicals)								
2.The Subsidiary through business combination under the same control													
Name of subsidiary	Type	Registered address	Business nature	Registered capital	Operating scope	The year end's actual amount of capital investment	balance of other essentially constituting new investment in subsidiary	Equity holding percentage	oting power (%)	Whether consolidated financial statement	Minority shareholders' equity	Amount deducted from minority shareholders' equity	The balance between current losses assumed by minority shareholders' deducted from owners' equity belongs to parent company and the minority shareholders' attributable share of owners' equity at the opening

													balance
Guangfo Expressway Co., Ltd.	Holding subsidiaries	West Shabei, Guangzhou	Limited Liability Company	200,000,000.00	Construction, tolling, maintenance and management of Guangfo Expressway, automobile fueling, Form Hengsha Guangzhou to Foshan xiebian, A total length of 15.7 km, salvage, maintenance and cleaning up.	242,151,386.98	75.00	75.00	Yes	71,117,620.27	1,938,295.92		
Guangdong Fokai Expressway Co., Ltd.	Holding subsidiaries	No.83 Baiyun Road, Yuexiu, Guangzhou	Limited Liability Company	1,108,000,000.00	Operation and management of Fokai Expressway and its supporting facilities, automobile salvage, maintenance and cleaning, supply of automobile parts and components, maintenance and management of Jiujiang Bridge of Guangzhan	2,357,173,165.77	75.00	75.00	Yes	569,511,001.86			

					Highway. Auto rescue and repair (operated by subsidiaries). Sales of industrial capital goods (excluding gold, silver, motor vehicles and dangerous chemicals), construction materials, department goods, needles, textiles, metals, cross-powers.									
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3.The Subsidiaries through business combinations not under the same control

Nil.

(II) There is no business entities sharing the controlling power through specific purpose subjects or by entrusted with operation or by leasing in the current period

(III) There is no change of scope of consolidated in the current period Change of scope of consolidated

(IV) The subjects newly taken into the consolidation range in the current and the subjects not taken into the consolidation range any longer in the current

Nil.

V. Notes to the major items of consolidated financial statement

Unless otherwise specified, in the following notes to the items in the consolidated financial statements: the beginning of the period refers to the day of December 31, 2010, the end of the period refers to the day of December 31, 2011, The previous period refers to 2010, and the current period refers to 2011.

(I) Monetary Capital

Items	Amount in year-end			Amount in year-begin		
	Foreign currency	Exchange rate	RMB	Foreign currency	Exchange rate	RMB
Cash			84,289.76			111,423.87
RMB			84,289.76			111,423.87
Bank deposit			1,017,878,434.19			258,311,984.67
RMB			1,017,486,248.01			257,900,441.00
HKD	483,762.40	0.8107	392,186.18	483,639.87	0.8509	411,543.67
Other currency			1,036,807.10			457,925.21
RMB			1,036,807.10			457,925.21
Total			1,018,999,531.05			258,881,333.75

Which restricted the monetary funds as follows:

Items	Amount in year-end	Amount in year-begin
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Tolls clearing account funds	12,073,656.90	9,915,030.01
Total	12,073,656.90	9,915,030.01

(2) Account receivable

1.Type analyses.

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Proportion(%)
Individually significant accounts receivable	14,496,628.58	81.72			16,217,857.15	89.77		
Receivables provided bad debt provision in groups	3,243,441.96	18.28	13,952.43	0.43	1,847,702.58	10.23	22,051.46	1.19
Incl: account receivables on which bad debt provisions are provided on age basis in the group	3,243,441.96	18.28	13,952.43	0.43	1,847,702.58	10.23	22,051.46	1.19
Other non-material receivables								
Total	17,740,070.54	100.00	13,952.43	0.08	18,065,559.73	100.00	22,051.46	0.12

—— Account receivables on which bad debt provisions are provided on age basis in the group:

Age	Balance in year-end			Balance in year-begin		
	Balance of book		Bad debt provision	Balance of book		Bad debt provision
	Amount	Proportion(%))		Amount	Proportion(%))	
Within 1 year	3,208,937.11	98.94		1,763,197.73	95.43	
1-2 years				16,500.00	0.89	1,650.00
2-3 years	16,500.00	0.51	4,950.00	68,004.85	3.68	20,401.46
3-4 years	18,004.85	0.55	9,002.43			
4- 5 years						
Over 5 years						
Total	3,243,441.96	100.00	13,952.43	1,847,702.58	100.00	22,051.46

——3. No individually insignificant receivables with bad debt provision recognized individually at the end of period.

Name	Balance of book	Bad debt provision	Proportion(%))	Reason
Guangdong Union Electric toll Co., Ltd.	12,502,698.58			Account collected
Guangdong Guanghui Expressway Co., Ltd.	1,993,930.00			Account collectable
Total	14,496,628.58			

(2) Reversal during the reporting period

Contents of the account receivables	Reasons	Cause of previous provision	Accumulated provision amount before reversal	Reversed Amount
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Guangzhou Shengyuan Advertisement Co., Ltd.	Loan collected	Account age analysis method.	15,000.00	50,000.00
Total			15,000.00	50,000.00

(3)There is no recovery of accounts receivable through restructuring in the current.

(4)There is no accounts receivable that were written off in the current.

(5)There was no account receivable due from shareholders with more than 5% (including 5%) of the voting shares of the company.

(6)The top 5 arrearage in accounts receivable

Name	Relationship with the Company	Amount	Aging	Proportion to total accounts receivable(%)
Guangdong Union Electric toll Co., Ltd.	No relationship	12,502,698.58	Within 1 year	70.48
Guangdong Guanghui Expressway Co., Ltd.	Joint venture	1,993,930.00	Within 1 year	11.24
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture	1,418,695.00	Within 1 year	8.00
Guangzhou Zhongqiu advertising Co., Ltd.	No relationship	680,213.11	Within 1 year	3.83
Guangdong Kaiyang Expressway Co., Ltd.	Controlled by the same parent company	559,216.00	Within 1 year	3.15
Total		17,154,752.69		96.70

(7)The situation on the accounts receivable from the affiliated parties

Name	Relationship with the Company	Amount	Aging	Proportion to total accounts receivable(%)
Guangdong Guanghui Expressway Co., Ltd.	Joint venture	1,993,930.00	Within 1 year	11.24
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture	1,418,695.00	Within 1 year	8.00

Guangdong Kaiyang Expressway Co., Ltd	Controlled by the same parent company	559,216.00	Within 1 year	3.15
Yunfu Guangyun Expressway Co., Ltd.	Controlled by the same parent company	85,999.00	Within 1 year	0.48
Guangdong Expressway Co., Ltd.	Controlled by the same parent company	80,000.00	Within 1 year	0.45
Guangdong Lulutong Co., Ltd.	Controlled by the same parent company	18,004.85	3-4 years	0.10
Total		4,155,844.85		23.42

(8).There is no accounts receivable that have been terminated to confirm in the current.

10.There is no accounts receivable as a object of securitization in the current.

(3) Prepayment

1.Age analysis

Age	Balance in year-end		Balance in year-begin	
	Amount	Proportion	Amount	Proportion
Within 1 year	96,717,091.73	66.70	61,848,782.42	31.61
1-2 years	12,494,376.72	8.62	133,634,966.90	68.30
2-3 years	35,601,690.20	24.56	169,738.00	0.09
Over 3 years	169,738.00	0.12		
Total	144,982,896.65	100.00	195,653,487.32	100.00

(2)The top five companies according to the Prepayment

Name	Relationship with the Company	Amount	Time	Reasons
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				for pending accounts
Guangdong Changda Highway Engineering Co., Ltd.	Controlled by the same parent company	81,456,449.60	Within 3 years	Pending accounts
Guangdong Guanyueluqiao Co., Ltd.	Controlled by the same parent company	34,969,681.00	Within 3 years	Pending accounts
Hubei Luqiao Group Co., Ltd.	No relationship	7,431,719.40	1-2 years	Pending accounts
Zhiguang Jietong Technology Co., Ltd.	No relationship	6,597,152.00	1-2 years	Pending accounts
Guangdong Xinguang International Co., Ltd.	No relationship	5,249,209.00	1-2 years	Pending accounts
Total		135,704,211.00		

(3).There was no Prepayment due from shareholders with more than 5% (including 5%) of the voting shares of the company.

(4).Prepayment from related parties

Name	Relationship with the Company	Amount	Time	Proportion (%)
Guangdong Changda Highway Engineering Co., Ltd.	controlled by the same parent company	81,456,449.30	Within 3 years	56.18
Guangdong Guanyueluqiao Co., Ltd.	controlled by the same parent company	34,969,681.00	Within 3 Years	24.12
Guangdong Hualu Communication Technology Co., Ltd.	controlled by the same parent company	200,000.00	Within 1 year	0.14
Total		116,626,130.30		80.44

4. Dividends receivable

Items	Amount at year beginning	Increase at this period	Decrease at this period	Amount at period end	Reasons for not being recovered	Whether the relevant funds have signs for
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						impairmen t
The dividends receivable with account age less than one year. Including :		467,728,204.38	377,069,323.33	90,658,881.05		
The dividend of Jungzhu Expressway in 2010 and surplus dividend in last year		206,443,449.58	152,000,000.00	54,443,449.58	Not pay dividends	No
The surplus dividend of Guangdong Guanghui Expressway Co., Ltd in 2010 and dividend in First-Third quarter 2011.		132,830,754.80	96,615,323.33	36,215,431.47	Not pay dividends	No
The dividend of Shenzhen Huiyan Expressway Co., Ltd in 2010 and in the first half year of 2011.		82,000,000.00	82,000,000.00			
The dividend of China Everbright Bank Co., Ltd. in 2010.		22,704,000.00	22,704,000.00			
The dividend of Zhaoqing Yuezhao Highway Co., Ltd. in 2010 and 2011		23,750,000.00	23,750,000.00			
Total		467,728,204.38	377,069,323.33	90,658,881.05		

5 .Other receivable

1.Type analyses:

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion(%)
Individually significant accounts receivable	62,215,977.01	60.90	62,215,977.01	100.00	66,794,504.78	66.92	66,794,504.78	100.00
Group I: Receivables provided bad debt provision In the group	36,331,616.90	38.81	1,659,703.68	4.19	33,023,192.56	33.08	1,659,590.49	5.03
Group I:Other Receivables account receivables on which bad debt provisions are provided on other basis	25,595,218.33	25.05	1,659,703.68	6.48	23,085,567.70	23.13	1,659,590.49	7.19
Group II: Other Receivables account receivables on which bad debt provisions are provided on other basis	14,047,790.17	13.76			9,937,624.86	9.95		
Other non-material other receivables	300,000.00	0.29	300,000.00	100.00				

Total	102,158,985.51	100.00	64,175,680.69	62.82	99,817,697.34	100.00	68,454,095.27	68.58
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——Other Account receivables on which bad debt provisions are provided on age basis in the group: 、

Age	Amount in year-end			Amount in year-begin		
	Book Balance		Bad debt provision	Book Balance		Bad debt provision
	Amount)	Proportion(%)		Amount)	Proportion(%)	
Within 1 year	23,935,514.65	93.52		21,425,864.02	92.81	
1-2 years						
2-3 years						
3-4 years						
4-5 years				1,131.88	0.01	1,018.69
Over 5 Years	1,659,703.68	6.48	1,659,703.68	1,658,571.80	7.18	1,658,571.80
Total	25,595,218.33	100.00	1,659,703.68	23,085,567.70	100.00	1,659,590.49

——Other Account receivables on which bad debt provisions are provided on Other basis in the group

Other account receivables	Book Balance	Amount of bad debt
Land and Resources Bureau of Foshan.Chancheng Branch	7,366,300.00	
Guangdong Xingyu Law Office	2,303,674.17	
Heshan Financial Bureau	1,835,391.00	
Foshan Chancheng Human Resources and social Security Bureau	1,006,743.00	
Heshan Human Resources and social Security Bureau	999,000.00	

Other account receivables	Book Balance	Amount of bad debt
Foshan Nanhai Human Resources and Social Security Bureau	449,682.00	
Guangdong Gaoda Property Development Co., Ltd.	87,000.00	
Total	14,047,790.17	

—There is no significant amount or the test of depreciation of value of bad debts provision of accounts receivable at the ending.

Other receivables	Book balance	Amount of bad debts	Proportion (%)	Reasons
Kunlun Securities Co., Ltd.	49,995,897.10	49,995,897.10	100.00	Notes 1
Beijing Gelin Enze	12,220,079.91	12,220,079.91	100.00	Notes 2
Guangzhou Putian Zhongzhi	300,000.00	300,000.00	100.00	Notes 3
Total	62,515,977.01	62,515,977.01		

Notes1: The parent company once paid RMB33,683,774.79 into KunLun Securities Co, Ltd, Guangdong expressway technology investment Co, Ltd once paid RMB18,000,000.00 into KunLun Securities Co, Ltd. Qinghai Province Xining City's intermediate people's court made a adjudication under law declared that KunLun Securities Co, Ltd went bankrupt and repaid debt in November 11, 2006. On March 2007, My company and Guangdong Expressway Technology investment Co, Ltd had switched the money that paid into Kunlun Securities Co, Ltd to other account receivable, and follow the careful principle to doubtful debts provision. The RMB 710,349.92 credit was recovered in 2008, and the provision for bad debt is deducted, The RMB 977,527.77 credit was recovered in 2011, and the provision for bad debt is deducted.

2. Guangdong Expressway technology investment Co, Ltd should charge Beijing Gelin Enzhe Organic fertilizer Co, Ltd for RMB 12,220,079.91. Eight millions of it was entrust loan, three millions was temporary borrowing. RMB 12,400.00 is the commission loan interest, the rest of it was advance money for another. Beijing Gelin Enze Organic fertilizer Co, Ltd's operating status was bad and had

already ceased producing. Accordingly, the controlling subsidiary of the company Guangdong Expressway Investment Co., Ltd. accounted full provision for bad debt RMB 12,220,079.91 Provision .

3. The amount of other accounts receivable by Guangdong Express Technology Investment Co., Ltd., a controlled subsidiary of the Company, from Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. is RMB 3,601,000.00. RMB 3,301,000.00 is the loan and the salary pay in advance and the balance of RMB 300,000.00 is the advanced payment for bankruptcy liquidation. As Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. entered bankruptcy liquidation procedure in June 2009, Up to the date of the statement, Guangzhou PuTianZhongZhi Industrial Technology Co., Ltd. has completed the procedures for cancellation of registration with the Administrative Department for Industry and Commerce. In 2011, the company has written off the loan and the salary pay in advance of RMB 3,301,000.00 through the resolution of the Board of Directors.

(2)Reversal or Recovery of the Current Period

Other Receivables	Reasons of Reversal or Recovery	Determine the Basis of Bad Debt Provision	Accumulatively Accruing Allowances for Bad Debt before Reversal or Recovery	Amount of Reversal or Recovery
Kunlun Securities Co., Ltd.	Distribution of Bankruptcy Property	Has entered the procedure of bankruptcy liquidation	50,973,424.87	977,527.77
Total				977,527.77

(3)There is no recovery of other accounts receivable through restructuring in the current report period.

(4). The cancellation after verification on other accounts receivable in the current

Notes	Other	Verification of the amount	Reason	Whether because of associated transactions
Guangzhou Putian Zhongzhi	Loan	3,301,000.00	Write-off	No
Total		3,301,000.00		

(5). There was no other receivable due from shareholders with more than 5% (including 5%) of the voting shares of the Company.

(6)The top five companies in the amount of other receivables

Name	Relationship with the Company	Amount	Aging	The proportion
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				of the total of other receivables (%)
Kunlun Securities Co.,Ltd	Subsidiary Company shares	49,995,897.10	Over 5 years	48.94
Beijing Gelin Enze	Joint venture	12,220,079.91	3-5 years	11.96
Foshan Land resources Bureau, Chancheng Branch	No relationship	7,366,300.00	2-3 years	7.21
Guangdong Expressway Co., Ltd.	The controlling Parent company	4,818,608.57	Within 1 year	4.72
Li Jing (Reserve fund)	Cashier of subsidiary company	2,582,000.00	Within 1 year	2.53
Total		76,982,885.58		75.36

(7)The accounts receivable from the Related parties

Name	Relationship with the Company	Amount	Time	The proportion of the total of other receivables (%)
Beijing Gelin Enze	Joint venture	12,220,079.91	3-5 years	11.96
Guangdong Expressway Co., Ltd.	controlled by the same parent company	4,818,608.57	Within 1 year	4.72
Guangdong Guanyueluqiao Co.,Ltd.	controlled by the same parent company	1,575,967.15	Within 1 year	1.54
Guangdong Guanghui Expressway Co., Ltd.	Joint venture	500,000.00	Within 1 year	0.49
Zhaoqing Yuezhao Highway Co., Ltd.	Joint venture	412,811.45	Within 1 year	0.40
Guangdong Yangmao Expressway Co., Ltd.	controlled by the same parent company	130,577.74	Within 1 year	0.13
Guangdong Gaoda Property	controlled by the same	91,500.00	1-3 years	0.09

Name	Relationship with the Company	Amount	Time	The proportion of the total of other receivables (%)
Development Co., Ltd.	parent company			
Guangdong Kaiyang Exspressway Co.,Ltd.	controlled by the same parent company	62,443.00	Within 1 year	0.06
Guangdong Shanfen Expressway Co., Ltd.	controlled by the same parent company	24,486.00	Within 1 year	0.02
Guangdong Maozhan Expressway Co., Ltd.	controlled by the same parent company	15,734.00	Within 1 year	0.02
Guangdong Yuzhan Expressway Co., Ltd.	controlled by the same parent company	14,294.00	Within 1 year	0.01
Guangdong Luqiao Construction Development Co., Ltd.	controlled by the same parent company	3,762.70	Within 1 year	0.00
Guangdong Yunwu Expressway Co., Ltd.	controlled by the same parent company	2,556.78	Within 1 year	0.00
Guangdong Xinyue Communication Investment Co., Ltd.	controlled by the same parent company	2,158.60	Within 1 year	0.00
Total		19,874,979.9		19.44

(8)There is no accounts receivable that have been terminated to confirm in the current.

(9).There is no accounts receivable as a object of securitization in the current.

(6) Inventory

1.Type analyses

Items	Balance in year-end			Balance in year-begin		
	Book balance	Bad debt provision	Book Value	Book balance	Bad debt provisio	Book Value

				n	
Raw materials			279,948.92		279,948.92
Total			279,948.92		279,948.92

2. Inventory and inventory depreciation reserves

As of December 31, 2011, There is no the Inventory and inventory depreciation reserves

7. Financial assets available for sale

1. Financial assets available for sale

Items	Period-end sound value	Period-beginning sound value
Bonds available for sale		
Equity instruments available for sale		
Other	691,200,000.00	950,400,000.00
Total	691,200,000.00	950,400,000.00

2 Existing restricted circulation period of Financial assets available for sale

Type	Deadline for restricted circulation period	Period-end sound value	Period-beginning sound value
China Everbright Bank	November 5, 2012	691,200,000.00	950,400,000.00

8. Information of Joint venture and Associated Enterprise

Name	Proportion	Voting proportion(%)	End total assets	End total liabilities	End total net assets	Total current revenues	Net profit
1. Joint venture							
1. Guangdong Guanghui Expressway	30.00	30.00	5,948,178,146.56	3,226,870,990.00	2,721,307,156.56	1,453,748,050.40	496,175,594.57
Zhaoqing Yuezhao Highway Co., Ltd.	25.00	25.00	2,163,773,551.48	1,356,918,026.55	806,855,524.93	400,763,335.13	54,716,502.91
Beijing Gelin Enze	35.00	35.00	25,925,805.89	16,707,626.85	9,218,179.04		
2. Affiliated company							
.Shenzhen Huiyan Expressway	33.33	33.33	441,789,189.97	33,671,280.59	408,117,909.38	287,488,052.83	134,424,393.32
Guangdong Maozhan Expressway	20.00	20.00	2,636,063,792.08	1,874,456,772.58	761,607,019.50	424,071,518.09	94,831,129.53
.Jingzhu Exprwssway Guanzhu	20.00	20.00	4,053,956,086.47	2,825,709,794.65	1,228,246,291.82	1,174,595,638.34	622,165,776.09
Guangdong Jiangzhong Expressway	15.00	15.00	2,673,589,598.84	1,660,166,202.55	1,013,423,396.29	380,448,757.48	46,734,011.31
Ganzhou Kangda Expressway	30.00	30.00	1,839,887,705.80	1,598,514,807.91	241,372,897.89	166,505,980.20	-12,082,051.44
Ganzhou Gankang Expressway	30.00	30.00	2,076,570,296.14	1,417,340,133.26	659,230,162.88	100,192,229.34	-57,893,244.27
.Guangdong Guangle Expressway	30.00	30.00	11,370,282,760.40	7,838,748,687.95	3,531,534,072.45		-6,186,327.55

Notes: As of December 31, 2011, .Guangdong Guangle Expressway Co., Ltd. is still in construction , not yet operational.

9. Long-term equity investment

Name	Account method	Initial amount	Balance in year-begin	Increase/decrease	Balance in year-end
Guangdong Guanghui Expressway Co., Ltd.	Equity method	705,503,400.00	800,370,223.40	16,021,923.57	816,392,146.97
Zhaoqing Yuezhao Highway Co., Ltd.	Equity method	204,575,000.00	226,962,556.86	-10,796,506.23	216,166,050.63
Beijing Gelin Enze	Equity method	6,614,483.90			
Shenzhen Huiyan Expressway	Equity method	35,231,299.69	188,751,168.74	-38,613,547.94	150,137,620.80
Guangdong Maozhan Expressway	Equity method	224,000,000.00	133,355,177.99	18,966,225.91	152,321,403.90
Jingzhu Expressway Guanzhu	Equity method	247,848,488.93	477,798,649.39	-89,742,780.08	388,055,869.31
Guangdong Jiangzhong Expressway Co., Ltd.	Equity method	156,750,000.00	145,003,407.76	7,010,101.68	152,013,509.44
Ganzhou Kangda Expressway	Equity method	216,251,100.00	122,264,697.46	-5,200,577.22	117,064,120.24
Ganzhou Gankang Expressway Co., Ltd.	Equity method	226,379,000.00	215,137,022.04	-17,367,973.18	197,769,048.86
Guangdong Guangle Expressway	Equity method	729,997,500.00	339,997,500.00	388,144,101.73	728,141,601.73
Huaxia Securities Co., Ltd.(Notes 1)	Cost method	5,400,000.00	5,400,000.00		5,400,000.00
Huazheng Assets Management Co. Ltd.(Notes 2)	Cost method	1,620,000.00	1,620,000.00		1,620,000.00
Guangzhou Putian Zhongzhi(Notes 3)	Cost method	785,536.35	785,536.35	-785,536.35	
Kunlun Securities Co., Ltd.(Notes 4)	Cost method	30,000,000.00	30,000,000.00		30,000,000.00
Total		2,790,955,808.87	2,687,445,939.99	267,635,431.89	2,955,081,371.88

On table

Name	Proportion	Voting proportion(%)	Notes	Impairment provision in year-end	Impairment provision in the report period.	Current cash dividend
Guangdong Guanghui Expressway Co., Ltd.	30.00	30.00				132,830,754.80
Zhaoqing Yuezhao Highway Co., Ltd.	25.00	25.00				23,750,000.00
Beijing Gelin Enze	35.00	35.00				
Shenzhen Huiyan Expressway	33.33	33.33				82,000,000.00
Guangdong Maozhan Expressway	20.00	20.00				
Jingzhu Expressway Guanzhu	20.00	20.00				206,443,449.58
Guangdong Jiangzhong Expressway Co., Ltd.	15.00	15.00				
Ganzhou Kangda Expressway	30.00	30.00				
Ganzhou Gankang Expressway Co., Ltd.	30.00	30.00				
Guangdong Guangle Expressway	30.00	30.00				
Huaxia Securities Co., Ltd.(Notes 1)	0.27	0.27		5,400,000.00		
Huazheng Assets Management Co. Ltd.(Notes 2)	0.54	0.54		1,393,200.00		

Name	Proportion	Voting proportion(%)	Notes	Impairment provision in year-end	Impairment provision in the report period.	Current cash dividend
Guangzhou Putian Zhongzhi(Notes 3)						
Kunlun Securities Co., Ltd.(Notes 4)	5.74	5.74		30,000,000.00		
Total				36,793,200.00		445,024,204.38

Notes 1. The owner's equity of Huaxia Securities Co., Ltd. was negative and it entered liquidation procedure in December 2005. The Company made full provision for impairment in respect of this long-term equity investment of RMB 5.4 million.

Notes2: According to De Wei Ping Gu Zi 2005 No. 88 Appraisal Report issued by Beijing Dewei Appraisal Co., Ltd. As the June 30, 2005, the amount of net assets of Huazheng Asset Management Co., Ltd. in book was RMB 279.132 million and the appraised value was RMB - 2299.5486 million ,On October 14, 2005, Jianyin CITIC Asset Management Co., Ltd. issued the Letter of Soliciting Opinions on Equity Assignment to the Company. Jianyin CITIC Asset Management Co., Ltd. was willing to pay the price of not more than RMB 42 million to acquire 100% equity of Huazheng Asset Management Co., Ltd. and solicited the Company's opinions. The Company replied on December 5, 2005, abandoning the preemptive right under the same conditions. The Company made provision of RMB 1.3932 million for impairment in respect of this long-term equity investment of RMB 1.62 million.

Notes 3. Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. entered bankruptcy liquidation procedure in June 2009. On November 30, 2009, Guangdong Province Guangzhou Municipal Intermediate People's Court adjudicated the termination of bankruptcy liquidation procedure of Guangzhou putianzhongzhi Technology Co., Ltd. Till the report date, the commercial registration cancellation procedures of Guangzhou putianzhongzhi Technology Co., Ltd. is in processing. Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. entered bankruptcy liquidation procedure in June 2009. Guangdong Express Technology Investment Co., Ltd., a controlled subsidiary of the Company, made full provision for impairment in respect of long-term equity investment in Guangzhou Putian Zhongzhi Technology Industrial Co., Ltd. Up to the date of the statement, The Company. has completed the procedures for cancellation of registration with the Administrative Department for Industry and Commerce. In 2011, the company has written off the temporary turnaround borrowings of RMB 3,301,000.00 through the resolution of the Board of Directors.

So Guangdong Expressway Technology Investment Co., Ltd. adopted the resolution by the board of directors in 2011 that abandon the investment of the long-term stock ownership of the Guangzhou Putian Zhongzhi Technology Industrial Co., LTD. and the company has adopted the resolution by the board of directors in 2011 that abandon the provisional circulating loan RMB

3,301,000.00.

Notes 4. The owner's equity of Kunlun Securities Co., Ltd. was negative and it entered liquidation procedure in October 2005. Guangdong Express Technology Investment Co., Ltd., a controlled subsidiary of the Company, made full provision for impairment in respect of its long-term equity investment of RMB 30 million in Kunlun Securities Co., Ltd.

10. Investment real estate

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
1. original price	12,664,698.25			12,664,698.25
1.Hoses and building	12,664,698.25			12,664,698.25
2.Land Use right				
II. Accumulated depreciation	6,659,446.77	464,213.40		7,123,660.17
1.Hoses and building	6,659,446.77	464,213.40		7,123,660.17
2.Land Use right				
III. Net value	6,005,251.48			5,541,038.08
1.Hoses and building	6,005,251.48			5,541,038.08
2.Land Use right				
IV. Impairment prevision				
1.Hoses and building				
2.Land Use right				
V.Total of book value	6,005,251.48			5,541,038.08
1.Hoses and building	6,005,251.48			5,541,038.08
2.Land Use right				

The current depreciation and the amortized amount in the investment real estate is RMB 464,213.40.

11.Fixed assets

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
1.Total of Original price of fixed assets	5,698,800,159.31	759,957,092.56	165,092,256.	6,293,664,995.28

Items	Balance in year- begin	Increase at this period	Decrease at this period	Balance in year-end
			59	
Including: Guangfo Expressway	1,429,114,009.57	12,550,146.25		1,441,664,155.82
Fokai Expressway	3,581,332,266.77	627,193,650.91	154,461,281.34	4,054,064,636.34
Jiujiang Bridge	233,157,396.55	16,726,950.00		249,884,346.55
House and Building	186,302,047.23	62,627,971.24	2,993,920.23	245,936,098.24
Machine equipment	16,150,710.70	119,000.00	4,301,069.74	11,968,640.96
Transportation Equipment	44,478,527.50	4,745,521.94	1,334,157.20	47,889,892.24
Electricity equipment and other	208,265,200.99	35,993,852.22	2,001,828.08	242,257,225.13
		Add provision		
II. Total of Accumulated depreciation	1,916,029,000.24	371,067,765.95	56,849,574.08	2,230,247,192.11
Including: Guangfo Expressway	558,313,655.92	148,162,058.60		706,475,714.52
Fokai Expressway	1,023,170,067.34	167,598,529.41	48,354,452.82	1,142,414,143.93
Jiujiang Bridge	75,426,597.65	22,884,298.36		98,310,896.01
House and Building	76,405,477.01	10,828,491.18	1,404,785.25	85,829,182.94
Machine equipment	10,419,125.00	664,155.15	1,395,922.21	9,687,357.94
Transportation Equipment	31,574,286.60	3,114,165.93	1,225,519.66	33,462,932.87
Electricity equipment and other	140,719,790.72	17,816,067.32	4,468,894.14	154,066,963.90
III. Total net book value of fixed assets	3,782,771,159.07			4,063,417,803.17
Including: Guangfo Expressway	870,800,353.65			735,188,441.30
Fokai Expressway	2,558,162,199.43			2,911,650,492.41
Jiujiang Bridge	157,730,798.90			151,573,450.54
House and Building	109,896,570.22			160,106,915.30
Machine equipment	5,731,585.70			2,281,283.02
Transportation Equipment	12,904,240.90			14,426,959.37
Electricity equipment and other	67,545,410.27			88,190,261.23

Items	Balance in year- begin	Increase at this period	Decrease at this period	Balance in year-end
IV. Total of Accumulated depreciation				
Including: Guangfo Expressway				
Fokai Expressway				
Jiujiang Bridge				
House and Building				
Machine equipment				
Transportation Equipment				
Electricity equipment and other				
V. Total book value of fixed assets	3,782,771,159.07			4,063,417,803.17
including: Guangfo Expressway	870,800,353.65			735,188,441.30
Fokai Expressway	2,558,162,199.43			2,911,650,492.41
Jiujiang Bridge	157,730,798.90			151,573,450.54
House and Building	109,896,570.22			160,106,915.30
Machine equipment	5,731,585.70			2,281,283.02
Transportation Equipment	12,904,240.90			14,426,959.37
Electricity equipment and other	67,545,410.27			88,190,261.23

The current depreciation amount is RMB 371,067,765.95.

The original price of projects under construction transferred to fixed assets is RMB743,430,775.51.

12. Construction on process

1. Construction on process

Items	Balance in year-begin			Balance in year-begin		
	Book balance	Impairment provision	Book Value	Book Balance	Impairment provision	Book Value
The period between Xiebian to Sanbao extension project	2,734,235,124.56		2,734,235,124.56	2,556,319,785.55		2,556,319,785.55
The comprehensive maintenance base project of the Xiebian to Sanbo station	11,497,701.04		11,497,701.04			
The Jiujiang Bridge specific construction project				16,639,683.00		16,639,683.00
Other project			14,359,898.27	898,640.39		898,640.39
Total	2,760,092,723.87		2,760,092,723.87	2,573,858,108.94		2,573,858,108.94

2. The variation in constructing the engineering project and the progress of important work

Items	Budget(RMB' 0000)	Balance in year-begin	Increase at this period	Transfer to fixed assets	Other losses
The period between Xiebian to Sanbao extension project	400,200.00	2,556,319,785.55	816,372,794.18	638,457,455.17	

The comprehensive maintenance base project of the Xiebian to Sanbo station	54,858.66		98,620,414.00	49,507,635.96	37,615,077.00
The Jiujiang Bridge specific construction project		16,639,683.00	87,267.00	16,726,950.00	
The period between Yaoyao to Xiebian extension project	37,369.28		19,452,524.80	19,452,524.80	
Improvement project of Additional toll on overloaded vehicle	1,884.62		11,073,831.70	9,918,774.70	1,155,057.00
Other project		898,640.39	27,034,691.91	9,367,434.88	4,205,999.15
Total		2,573,858,108.94	972,641,523.59	743,430,775.51	42,976,133.15

On table

Items	Budget Proportion(%)	Progress of work	Capitalization of interest accumulated balance	Including: Current amount of capitalization of interest	Capitalization of interest ratio (%)	Source of funds	Balance in year-end
The period between Xiebian to	84.37	84.37	293,351,159.12	92,644,673.63	5.51	Self fund, Loan	2,734,235,124.56

Sanbao extension project							
The comprehensive maintenance base project of the Xiebian to Sanbo station	17.98	17.98	7,375,025.00	7,375,025.00	5.51	Self fund, Loan	11,497,701.04
Jiujiang Bridge Special project						Self fund	
The period between Yaoyao to Xiebian extension project	100.00	100.00				Self fund	
Improvement project of Additional toll on overloaded vehicle	58.76	100.00				Self fund	
Other project						Self fund	14,359,898.27
Total			300,726,184.12	100,019,698.63			2,760,092,723.87

As of December 31,, 2011, There is no the provision for decline in value of the construction in progress.

13.Intangible assets

E.

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
I.Total cost	138,326,653.73	2,176,617.00		140,503,270.73
Jiujiang Land Use right	68,402,029.24			68,402,029.24
Jiujiang Bridge management right	66,917,573.76			66,917,573.76
Yanyao Land Use right	1,311,658.00			1,311,658.00
Office automation system software	1,695,392.73	2,176,617.00		3,872,009.73
II.Total of accumulative amortized	79,082,002.48	8,255,104.35		87,337,106.83
Jiujiang Land Use right	39,601,188.00	3,883,259.52		43,484,447.52
Jiujiang Bridge management right	38,741,736.00	3,798,989.40		42,540,725.40
Yanyao Land Use right	315,302.50	151,345.20		466,647.70
Office automation system software	423,775.98	421,510.23		845,286.21
III.Total book value of intangible assets	59,244,651.25			53,166,163.90
Jiujiang Land Use right	28,800,841.24			24,917,581.72
Jiujiang Bridge management right	28,175,837.76			24,376,848.36
Yanyao Land Use right	996,355.50			845,010.30
Office automation system software	1,271,616.75			3,026,723.52
IV. Total impairment				

Items	Balance in year-begin	Increase at this period	Decrease at this period	Balance in year-end
provision				
Jiujiang Land Use right				
Jiujiang Bridge management right				
Yanyao Land Use right				
Office automation system software				
V. Book value Total of intangible assets	59,244,651.25			53,166,163.90
Jiujiang Land Use right	28,800,841.24			24,917,581.72
Jiujiang Bridge management right	28,175,837.76			24,376,848.36
Yanyao Land Use right	996,355.50			845,010.30
Office automation system software	1,271,616.75			3,026,723.52

Current amortization of RMB 8,255,104.35.

14.Long term amortize expenses

F.

Items	Balance in year-begin	<u>Increase in this period</u>	Amortized expenses	Other loss	Balance in year-end	Other loss Reasons
Advertisement pillar property insurance premium amortization	95,827.54		60,522.60		35,304.94	
Renovation fee for the office building of litong square		335,238.40			335,238.40	

Total	95,827.54	335,238.40	60,522.60	370,543.34
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15. Deferred income tax assets and deferred income tax liability

1. Confirmed the deferred income tax assets and deferred income tax liability

Items	Balance in year-end	Balance in year-begin
Deferred income tax assets		
Timing difference between accounting and tax	126,663,710.47	125,310,513.48
Total	126,663,710.47	125,310,513.48

2. Unconfirmed deferred income tax assets

Items	Balance in year-end	Balance in year-begin
Impairment of assets prepares to deduct timing differences	25,245,708.28	26,513,720.77
Total	25,245,708.28	26,513,720.77

Notes: It has uncertainty to gain the taxable income in future; therefore these deductible temporary differences have not been confirmed as the deferred tax assets.

3. The amount of temporary differences corresponding to asset projects which make temporary differences:

Items	Balance in year-end
The taxability differences:	
Timing difference between accumulated depreciation	506,654,841.78
Total	506,654,841.78

(16) Provision for depreciation of assets

Items	Provision for depreciation of assets	Increase in this period		Decreased amount in current period			Balance in year-end
		Provision	Switch back	Switch back	Switch cancellation	Other	
I.Provision for bad debts	68,476,146.73	7,014.16		992,527.77	3,301,000.00		64,189,633.12
II.Provision for falling price of inventory							
III.Provision for devaluation of financial asset available for sales							
IV.Provision for devaluation of held-to maturity investment							
V.Provision for devaluation of long-term equity investment	37,578,736.35				785,536.35		36,793,200.00
VI.Provision for devaluation of investing property							
VII.Provision for devaluation of fixed assets							
VIII.Provision for devaluation of engineering materials							
IX.Provision for devaluation of construction in progress							

X.Provision for devaluation Of productive biological asset							
Including : Provision for devaluation of mature productive biological asset							
XI. Provision for devaluation of oil asset							
XII. Provision for devaluation of intangible asset							
XIII. Provision for devaluation of goodwill							
XIV.Other	106,054,883.08	7,014.16		992,527.77	4,086,536.35		100,982,833.12
Total							

(17) Short-term loan

1. Short-term loan

Items	Balance in year-end	Balance in year-begin
Pledge loan		
Mortgage loan		
Guarantee loan		
Credit loan	891,470,000.00	500,000,000.00
Total	891,470,000.00	500,000,000.00

2. The company had no unpaid due short-term loan.

(18) Account payable

1. Age analyse

Items	Balance in year-end	Balance in year-begin
Within 1 year	76,895,240.54	73,287,003.82
1—2 years	26,554,377.65	34,208,006.87
2—3 years	18,050,830.37	
Over 3 years	13,728,261.18	13,728,261.18
Total	135,228,709.74	121,223,271.87

2. There was account payable due from shareholders with more than 5% (including 5%) of the voting shares of the company

Items	Balance in year-end	Balance in year-begin
Guangdong Expressway Co., Ltd.	19,986,871.20	13,855,418.78
Guangdong Changda Highway Engineering Co., Ltd.	15,248,083.27	16,130,760.92
Guangdong Xinyue Communication Investment Co., Ltd.	10,026,441.09	4,096,611.29
Guangdong Guanyueluqiao Co., Ltd.	5,015,887.76	14,387,350.00
Guangdong Guanghui Expressway Co., Ltd.	3,941,666.67	1,787,500.00
Guangdong Communication Development Company	2,337,674.15	8,623,866.82
Guangzhou Xinruan Computer Technology Co., Ltd.	2,218,780.00	
Guangdong Hualu Communication Technology Co., Ltd.	780,722.00	763,409.00
Guangdong East Thinking Management Technology	207,804.00	207,804.00

Items	Balance in year-end	Balance in year-begin
Development Co., Ltd.		
Guangdong Communication Group Inspection & Testing Center	90,474.00	
Guangdong Shipping planning and design institute		3,120,686.90
Guangdong Xintai Expressway Co., Ltd.		146,527.06
Guangdong Yuzhan Expressway Co., Ltd.		93,083.24
Guangzhou Putian Zhongzhi Technology Investment Co., Ltd.		99,447.00
Guangdong West Coast Expressway Trading Co., Ltd.		74,631.77
Total	59,854,404.14	63,387,096.78

(3)High balance account payable over 1 year has listed below:

Debtor	Amount	<u>Not return</u> <u>cause</u>	Remark
Guangdong Expressway Co., Ltd.	13,728,261.18	Not settlement	Expansion project costs and project money
Guangdong Changda Highway Engineering Co., Ltd.	11,417,656.22	Not settlement	Expansion project on schedule paragraph provisional estimate
Foshan Nanhai Village Office, Nanhai Land Bureau	8,497,267.67	Not settlement	Expansion project on schedule paragraph provisional estimate
Beijing Gongke Feida Communication Development Co., Ltd.	4,164,229.00	Not settlement	Expansion project on schedule paragraph provisional estimate
Total	37,807,414.07		

19.Advance account

1.Age analyse

Items	Balance in year-end	Balance in year-begin
Within 1 year (Including 1 year)		5,445,178.76
1-2 years (Including 2 years)	5,000,001.12	996,067.12

2-3 years (Including 3 years)	392,390.08	
Over 3 years		
Total	5,392,391.20	6,441,245.88

2. There was Advance account due from shareholders with more than 5% (including 5%) of the voting shares of the company.

Items	Balance in year-end	Balance in year-begin
Guangdong Expressway Co., Ltd.	392,390.08	996,067.12

(3) High Advance account over 1 year has listed below:

Debtor	Amount	Not return cause
Provincial posts & Telecommunication Engineering Management Center	5,000,001.12	Communication pipeline Rent

20. Payable Employee wage

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
1.wage,bonuds,subsidy	465,063.49	104,216,839.77	104,216,839.77	465,063.49
2.Employee welfare		8,382,952.75	8,382,952.75	
3.Security insurance	27,118.50	28,362,116.66	28,052,332.89	336,902.27
Including: 1. Basic Medical insurance		5,025,915.82	5,025,915.82	
2. Supplement Medical insurance		3,242,111.59	3,242,111.59	
3. Basic old-age insurance		10,173,863.27	10,173,863.27	
4. Annuity Payment (Supplement old-age insurance)		7,935,493.80	7,625,996.03	309,497.77
5.. Unemployment insurance		1,195,524.73	1,195,238.73	286.00
6. Work injury insurance		526,984.41	526,984.41	
7. Maternity insurance	27,118.50	262,223.04	262,223.04	27,118.50

Items	Balance in year-begin	Increase in this period	Payable in this period	Balance in year-end
IV. Housing fund	167,031.74	14,515,148.42	14,227,903.42	454,276.74
V. Labour union outlay and Employee Eructation outlay	276,221.21	4,681,293.85	4,211,536.99	745,978.07
VI. Non-Money Welfare		6,589,943.24	6,589,943.24	
VII.Redemption for terminations of labor contract				
VIII.Other	14,338.98	5,047,181.90	5,061,520.88	
Including: Share payment by cash total				
Total	949,773.92	171,795,476.59	170,743,029.94	2,002,220.57

Notes: The amount of the staff remuneration payable which belongs to default is RMB0.00.

21. Payable tax

Items	Balance in year-end	Balance in year-begin
VAT	754.95	
Bunsiness tax	4,243,843.28	2,686,929.09
Enterprise income tax	4,311,139.90	-6,281,178.61
City construction tax	243,909.04	125,448.26
Property tax	483,226.59	235,692.60
Land use tax	1,116,511.60	1,105,444.00
Individual income tax	2,188,350.47	2,970,668.57
Education subjoin	116,068.17	76,643.60
Locality Education subjoin	66,314.99	
Defend expense	139,316.68	71,544.34
Stamp tax	156,145.18	711,322.45
Cultural construction costs	2,700.00	
Other	1,748.27	
Total	13,070,029.12	1,702,514.30

22. Interest payable

Items	Balance in year-end	Balance in year-begin
Pay the interest for long-term loans by installments.	6,378,590.20	5,648,877.66
Interest of company bonds	26,233,611.10	11,333,333.33
Payable interest for short-term borrowings	4,549,593.25	589,180.00
Total	37,161,794.55	17,571,390.99

23. Dividend payable

Amount	Balance in year-end	Balance in year-begin	Reason of overdue for over 1 year
Zhujiang Basic Construction Investment Co., Ltd.	16,305,192.12	6,554,162.13	
Dividends for shareholders of Guangdong Expressway	12,849,018.98	12,443,094.27	Incl: Did not receive dividends of RMB12,016,219.23 of Legal shareholders overdue for over 1 year
Total	29,154,211.10	18,997,256.40	

24. Other payable

1.Age analyse

Items	Balance in year-end	Balance in year-begin
Within 1 year(Including 1 year)	177,509,087.21	151,278,057.13
1-2 years(including 2 years)	111,093,832.75	81,890,086.77
2-3 years(including 3 years)	27,726,142.11	1,012,270.06
Over 3 years	3,421,196.82	3,601,166.90
Total	319,750,258.89	237,781,580.86

3. There were other receivable from the main shareholders of the Company holding more than 5% (including 5%) of the total shares of the Company.

Items	Balance in year-end	Balance in year-begin
Guangdong Guanghui Expressway Co., Ltd.	105,000,000.00	
Guangdong Changda Highway Engineering Co., Ltd.	69,643,948.91	67,265,709.58
Guangdong Guanyueluqiao Co., Ltd.	22,357,818.44	20,703,516.68
Guangdong Expressway Co., Ltd.	2,793,419.35	41,859,802.55
Guangdong Communication Development Company	1,952,418.03	3,548,934.87
Xinyue Communication Investment Co., Ltd.	1,839,382.70	1,070,615.35
Guangdong Hualu communication Technology Co., Ltd.	255,254.50	272,754.50
Guangzhou Xinruan Computer Technology Co., Ltd.	99,130.00	27,500.00
Guangdong Highway Construction Co., Ltd.	73,610.38	
Guangdong Xinlu Adverting Co., Ltd.	30,000.00	30,000.00
Guangzhou Xinyue Asphalt Co., Ltd.	3,100.00	3,100.00
Guangdong West Coast Expressway Trading Co., Ltd.	0.33	9,006.18
Guangdong Shipping planning and design Institute		819,552.00
Guangdong Tongyi Expressway Services Area Co., Ltd		160,000.00
Guangzhou Putian Zhongzhi		170,923.84
Total	204,048,082.64	135,941,415.55

(3)High balance Other payable over 1 year has listed below

Name	Amount	Not Refund cause	Remark
Guangdong Changda Engineering	54,232,703.98	Project Quality guarantees/	

Name	Amount	Not Refund cause	Remark
Co., Ltd.		Bid Guarantees/Performance Guarantee	
Guangdong Guanyue Luqiao Co., Ltd.	13,272,239.00	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Guangdong Jingtong Highway Engineering Construction Group Co., Ltd.	12,303,550.00	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Zhongtie No.12 Bureau Group Co., Ltd.	11,434,672.00	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Zhongtie No.23 Bureau Group Co., Ltd.	6,119,815.50	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Jilin Great wall Highway Bridge construction Co., Ltd.	5,446,305.00	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Guangdong Expressway Co., Ltd.	2,582,769.86	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Zhiguang Jietong Technology Co., Ltd.	2,368,056.69	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Guangdong Xinguang International Group Co., Ltd.	2,290,633.08	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Guangdong Communication Development	1,318,137.00	Project Quality guarantees/ Bid Guarantees/Performance	

Name	Amount	Not Refund cause	Remark
Company		Guarantee	
Guangdong Xinyue Communication Investment Co., Ltd.	1,050,615.35	Project Quality guarantees/ Bid Guarantees/Performance Guarantee	
Total	112,419,497.46		

4.Large amount of other payables

Name	Amount	Content	Remark
Guangdong Guanghui Expressway Co., Ltd.	105,000,000.00	Entrusts loan	
Guangdong Changda Engineering Co., Ltd.	69,643,948.91	Project account	
Guangdong Guanyue Luqiao Co., Ltd.	22,357,818.44	Project account	
Guangdong Jingtong Highway Engineering Construction Group Co., Ltd.	16,839,579.00	Project account	
Zhongtie No.12 Bureau Group Co., Ltd.	15,951,299.00	Project account	
Jilin Great wall Highway Bridge construction Co., Ltd.	7,745,486.00	Project account	
Zhongtie No.23 Bureau Group Co., Ltd.	7,708,540.50	Project account	
Zhiguang Jietong Technology Co., Ltd.	3,184,247.69	Project account	
Guangdong Xinguang International Group Co., Ltd.	3,000,955.08	Project account	
Guangdong Expressway Co., Ltd.	2,793,419.35	Project account	
Guangdong Communication Development Company	1,952,418.03	Project account	
Hubei Luqiao Group Co., Ltd.	1,600,000.00	Project account	
Total	257,777,712.00		

25. Non-current liability due in 1 year

1.Type
26.Non-current liability due in 1 year

1.Type

Items	Balance in year-end	Balance in year-begin
Long-term loan	384,200,000.00	327,000,000.00
Bond payable		
Long-term payable		
Total	384,200,000.00	327,000,000.00

2. Long-term loan due in 1 year

Items	Balance in year-end	Balance in year-begin
Pledge Loan		
Mortgage loan		
Guarantee loan		
Credit loan	384,200,000.00	327,000,000.00
Total	384,200,000.00	327,000,000.00

The long-term loans due within one year and belong to overdue loans gain the extension amount is RMB 0.00.

4. 2.Long-term loans due in 1 year top 5 in amount

Unit	Date of commencement of loan	Loan termination date	Currency	Interest rate (%)	Balance in year-end		Balance in year-begin	
					Foreign currency	RMB	Foreign currency	RMB
ICBC.Guangzhou Second Branch	2005-7-28	2012-10-30	RMB	6.345		150,000,000.0 0		
SPD Bank, Jiefang Road Branch	2010-4-2	2012-11-18	RMB	5.985		150,000,000.0 0		
Agricultural Bank of China	2009-5-31	2012-5-31	RMB	5.760		40,000,000.00		
SPD Bank, Jiefang Road Branch	2009-4-28	2012-4-27	RMB	5.985		11,700,000.00		
SPD Bank, Jiefang Road Branch	2009-3-24	2012-3-23	RMB	5.985		9,000,000.00		
Industrial Bank Co., Ltd.Guangzhou Tianhe North Branch	2004-12-15	2011-11-27	RMB	5.346				100,000,0 00.00
SPD Bank, Jiefang Road	2008-12-26	2011-12-25	RMB	4.860				70,000,00

Branch								0.00
China Merchants Bank .Baiyun Road Branch	2008-1-10	2011-1-9	RMB	4.860				60,000,00
								0.00
China Merchants Bank .Guangzhou World trade building Branch	2006-5-11	2011-5-11	RMB	5.184				50,000,00
								0.00
ICBC.Guangzhou Fangchun Branch	2008-6-26	2011-6-15	RMB	4.860				47,000,00
								0.00
Total						360,700,000.0		327,000,0
						0		00.00

27. Long –term loan

1.Type analyse

Items	Balance in year-end	Balance in year-begin
Pledoe Loan		
Mortgage loan		
Guarantee loan		
Credit loan	3,309,764,803.54	3,575,964,803.54
Total	3,309,764,803.54	3,575,964,803.54

2. The top five of long-term loans

Unit	Date of commencement of loan	Loan termination date	Currency	Interest rate	Balance in year-end		Balance in year-begin	
					Foreign currency	RMB	Foreign currency	RMB
China merchants Bank.Guangzhou World Trade Building Branch	2006-5-11	2024-5-26	RMB	The 10%Bench mark interest rates downward		900,000,00 0.00		950,000,000.00

Construction Bank ,Guangzhou Liwan Branch	2003-9-29	2020-4-29	RMB	The 10%Bench mark interest rates downward	830,534,80 3.54	832,534,803.54
ICBC Guangzhou Second Branch	2003-11-14	2023-8-31	RMB	The 10%Bench mark interest rates downward	450,000,00 0.00	450,000,000.00
Communications Bank ,Fengchi Branch	2008-3-26	2015-3-26	RMB	The 10%Bench mark interest rates downward	444,000,00 0.00	354,000,000.00

Huaxia Bank ,Guangzhou Branch	2010-3-25	2019-9-27	RMB	The 10%Bench mark interest rates downward	270,000,000.00	270,000,000.00
Total					2,894,534,803.54	2,856,534,803.54

28. Bonds payable

Name	Par Value	Date of Issued	Bonds term	Issued amount	Interest payable in year-beginning	Interest payable in this period	Interest paid in this period	Interest payable in year-end	Balance in year-end
09 Guangdong Expressway debt	100.00	2009-9-23	5 years	800,000,000.00	11,333,333.33	40,800,000.00	40,800,000.00	11,333,333.33	793,792,109.05
11Guangdong Expressway MTN1	100.00	2011-10-13	5 years	1,000,000,000.00		14,900,277.77		14,900,277.77	997,000,000.00
Total				1,800,000,000.00	11,333,333.33	55,700,277.77	40,800,000.00	26,233,611.10	1,790,792,109.05

29. Long-term payable

Items	Items	Balance in year-end	Balance in year-b
Non-operating assets of payable	2,022,210.11	2,022,210.11	
Total	2,022,210.11	2,022,210.11	

30. Capital stocks

Items	Balance in year-begin	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
1.Shares with conditional subscription							
1.State-owned shares	409,910,135				10,144	10,144	409,920,279
2.State –owned legal person shares	22,301,977						22,301,977
3.Other domestic shares	8,364,452				-75,558	-75,558	8,288,894
Including: Domestic legal person shares	7,835,481				-174,345	-174,345	7,661,136
Domestic natural person shares	528,971				98,787	98,787	627,758
4. Foreign shares							
Including: Foreign legal person							

Items	Balance in year-begin	Changed (+, -)					Balance in year-end
		Issuance of new share	Bonus shares	Capitalization of public reserve	Other	Subtotal	
shares							
Foreign natural person shares							
5. Executives shares	198,857				-2,819	-2,819	196,038
Total Shares with conditional subscription	440,775,421				-68,233	-68,233	440,707,188
2. Shares with unconditional subscription							
(1). Common shares in RMB	467,592,327				68,233	68,233	467,660,560
(2). foreign shares in domestic market	348,750,000						348,750,000
(3). Foreign shares in overseas market							
4. Other							
Total Shares with unconditional subscription	816,342,327				68,233	68,233	816,410,560
3. Total of capital shares	1,257,117,748						1,257,117,748

Notes 1. In the report period, 23 shareholders repaid 10,144 shares to Guangdong Communication Group Co., Ltd. as consideration. domestic natural person shares were converted into state shares, were still the shares with limited sale conditions.

2. In the report period, 174,345 domestic natural person shares subject to sale restriction were converted into domestic natural person shares, which were still subject to sale restriction.

3. In the report period,

A total of 65,414 shares of sale conditions stocks held by shareholders on August 8, 2011 were removed of restriction on sales and could circulate on the stock market. They were converted to tradable stocks of consideration stocks.

4. At the end of previous year, the shares held by the senior executives of the Company decreased. In the report period, 2819 shares held by senior executives changed from "restricted shares" into "unrestricted shares".

31. Capital reserves

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Share capital premium	1,534,759,970.60			1,534,759,970.60
Other capital reserves	422,398,744.97		259,200,000.00	163,198,744.97
Total	1,957,158,715.57		259,200,000.00	1,697,958,715.57

Notes: The Capital reserves decreased because of the changing of sellable financial assets fair value in this period

32. Surplus reserves

Items	Balance in year-begin	Increase in this period	Decrease in this period	Balance in year-end
Statutory Surplus reserves	164,481,109.54	27,015,276.48		191,496,386.02
Statutory commonweal fund				
Repertory fund				
Enterprise Development fund				
Total	164,481,109.54	27,015,276.48		191,496,386.02

In accordance with Company Charter, the company drew the statutory surplus fund according to 10% of net profit of the parent company.

33. Retained profit

G.

Items	Amount	Extraction or distribution of the ratio
Before adjustment: Retained profit at the end of last year	904,494,101.24	
Adjustment: Retained profit at the beginning of current year	216,786,205.90	
After Adjustment: Retained profit at the beginning of current year	27,015,276.48	
Add: Net profit attributable to the owners of parent company		
Less: Withdrawing statutory surplus public reserve		
Withdrawing statutory Discretionary surplus public reserve	125,711,774.80	RMB 1.00 is to be paid

		for every 10 shares (Including tax)
Common stock dividend payable		
Transferring into capital	968,553,255.86	
Retained profit at the end of this term		

34. Operating income and operating cost

1. Operating income and operating cost

Items	Report period		Same period of the previous year	
	Income	Cost	Income	Cost
Main operation	1,068,795,146.40	626,140,565.05	993,797,335.17	515,145,693.94
Other operation	9,247,566.53	3,241,037.95	8,422,165.03	3,175,348.60
Total	1,078,042,712.93	629,381,603.00	1,002,219,500.20	518,321,042.54

2. Main operating (Industry)

Items	Report period		Same period of the previous year	
	Income for main operation	Cost for main operation	Income for main operation	Cost for main operation
Highway Transportation	1,057,165,655.43	614,407,359.35	986,981,956.52	508,673,354.43
Other	11,629,490.97	11,733,205.70	6,815,378.65	6,472,339.51
Total	1,068,795,146.40	626,140,565.05	993,797,335.17	515,145,693.94

(3) Main operating (Product)

Items	Report period		Same period of the previous year	
	Income for main operation	Cost for main operation	Income for main operation	Cost for main operation
Toll income	1,057,165,655.43	614,407,359.35	986,981,956.52	508,673,354.43
Other	11,629,490.97	11,733,205.70	6,815,378.65	6,472,339.51
Total	1,068,795,146.40	626,140,565.05	993,797,335.17	515,145,693.94

(4) Main operating (Area)

Items	Report period	Same period of the previous
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	year			
	Income for main operation	Cost for main operation	Income for main operation	Cost for main operation
Guangfo Expressway	300,936,474.29	256,873,235.78	276,478,742.16	174,997,308.73
Fokai Expressway	702,814,927.14	313,680,057.61	665,176,839.36	300,369,254.60
Jiujiang Bridge	53,414,254.00	43,854,065.96	45,326,375.00	33,306,791.10
Other	11,629,490.97	11,733,205.70	6,815,378.65	6,472,339.51
Total	1,068,795,146.40	626,140,565.05	993,797,335.17	515,145,693.94

35. Business tax and subjoin

Items	Report period	Same period of the previous year	Standard
Business tax	34,160,685.46	31,711,711.77	3%、5%
Urban construction tax	2,385,570.67	1,647,884.35	7%
Education surcharge	1,025,333.42	708,466.77	3%
Defend expense	1,294,961.70	1,212,692.87	0.1%-0.12%
Locality Education surcharge	683,342.14		2%
Culture Construction fee	86,042.79	89,642.88	
Other	10,151.00		
Total	39,646,087.18	35,370,398.64	

36. Management expenses

Items	Report period	Same period of the previous year
Wage	90,843,608.87	72,078,499.97
Insurance expenses	118,509.00	80,946.00
Depreciation of fixed assets	6,585,757.10	5,494,428.96
Repairs fees	165,720.81	480,551.06
Amortization of intangible assets	49,738.56	20,724.40
Low consumables amortization	1,133,802.21	1,463,633.25
Inventory loss	3,845.23	

Items	Report period	Same period of the previous year
Entertainment expenses	8,021,488.62	6,657,644.96
Travel Expenses	4,156,606.93	3,856,341.61
Office Expenses	3,419,047.56	3,635,411.34
Water and electricity	581,546.85	574,993.90
Taxes	2,941,852.41	2,596,353.21
Leased expresses	2,235,327.60	2,112,296.16
Lawsuit expenses	493,136.76	399,089.50
The fee for hiring agency	2,040,282.50	1,519,189.75
Consultation expenses	430,152.75	691,276.90
Directorate Expenses	1,086,156.40	784,485.10
Other	24,383,744.12	18,087,119.36
Total	148,690,324.28	120,532,985.43

37. Financial Expenses

Items	Report period	Same period of the previous year
Interest expense	233,019,366.37	163,549,517.54
Less: Deposit interest income	3,339,085.62	1,638,076.34
Exchange income and loss (Income-)	-90,662.08	-206,073.81
Bank commission charge	2,324,556.64	224,250.26
Total	231,914,175.31	161,929,617.65

38. Loss for depreciation of assets

Items	Report period	Same period of the previous year
1. Loss for bad debts	-985,513.61	-5,296.28
2. Loss for falling price of Inventory		
3. Loss for devaluation of financial asset available for sales		
4. Loss for devaluation of held-to maturity investment		
5. Loss for devaluation of long-term equity investment		
6. Loss for devaluation of investing property		
7. loss for devaluation of fixed assets		

Items	Report period	Same period of the previous year
8. loss for devaluation of engineering materials		
9. loss for devaluation of construction in progress		
10. loss for devaluation Of productive biological asset		
11. loss for devaluation of oil asset		
12. loss for devaluation of intangible asset		
13. loss for devaluation of goodwill		
14. other	-985,513.61	-5,296.28
Total		

39. Investment income

1. Investment income

Items	Report period	Same period of the previous year
Long-term equity investment income by costing		1,018,765.09
Long-term equity investment income by equity method	323,445,172.62	340,496,439.38
Dispose the investment income from the long-term equity investments		
Hold the investment income which gained from the transactional financial assets		
Gain the investment income from the held-to-maturity investment		
Hold the investment income during from available-for-sale financial assets	22,704,000.00	
Dispose the investment income from the transactional financial assets		
Dispose the investment income from the held-to-maturity investment		
Dispose the investment income from the available-for-sale financial assets		
Other		
Total	346,149,172.62	341,515,204.47

2. long-term equity investment incomes did not confirm by equity method include:

3. long-term equity investment incomes confirmed by equity method include::

Unit	Report period	Same period of the previous year	Reason to increase
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			or decrease
Guangdong Guanghui Expressway	148,852,678.37	165,604,253.85	Decrease in net profit Investment Unit
Jingzhu Expressway Guangzhu	116,700,669.50	126,283,323.63	Decrease in net profit Investment Unit
Guangdong Maozhan Expressway Co., Ltd.	18,966,225.91	7,944,780.08	Increase in net profit Investment Unit
Shenzhen Huiyan Expressway	43,386,452.06	52,986,434.87	Decrease in net profit Investment Unit
Guangdong Jiangzhong Expressway	7,010,101.68	6,205,429.55	Increase in net profit Investment Unit
Zhaoqing Yuezhao Highway	12,953,493.77	25,772,567.54	Decrease in net profit Investment Unit
Guangdong Guangle Expressway	-1,855,898.27		Not yet operate
Gankang Kangda Expressway	-5,200,577.22	-33,058,372.18	Decrease in loss investment unit
Ganzhou Gangkang Expressway	-17,367,973.18	-11,241,977.96	Was operated by the end of last period from Investment Unit
Total	323,445,172.62	340,496,439.38	

4. Undispose the investment income from the long-term equity investments

5. The company has no big restriction on the investment earning repatriation.

40. Non-operation income

1. Type

Items	Report period	Same period of the previous year	The amount of non-operating gains & loss
Total profits of non-current assets disposal	76,724.87	14,885,432.20	76,724.87

Including: Fixed asset disposal profits	76,724.87	14,885,432.20	76,724.87
Intangible asset disposal profits			
construction in progress disposal profit			
Other			
Debt restructuring profits			
Non-monetary assets exchange profit			
Donation income			
Government Subsidy	371,600.00	150,000.00	371,600.00
Check income			
Road permits claims income	7,729,732.94	1,866,585.01	7,729,732.94
Total	4,790,317.55	1,746,515.70	4,790,317.55
Total	12,968,375.36	18,648,532.91	12,968,375.36

2. Governmental subsidy details

Items	Report period	Same period of the previous year	Explanation
Power supply and distribution of complex sections of the energy saving and environmental protection of large variable information on key technology research project funds	200,000.00		Department of Communications of Guangdong Province science and technology grant
Energy saving emission reduction demonstration project	100,000.00	100,000.00	
Big tax-payer rewards	50,000.00	50,000.00	Our company had received the big tax-payer rewards from Guangzhou Baiyun

			District People's Government
Incentives of trade new auto for old	21,600.00		Incentives of trade new auto for old of Guangzhou National Resources Recycling Association
Total	371,600.00	150,000.00	

41. Non-Operation expense

Items	Report period	Same period of the previous year	The amount of non-operating gains & losses
1.Total of non-current asset Disposition loss	139,982,019.46	30,188,971.42	139,982,019.46
Incl: loss of fixed assets disposition	139,982,019.46	30,188,971.42	139,982,019.46
Loss of Intangible assets disposition			
construction in progress disposal loss			
Debt restructuring loss			
Non-monetary assets exchange profit			
Foreign donation			
Unusual loss			
Assets retirement, loss of mutilation			
Expense of fine	3,740.49	190,954.23	3,740.49
Other	2,223,282.85	1,450,156.93	2,223,282.85
Total	142,209,042.80	31,830,082.58	142,209,042.80

Guangdong Buddha Expressway Co., Ltd., the shareholding subsidiary of the company, is conducting the major repair project from XieBian to SanBao, along which the BeiJiang Bridge

Project is being partially dismantled, and the abandoned assets and the dismantled expenses all are belong to the non-operating expenditure. See Notes X.5.

42. Income tax expenses

Items	Report period	Same period of the previous year
The current income tax calculated by the tax law and the relevant regulations	21,078,183.01	36,114,176.05
Adjustment of Deferred income tax	1,353,196.99	19,957,901.34
Total	22,431,380.00	56,072,077.39

43. Calculation of Basic earnings per share and Diluted earnings per share

Items	Line	Report period	Same period of the previous year
Net profit attributable to shareholders of parent company	1	216,786,205.90	388,478,016.28
Non-current gains and losses attributable to parent company	2	-69,919,642.78	-7,261,988.26
Net profit attributable to shareholders of parent company after deduction of non-current gains and losses	3=1-2	286,705,848.68	395,740,004.54
Total shares at the beginning of the year	4	1,257,117,748.00	1,257,117,748.00
Additional share capital transferred from public reserve or additional shares from shares dividend distribution	5		
Additional shares from issuing new shares or debt-converted shares	6		
Accumulative months of the additional share commencing from the next month till the end of the year	7		
Decreased shares due to repurchase	8		
Accumulative months of the decreased shares commencing from the next month till the end of the year	9		

Items	Line	Report period	Same period of the previous year
Months during the report period,	10	12	12
Weighted average of comm. Shares issued	$11=(4+6 \times 7 \div 10-8 \times 9 \div 10) \times (4+5+6) \div (4+6)$	1,257,117,748.00	1,257,117,748.00
Basic earning per share	$12=1 \div 11$	0.17	0.31
Basic earning per share	$13=3 \div 11$	0.23	0.31
Diluted potential comm. Shares dividend recognized as expense	14		
Income tax rate	15		
Conversion expense	16		
Weighted average of comm. Shares added through warrant, exercise of option and convertible bonds	17		
Diluted earnings per share	$18=[1+(14-16) \times (1-15) \div (11+17)]$	0.17	0.31
Diluted earnings per share	$19=[3+(14-16) \times (1-15) \div (11+17)]$	0.23	0.31

44. Other comprehensive income

Items	Amount of current period	Amount of previous period
1. Loss amount produced by sellable financial assets		
Less: Deduct: income tax infection produced by sellable financial assets		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period	-259,200,000.00	422,400,000.00
Subtotal		

2. The enjoyed share in other comprehensive income of other invested unit according to equity method		
Less: Deduct: income tax infection produced from the enjoyed share in other comprehensive income of other invested unit according to equity method		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Subtotal		
3.. Benefit (or loss) amount produced from cash flow		
Less: Deduct: income tax infection produced from cash flow hedging instruments		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Transferred to the adjustment of initial confirmation amount of items at hedged period		
Subtotal		
4. Translating difference in foreign currency financial reports		
Less: Deduct: net amount that transferred into profit and loss at current period in disposed overseas business		
Subtotal		
5..Other		
Less : taxation infection arising from reckoning other comprehensive income.		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		

Subtotal		
Total		
Less: Deduct: income tax infection produced by sellable financial assets		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Subtotal	-259,200,000.00	422,400,000.00
2. The enjoyed share in other comprehensive income of other invested unit according to equity method		
Less: Deduct: income tax infection produced from the enjoyed share in other comprehensive income of other invested unit according to equity method		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Subtotal		
3.. Benefit (or loss) amount produced from cash flow		
Less: Deduct: income tax infection produced from cash flow hedging instruments		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Transferred to the adjustment of initial confirmation amount of items at hedged period		
Subtotal		
4. Translating difference in foreign currency financial reports		
Less: Deduct: net amount that transferred into profit and loss at		

current period in disposed overseas business		
Subtotal		
5..Other		
Less : taxation infection arising from reckoning other comprehensive income.		
Net amount transferred into profit and loss at current period that reckoned into other comprehensive income at former period		
Subtotal		
Total	-259,200,000.00	422,400,000.00

Notes: The Company is an investment enterprise. After deduction of investment income not subject to tax payment, tax loss occurs each year, which is to be made up in the future. Based on the principle of prudence, the Company has not recognized deferred income tax assets corresponding to uncovered losses. As it is expected that the income from the disposal of financial assets available for sale is insufficient to make up the Company's tax loss, the Company needs not pay income tax. Therefore, the Company will not calculate the influence on income tax arising from these financial assets available for sale.

45. Note Cash flow statement

1. Other cash received from business operation

Items	Amount
Newwork received toll income	2,800,334.99
Quality Guarantee Fund, Deposit	19,713,207.45
Interest income	4,291,670.90
Unit current account	94,173,056.41
Total	120,978,269.75

2. Other cash paid for business activities

Items	Amount
New work received toll income	730,009.10
Management expense	49,434,542.32
Unit current account	124,201,916.05
Total	174,366,467.47

46. Supplement Information of Cash flow statement

1. Supplement Information of Cash flow statement

Supplement Information	Report period	Same period of the previous year
I.Adjusting net profit to net cash flow in operating activities		
Net profit	223,873,161.95	438,332,329.63
Add: Asset devaluation reserve provided	-985,513.61	-5,296.28
Fixed assets depreciation, Oil and gas depreciation, Produce matter depreciation	371,531,979.35	239,140,487.34
Amortization of intangible assets	8,255,104.35	7,546,826.89
Amortization of long-term expenses to be amortized	60,522.60	60,522.61
The loss from the disposal of fixed assets, intangible assets and other long-term assets	216,826.41	680,361.47
Loss from scrapping of fixed assets	139,688,468.18	14,623,177.75
Loss from fair change		
Financial expenses	233,019,366.37	163,549,517.54
Investment loss	-346,149,172.62	-341,515,204.47
decrease of deferred tax assets		10,000,000.00
Increase of deferred tax Liabilities	1,353,196.99	9,957,901.34
Decrease of inventories	279,948.92	-59,806.01
Decrease of operating accounts receivable	-3,064,653.66	6,374,935.21
Increase of operating accounts payable	-7,771,119.84	41,608,075.23

Supplement Information	Report period	Same period of the previous year
Other		
Net cash flow generated from operating activities	620,308,115.39	590,293,828.25
II. Investment and financing activities not involving cash receipts and expenditure		
Transferring debts to capital		
Convertible corporate bond to mature within one year		
Leasing fixed assets through financing		
III. Net increase of cash and cash equivalent		
Balance of cash at the end of the period	1,018,999,531.05	258,881,333.75
Less: Balance of cash at the beginning of the period	258,881,333.75	218,754,995.03
Add: Balance of cash equivalent at the end of the period		
Less: Balance of cash equivalent at the beginning of the period		
Net increase of cash and cash equivalent	760,118,197.30	40,126,338.72

2. Relevant information of subsidiaries and other business units obtained or disposed in current period

Nil .

3. Composition of cash and cash equivalents:

Items	Balance in year-end	Balance in year-begin
I. Cash	1,018,999,531.05	258,881,333.75
Incl: Stock cash	84,289.76	111,423.87
Bank deposits which can be used at any time	1,005,804,777.29	248,396,954.66

Other monetary funds which can be used at any time	1,036,807.10	457,925.21
Money kept in central bank which can be used		
Money deposited in same industry		
Money separated in same industry	1,018,999,531.05	258,881,333.75
II. Cash equivalent	12,073,656.90	9,915,030.01
Incl : Bond investment due in three months		
III. Balance of cash equivalent at the end of the period		
Incl: Parent company and subsidiaries in the group used the limited ash and cash equivalents		

Notes: Ending cash and cash equivalents balance include the clearing account fund of use-restricted tolls were RMB 12,073,656.

VI. Related parties and related transactions

H. 1. Related parties

I. (1) Particulars about the parent company of the Company

J.

Name	Related parties	Type	Registered address	Legal representative	Nature
Guangdong communication Group Co., Ltd.	Parent Company	State owned Co., Ltd.	No. 27, Baiyun Road, Yuexiu District , Guangzhou.	Zhu Xiaoling	Equity management, traffic infrastructure construction and railway project operation

Notes : Guangdong Communication Group Co., Ltd. is the largest shareholder of the Company. legal representative: Zhu Xiaoling. Date of establishment: June 23, 2000. As of June 30, 2011, Registered capital: RMB 26.8 billion. It is a solely state-owned limited company. Business scope: equity management, organization of asset reorganization and optimized allocation, raising funds by means including mortgage, transfer of property rights and joint stock system transformation, project investment, operation and management, traffic infrastructure construction, highway and railway project operation and relevant industries, technological development, application, consultation and services, highway and railway passenger and cargo transport, ship industry, relevant overseas businesses (if the above mentioned business scope requires licenses to operate, then operation licenses are required) .

2.Particulars of the subsidiaries

Name	Related parties	Type	Registered address	Legal representative	Nature	Registered capital	The subsidiaries of the Company's shareholding ratio	The subsidiaries of the Company's vote ratio	Organization Code
Guangfo Expressway	Subsidiary	Limited liability Company(Taiwan, Hong Kong and Macao and in cooperation)	Shabei West,Guangzhou	Zhou Yuming	Expressway Management	20,000.00	75.00	75.00	617401437
Guangdong Fokai Expressway	Subsidiary	Limited liability Company	No.83, Baiyun Road, Yuexiu District ,Guangzhou	Li Xiyuan	Expressway Management	110,800.00	75.00	75.00	231124318
Guangdong Expressway Technology Investment Co.,	Wholly-Owned subsidiary	Limited liability Company (Foreign-invested enterprises and domestic join	4/F,Guangdong Expressway Building, No.85, Baiyun Road, Yuexiu District, Guangzhou	Xiao Laijiu	Investment in technical industries and provision of relevant	10,000.00	100.00	100.00	731456984

Ltd.					consulting services				
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3. Information of Joint venture and Affiliated company

Name	Type	Registered address	Legal representat ive	Nature	Registered capital (RMB'0000)	Held Share proportion(%)	Voting proportion(%)	Related parties	Orgabuzatuib code
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I. Joint venture

1. Guangdong Expressway Co., Ltd.	Guanghui	Limited liability Company	Guangzhou, Guangdong	Liu Gangliang	Expressway Management	2,351,678,000.00	30.00	30.00	Joint venture	707685410
2. Zhaoqing Highway Co., Ltd.	Yuezhao	Limited liability Company	Zhaoqing, Guangdong	Wang Jiachen	Expressway Management	818,300,000.00	25.00	25.00	Joint venture	708157003
3. Beijing Gelin Enze		Limited liability Company	Beijing	Wang Jianji	Organic fertilizer production and sell	20,000,000.00	35.00	35.00	Joint venture	759411622

Name	Type	Registered address	Legal representative	Nature	Registered capital (RMB'0000)	Held Share proportion(%)	Voting proportion(%)	Related parties	Orgabuzatuib code
II. Affiliated company									
1.Shenzhen Huiyan Expressway Co., Ltd.	Limited liability Company	Shenzhen, Guangdong	Xu Xiaoyang	Expressway Management	36,000,000.00	33.33	33.33	Affiliated company	192203792
2.Guangdong Maozhan Expressway Co., Ltd.	Limited liability Company	Guangzhou, Guangdong	Li Jinfeng	Expressway Management	1,120,000,000.00	20.00	20.00	Affiliated company	707668637
3. Jingzhu Expressway Guanzhu	Limited liability Company	Guangzhou, Guangdong	Lu Yaxing	Expressway Management	580,000,000.00	20.00	20.00	Affiliated company	617401445
4.Guangdong Jiangzhong Expressway Co., Ltd.	Limited liability Company	Guangzhou, Guangdong	Lu Yaxing	Expressway Management	1,045,000,000.00	15.00	15.00	Affiliated company	742962356

Name	Type	Registered address	Legal representative	Nature	Registered capital (RMB'0000)	Held Share proportion(%)	Voting proportion(%)	Related parties	Orgabuzatuib code
5.Ganzhou Expressway	Kangda Other Limited liability Company	Ganzhou, Jiangzi	Yao Diming	Expressway Management	600,000,000.00	30.00	30.00	Affiliated company	772390395
6.Ganzhou Expressway Co., Ltd.	Gankang Limited liability Company	Ganzhou, Jiangxi	Liu Zequan	Expressway Management	700,000,000.00	30.00	30.00	Affiliated company	799467196
7.Guangdong Expressway Co., Ltd.	Guangle Limited liability Company	Guangzhou, Guangdong	Li Jinfeng	Expressway Management	500,000,000.00	30.00	30.00	Affiliated company	69693015X

4. Other Related parties

Name	Relation with the Company	Organization Code
Guangdong Expressway Co., Ltd.	Fully owned subsidiary of the parent company	190330413
Guangdong Nanyue Logistics Co., Ltd.	Fully owned subsidiary of the parent company	719285123
Guangdong Changda highway Co., Ltd.	Fully owned subsidiary of the parent company	190334510
Guangdong Guanyue Luqiao Co., Ltd.	Fully owned subsidiary of the parent company	231129768
Guangdong Hualu communication Technology Co., Ltd.	Fully owned subsidiary of the parent company	736195293
Guangdong Shipping Planning and Design Institute	Fully owned subsidiary of the parent company	455857764
Guangdong Xinyue Communication Investment Co., Ltd.	Fully owned subsidiary of the parent company	707656521
Guangdong Gaoda Property Development Co., Ltd.	Fully owned subsidiary of the parent company	707685592
Guangdong East Thinking Management Technology Development Co., Ltd.	Fully owned subsidiary of the parent company	724762107
Guangzhou Xinruan Computer Technology Co., Ltd.	Fully owned subsidiary of the parent company	725017352
Guangdong Communication Development Company	Fully owned subsidiary of the parent company	190324937
Guangdong Tongyi Expressway Services Area Co., Ltd.	Fully owned subsidiary of the parent company	724795996
Guangdong Lulutong Co., Ltd.	Fully owned subsidiary of the parent company	231125505
Guangdong Xinlu Adverting Co., Ltd.	Fully owned subsidiary of the parent company	747072344
Guangzhou Xinyue Asphalt Co., Ltd.	Fully owned subsidiary of the parent company	714289942
Guangdong Highway Construction Co.,Ltd.	Fully owned subsidiary of the parent company	190335177

Name	Relation with the Company	Organization Code
Guangdong Zhaoyang Expressway Co.,Ltd.	Fully owned subsidiary of the parent company	681314303
Guangdong Kaiyang Expressway Co., Ltd.	Fully owned subsidiary of the parent company	712226008
Guangdong Yuzhan Expressway Co., Ltd.	Fully owned subsidiary of the parent company	752877577
Guangdong Shanfen Expressway Co., Ltd.	Fully owned subsidiary of the parent company	719339187
Guangdong Yunwu Expressway Co., Ltd.	Fully owned subsidiary of the parent company	75108396X
Guangdong Shenshan West Expressway Co., Ltd.	Fully owned subsidiary of the parent company	675660592
Guangdong Zhanxu Expressway Co., Ltd.	Fully owned subsidiary of the parent company	679739898
Yunfu Guangyun Expressway Co., Ltd.	Fully owned subsidiary of the parent company	744489224

(II) Related transactions.

1. The transactions among the subsidiaries that have controlling relations and have been incorporated into the consolidated accounting statements of the Company and the transactions among the parent companies and subsidiaries have been offset.

2 Related transactions on purchasing goods and receiving services

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
1. Operating costs						
Guangdong Xinyue Communication Investment Co., Ltd.	Project fund	Market price	2,206,909.00	0.35	729,440.00	0.14
Guangdong Guanghui Expressway Co., Ltd.	Project fund	Market price	2,154,166.67	0.34	1,787,500.00	0.34
Zhaoqing Yuezhao Highway	Project fund	Market price	225,000.00	0.04		

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
Co., Ltd.						
Guangdong Communication Group Testing Center	Project fund	Market price	455,075.00	0.07		
Guangdong Changda highway Co., Ltd.	Project fund	Market price	6,467,803.31	1.03	69,411,705.00	13.39
Guangdong Guanyue Luqiao Co., Ltd.	Project fund	Market price	5,273,697.86	0.84	20,663,380.40	3.99
Guangdong Hualu communication Technology Co., Ltd	Project fund	Market price	1,606,993.00	0.26	5,530,290.60	1.07
Guangzhou Xinruan Computer Technology Co., Ltd	Project fund	Market price	1,654,530.00	0.26	704,250.00	0.14
Guangdong Communication Development Company	Project fund	Market price	4,175,986.77	0.66	126,187.00	0.02
Guangdong East Thinking Management Technology Development Co., Ltd.	Project fund	Market price	100,000.00	0.02	100,000.00	0.02
Guangdong Shipping Planning and Design Institute	Project fund	Market price			3,390,959.90	0.65
Xinyue Co., Ltd.	Project fund	Market price			2,057,876.00	0.40
Subtotal of Operating costs			24,320,161.61	3.86	104,501,588.90	20.16
2. Management expenses						
Guangdong Gaoda Property	Rent and	Market	2,235,327.60	1.50	2,436,644.49	2.02

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
Development Co., Ltd.	property management	price				
Guangzhou Xinruan Computer Technology Co., Ltd.	Services fee	Market price	120,000.00	0.08		
Subtotal of Management expenses			2,358,327.60	1.58	2,436,644.49	2.02
3.Financial Expenses						
Guangdong Communication Group Co., Ltd.	Services fee	Market price	594,959.55	0.26	180,000.00	0.11
Guangdong Guanghui Expressway Co., Ltd.	Interest	Market price	5,083,575.00	2.19		
Guangdong Expressway Co., Ltd.	Interest	Market price	85,062.50	0.04		
Subtotal of financial expenses			5,763,597.05	2.49	180,000.00	0.11
4.Non-operating expenses						
Guangdong Communication Development Company	Project fund	Market price			30,671.86	0.10
Guangdong Xinyue Communication Investment Co., Ltd.	Project fund	Market price			90,000.00	0.28
Subtotal of Non-operating expenses					120,671.86	0.38
5. Construction on process						

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
Guangdong highway Co., Ltd.	Changda Project fund	Market price	264,935,106.00	27.24	320,398,498.44	25.58
Guangdong Luqiao Co., Ltd.	Guanyue Project fund	Market price	153,899,865.00	15.82	102,756,999.00	8.20
Guangdong Expressway Co., Ltd.	Project fund	Market price	23,832,620.26	2.45		
Guangdong communication Co., Ltd.	Hualu Technology Project fund	Market price	8,039,482.00	0.83	6,546,061.69	0.52
Guangdong Communication Co., Ltd.	Xinyue Investment Project fund	Market price	859,528.00	0.09	1,443,230.00	0.12
Guangzhou Computer Technology Co., Ltd.	Xinruan Project fund	Market price	650,000.00	0.07		
Guangdong Construction Co., Ltd.	Highway Project fund	Market price			10,038,485.60	0.80
Guangdong Expressway Co., Ltd.	Zhaoyang Tender notice advance and royalties	Market price			45,586.00	0.00
Subtotal of Construction on process			452,216,601.26	46.49	441,228,860.73	35.22

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
6.Fixed assets						
Guangdong Luqiao Co., Ltd.	Guanyue Project fund	Market price			15,077,900.30	16.67
Guangdong Communication Development Company	Project fund	Market price			1,834,293.00	2.03
Guangdong Logistics Co., Ltd.	Nanyue Materials	Market price			3,703,752.66	4.09
Guangdong Communication Co., Ltd.	Xinyue Investment fund	Project Market price	2,390,747.35	0.31	201,800.00	0.22
Guangdong Co., Ltd.	Expressway mandatory construction on management fee	Market price			2,104,018.35	2.33
Guangdong communication Co., Ltd.	Hualu Technology	Project fund	206,800.00	0.03	313,595.60	0.35
Guangzhou Computer Technology Co., Ltd.	Xinruan	Project fund			127,000.00	0.14
Xinyue Co., Ltd.	Project fund	Market price			194,396.10	0.21
Subtotal of Fixed assets			2,597,547.35	0.34	23,556,756.01	26.04

Related parties	Content of related transaction	Pricing principle of related transactions	Amount in current period		Amount in last period	
			Amount	Proportion (%)	Amount	Proportion (%)
7.Intangible assets						
Guangdong Xinyue Communication Investment Co., Ltd.	Procurement goods	Market price	1,710,814.00	78.60		
Guangzhou Xinruan Computer Technology Co., Ltd.	Procurement goods	Market price	80,000.00	3.68		
Subtotal of Intangible assets			1,790,814.00	82.28		

3.Related transactions on sale goods and receiving services

Related parties	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
			Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
1. Operating Income						
Guangdong Expressway Co., Ltd.	Project fund	Market price	767,677.04	0.07		
Guangdong Yuzhan Expressway Co., Ltd.	Project fund	Market price			285,876.00	0.03
Guangdong Kaiyang Expressway Co., Ltd.	Project fund	Market price	1,158,164.00	0.11	889,584.00	0.09
Guangdong Shanfen Expressway Co., Ltd.	Project fund	Market price				
Guangdong Maozhan	Project	Market			314,688.00	0.03

Related parties	Content of related transaction	Pricing principle of related transactions	Number happened in current period		Number happened in last period	
			Amount (RMB)	Proportion (%)	Amount (RMB)	Proportion (%)
Expressway Co., Ltd.	fund	price				
Yunfu Guangyun Expressway Co., Ltd.	Project fund	Market price	122,855.00	0.01		
Zhaoqing Guanghe Expressway Co., Ltd.	Project fund	Market price	1,787,861.20	0.17		
Guangdong Expressway Co., Ltd.	Guanghui Project fund	Market price	1,993,930.00	0.18	311,058.34	0.03
Zhaoqing Yuezhao Highway Co., Ltd.	Project fund	Market price	1,864,728.00	0.17	1,174,274.00	0.12
Guangdong Luqiao Co., Ltd.	Guanyue Project fund	Market price	1,446,627.77	0.13		
Guangdong Highway Co., Ltd.	Changda Land rental	Market price	74,870.00	0.01	2,000.00	0.00
Guangdong Luqiao Co., Ltd.	Guanyue Land rental	Market price	156,633.00	0.01	135,860.00	0.01
Xinyue Co., Ltd.					1,000.00	0.00
Guangdong West Coast Expressway Trading Co., Ltd.					489,713.00	0.05
Subtotal of Operating Income			9,373,346.01	0.87	3,604,053.34	0.36

4. Other Relationships Transactions

(1) The 3rd meeting of the sixth board of directors of the Company was held on

April 22, 2010, The meeting examined and adopted the Proposal for Borrowing Entrusted Loan from Guangdong Guanghui Expressway Co., Ltd. ,The Company was approved to apply to Guanghui Company for an entrusted loan. The amount of loan is RMB One Hundred and Five Million Only (RMB 105,000,000.00) and the term of loan is half a year. The interest rate of loan is the loan rate quoted by People's Bank of China in the same period at 10% discount. The principal and interest of loan will be repaid in lump sum on the maturity day. After expiration of the loan, the Company may renew the entrusted loan contract with Guanghui Company with loan term and loan interest rate remaining unchanged. As of December 31, 2010, The Company has not borrowed the above-mentioned entrusted loan is RMB 105 million from Guangdong Guanghui Expressway Co., Ltd.

(2) Our controlled subsidiary company guang-fo highway Co., Ltd. is building an extension for the section from yayao to xiebian. May 20, 2005, Guang-fo highway Co., Ltd. and Guangdong province highway Co., Ltd. had signed 《the agreement of construction and management entrustment in Guang-fo highway extension project for the section from yayao to xiebie》 in Guangzhou. This agreement and its complementary agreement had been approved and made effective by the resolutions of the 2nd provisional shareholders' meeting held by our company in Feb. of 2008. According to above agreement, Guang-fo highway Co., Ltd. will entrust the construction and management of Guang-fo highway extension project for the section from yayao to xiebie to Guangdong province highway Co., Ltd. and will pay the construction & management Fee of entrustment. Our controlled subsidiary company guang-fo highway Co., Ltd. should pay construction & management Fee of entrustment to Guangdong Expressway Co., Ltd. This extension project has been finished and was commissioning in December 23, 2009. As of December 31, 2011, Guangfo Expressway expansion project has not been completed budget of the project.

(3) Our controlled subsidiary company Guangdong Fokai Expressway Co., Ltd. is planning to carry out expansion & reconstruction for the section from xiebian to sanbao. On May 20, 2005, Guangdong Fokai Expressway Co., Ltd. and Guangdong Expressway Co., Ltd. had signed 《the agreement of construction and management entrustment in fo-kai highway extension project for the section from xiebian to sanbao》. This agreement and its complementary agreement had been approved and made effective by the resolutions of the 2nd provisional shareholders'

meeting held by our company in Feb. of 2008. According to the above agreement, Guangdong Fokai Expressway Co.,Ltd. will entrust the construction and management of fo-kai highway extension project for the section from xiebian to sanbao to Guangdong Expressway Co.,Ltd. and Guangdong Fokai Expressway Co.,Ltd. will pay the construction & management Fee of entrustment to Guangdong Expressway Co.,Ltd.

(4) On June 15, 2007, The 325 Jiujiang Bridge collapsed on # 23 pier for “Nanguijii 035” collision owned by the controlling subsidiary of the company Guangdong Fokai Expressway Company leads the collapse and the traffic jam of 200 meters long of the Jiujiang Bridge

One of the shareholders of Guangdong Fokai Expressway Company, Guangdong Provincial Expressway Company, established National Road 325 Jiujiang Bridge Restoration Project Office on June 18,2007, responsible for the repair works of Jiujiang Bridge and related management work. The restoration has been finished and was open in June 10, 2009.As of December 31, 2011, The final restoration is not complete.

(III). Payables and receivables of the related party

(1)Listed company related party fund

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
Account receivable					
	Guangdong Lulutong Co., Ltd.	1,993,930.00			
	Zhaoqing Yuezhao Highway Co., Ltd.	1,418,695.00		364,558.00	
	Guangdong Kaiyang Expressway Co., Ltd.	559,216.00			
	Yunfu Guangyun Expressway Co., Ltd.	85,999.00			
	Guangdong Expressway Co., Ltd.	80,000.00			
	Guangdong Lulutong Co., Ltd.	18,004.85	9,002.43	18,004.85	5,401.46
	Guangdong Maozhan Expressway Co., Ltd.			314,688.00	
	Guangdong Yuzhan Expressway Co., Ltd.			285,876.00	
	Subtotal of account receivable	4,155,844.85	9,002.43	983,126.85	5,401.46
Prepayment					
	Guangdong Changda Highway	81,456,449.60		101,793,950.60	

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
	Engineering Co., Ltd.				
	Guangdong Guanyue Luqiao Co., Ltd.	34,969,681.00		37,878,217.00	
	Guangdong Hualu Communication Technology Co., Ltd.	200,000.00		200,000.00	
	Guangdong Communication Development Company			393,449.80	
	Subtotal of Prepayment	116,626,130.60		140,265,617.40	
Dividend receivable					
	Jingzhu Expressway Guangzhu Section	54,443,449.58			
	Guangdong Guanghui Expressway Co., Ltd.	36,215,431.47			
	Subtotal of Dividend receivable	90,658,881.05			
Other receivable					
	Beijing Gelin Enze	12,220,079.91	12,220,079.91	12,220,079.91	12,220,079.91
	Guangdong Expressway Co., Ltd.	4,818,608.57			
	Guangdong Guanyue Luqiao Co., Ltd.	1,575,967.15			
	Guangdong Guanghui Expressway Co., Ltd.	500,000.00		500,000.00	
	Zhaoqing Yuezhao Highway Co., Ltd.	412,811.45		384,491.50	
	Guangdong Yangao Expressway Co., Ltd.	130,577.74			
	Guangdong Gaoda Property Development Co., Ltd.	91,500.00		91,500.00	
	Guangdong Kaiyang Expressway Co., Ltd.	62,443.00		44,479.00	
	Guangdong Shanfen Expressway Co., Ltd.	24,486.00		24,486.00	
	Guangdong Maozhan Expressway Co., Ltd.	15,734.00			
	Guangdong Yuzhan Expressway Co., Ltd.	14,294.00			

Name	Related party	Amount at year end		Amount at year beginning	
		Balance of Book	Bad debt Provision	Balance of Book	Bad debt Provision
	Guangdong Highway Construction Co.,Ltd.	3,762.70			
	Guangdong Yunwu Expressway Co., Ltd.	2,556.78			
	Guangdong Xinyue Communication Investment Co., Ltd.	2,158.60		2,158.60	
	Guangdong Tongyi Expressway Services Area Co., Ltd.			329.51	
	Guangzhou Putian Zhongzhi			3,601,000.00	3,601,000.00
	Guangdong Zhanjiang Bay Bridge Co., Ltd.			13,404.86	
	Guangdong Xintai Expressway Co., Ltd.			272.43	
	Subtotal of other receivable	19,874,979.90	12,220,079.91	16,882,201.81	15,821,079.91

Notes: The receivables from related parties can be offset if the related transaction is agreed to settle on the net basis, after that, the amounts can be listed.

(2)The listed company Payables of the related party

Name	Related party	Amount at year end	Amount at year beginning
		Balance book	Balance book
Account payable			
	Guangdong Expressway Co., Ltd.	19,986,871.20	13,855,418.78
	Guangdong Changda highway Co., Ltd.	15,248,083.27	16,130,760.92
	Guangdong Xinyue Communication Investment Co., Ltd.	10,026,441.09	4,096,611.29
	Guangdong Guanyue Luqiao Co., Ltd.	5,015,887.76	14,387,350.00
	Guangdong Guanghui Expressway Co., Ltd.	3,941,666.67	1,787,500.00

Name	Related party	Amount at year end	Amount at year beginning
		Balance book	Balance book
	Guangdong Communication Development Co., Ltd.	2,337,674.15	8,623,866.82
	Guangzhou Xinruan Computer Technology Co., Ltd.	2,218,780.00	
	Guangdong Hualu communication Technology Co., Ltd.	780,722.00	763,409.00
	Guangdong East Thinking Management Technology Development Co., Ltd.	207,804.00	207,804.00
	Guangdong Communication Group Testing Center	90,474.00	
	Guangdong Shipping Planning and Design Institute		3,120,686.90
	Guangdong Xintai Expressway Co., Ltd.		146,527.06
	Guangdong Yuzhan Expressway Co., Ltd.		93,083.24
	Guangzhou Putian Zhongzhi		99,447.00
	Guangdong West Coast Expressway Trading Co., Ltd.		74,631.77
	Subtotal of account payable	59,854,404.14	63,387,096.78
Advance account			
	Guangdong Expressway Co., Ltd.	392,390.08	996,067.12
	Subtotal of advance account	392,390.08	996,067.12
Interest Payable			
	Guangdong Guanghui Expressway Co., Ltd.	2,625,918.75	
	Subtotal of interest payable	2,625,918.75	
Other payable			
	Guangdong Guanghui Expressway Co., Ltd.	105,000,000.00	
	Guangdong Changda highway Co., Ltd.	69,643,948.91	67,265,709.58

Name	Related party	Amount at year end	Amount at year beginning
		Balance book	Balance book
	Guangdong Guanyue Luqiao Co., Ltd	22,357,818.44	20,703,516.68
	Guangdong Expressway Co., Ltd.	2,793,419.35	41,859,802.55
	Guangdong Communication Development Company	1,952,418.03	3,548,934.87
	Xinyue Communication Investment Co., Ltd.	1,839,382.70	1,070,615.35
	Guangdong Hualu communication Technology Co., Ltd.	255,254.50	272,754.50
	Guangzhou Xinruan Computer Technology Co., Ltd.	99,130.00	27,500.00
	Guangdong Highway Construction Co., Ltd.	73,610.38	
	Guangdong Xinlu Adverting Co., Ltd.	30,000.00	30,000.00
	Guangzhou Xinyue Asphalt Co., Ltd.	3,100.00	3,100.00
	Guangdong West Coast Expressway Trading Co., Ltd.	0.33	9,006.18
	Guangdong Shipping Planning and Design Institute		819,552.00
	Guangdong Tongyi Expressway Services Area Co., Ltd.		160,000.00
	Guangzhou Putian Zhongzhi		170,923.84
	Subtotal of other payable	204,048,082.64	135,941,415.55

Notes: The receivables from related parties can be offset if the related transaction is agreed to settle on the net basis, after that, the amounts can be listed.

VII. Contingency

(1) Pending aciton or arbitrationformative or indebted

There is no event happened in this accounting period.

(2) The contingent liabilities formed by the debt guarantee provided by related parties and other

units

There is no event happened in this accounting period.

(3) Other Events

There is no event happened in this accounting period.

VIII. Commitment events .

(I) The foreign investment contracts which had signed but not fulfilled or not completely fulfilled and the related financial expenditure.

1. The controlling Subsidiary of the Company Fokai Expressway Co., Ltd is expanding the construction of Yayao Xiebian Yayao – Xiebian. On May 22, 2007, Guangdong Development & Reform Commission issued Gaijiaoyun [2007] No.1119 File, the Official Reply to the approval of the project of Guangdong Xiebian-Sanbao Highway Expansion Construction from State Development and Reform Commission: Approved the expansion project of Xiebian- Sanbao Highway, with the investment of the project for 3.71 billion Yuan, of which: the capital 1.47 billion Yuan by the shareholders of Guangdong Fokai Expressway Co., Ltd. , the remaining funds 2.24 billion Yuan by loans from domestic banks. On April 3, 2008, State Highway Traffic Department released TAC [2008]No. 16, <Reply to the preliminary design of the road expansion project from Xiebian to Sanbao>: the total budget approved as RMB 4,002,409,114.00, total construction period of the project is (since the date of opening) four years.

2. The Company held the second provisional Shareholders' General meeting on September 28, 2009 , The meeting examined and adopted to review and approve the *Motion of Investing in 30% Equity of Guangzhou-Lechang Expressway Project*. The board of directors consented to invest RMB2,561.914 million in 30% equity of Guangzhou-Lechang highway project. Total investment and capital invested by shareholders shall be the final accounts approved by the competent government authority. As of December 31, 2011, The company has invested accumulated RMB 729.9975 million.

3. On September 18, 1998, the company signed the Contract on Cooperative Construction & Operation of JingZhu Expressway (Tangtang-Taihe) with Guangdong Road & Bridge Construction & Development Company, Dajian Industrial Co., Ltd, Guangdong Communications Department and the Office of Introduction of Foreign Capital, the four parties, and cooperated to establish Jingzhu(Tangtang –Taihe) Expressway Co., Ltd, and cooperated to construct, operate, manage the Jingzhu expressway and its supporting facilities. The total investment of the first phase of the project is about 2600.00 million Yuan, the registered capital of the first phase of the cooperation company is 910 million Yuan. The capital proportion of the Company is 25%, the investment amount 227.50 million Yuan. This contract is awaiting approval from the relevant Government Department. As of December 31, 2011, the fund of the Company has not invested yet.

4. In May 2000, the Company signed the Contract on Construction & operation of the

Expressway of Jingzhu Major Route Xiaotang-Gantang, and cooperated to establish Guangdong Jingzhu North Expressway Co., Ltd to construct and operate the expressway of Jingzhu Major Route Xiaotang-Gantang. The total investment of the project is 5657million Yuan, the registered capital 566.70 million Yuan. The capital of the project(including the registered capital)is 35% of the general investment, namely 1,979.95 million Yuan, the investment proportion of the Company 10%. The capital other project shall be paid according to the investment proportion. The investment amount of the project of the company is 1,979.95 million Yuan. Guangdong Expressway Co., Ltd is responsible for the construction of the project. This contract is awaiting approval from the relevant Government. As of December 31, 2011, Department. the fund of the Company has not invested yet.

5. 6. The 15th (Provisional)meeting of the sixth board of directors of the Company was held on June 28, 2011., The meeting examined and adopted the Proposal for Extending Entrusted Loan to Guangdong Expressway Technoogy Investment Co., Ltd. and approved the Company to extend entrusted loan of RMB 10 million with a term of 5 years to Guangdong Expressway Technoogy Investment Co., Ltd., a controlled subsidiary. The interest rate of the entrusted loan is the interest rate of the loans with the same class extended by People's Bank in the same period at a discount of 10%. The loan will be extended in lump sum and can be repaid in advance as required. The meeting also authorized the management of the Company to carry out concrete matters.

As of December 31,2011, The balance of entrusted loan extended by the Company to Guangdong Expressway Technoogy Investment Co., Ltd., a controlled subsidiary, is RMB 0.

6. The 9th (provisional) meeting of the sixth Board of Directors of Guangdong Provincial Expressway Development Co., Ltd. was held in the meeting room of the Company was held in the manner of voting by correspondence in the morning of January 31, 2011 (Monday). The meeting examined and adopted the Proposal on Applying to Guangdong Transportation Group Co., Ltd. for Entrusted Loans.Approving the company to apply to the controlling shareholder of Guangdong Transportation Group Co., Ltd. for the entrusted loans of RMB 80 Million for the daily management turnover with a period of 1 year, the interest rate of load will float down 10% based on People's Bank of basic rate of interest for loans of the time. For this load is Credit, the debts can be repaid in advance as necessary, and the specific implementation can also be authorized to the operation team.As of Deceber 31, 2011, the company did not loan above-mentioned loan.

(II)Contingent liability formed by providing debt guarantee to other unit and its influence on finance

The controlling subsidiary of the company Guangdong Expressway Technology Investment Co., Ltd. signed the <Guanghui Expressway Advertising Leasing Contract> and related

supplementary agreements with Guangdong Guanghui Expressway Co., Ltd., Guangdong Expressway Technology Investment Co., Ltd. leased advertisement position from Guangdong Guanghui Expressway Co., Ltd. the total rental fee reduced to 25.20 million Yuan, the leasing period from July 1, 2006 to June 30, 2016.

IX. Post-balance-sheet issues.

1. The 24th (Provisional) meeting of the Sixth board of directors of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held in the morning of March 28, 2012. The meeting examined and adopted the Proposal Concerning Preplan for Profit Distribution for 2011. The Company was approved carry out profit distribution based on the net profit earned by the parent company. The profit distribution plan is as follows:

1.10% of the net profit of the company for 2011 (RMB 270,152,764.75), i.e. RMB 27,015,276.48, is to be allocated for statutory common reserve fund.

2. The profit for 2011 is to be distributed as follows: RMB 62,855,887.40 is to be allocated as the fund for dividend distribution for 2011. with the total shares at the end of 2011, i.e., 1,257,117,748 shares, as the base, cash dividend of RMB 0.5 (including tax) is to be distributed for every 10 shares. Cash Dividends of RMB 62,855,887.40 are to be distributed. The remaining undistributed profits are to be carried forward to the next year. The foreign exchange translation of the cash dividends for shareholders holding B share and overseas corporate shares will be determined according to HKD:RMB bank's Middle rate quoted by People's Bank of China on the first working day after 2011 annual shareholders' general meeting makes resolution on dividend distribution.

This proposal shall be submitted to the 2011 shareholder meeting for examination.

2. The 22th (Provisional) meeting of the Sixth board of directors of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held in the morning of February 13, 2012. The meeting examined and adopted the Proposal Concerning

Matters Related to Fokai Company's Financing from State Development Bank. Guangdong Fokai Expressway Co., Ltd. (hereinafter referred to as "Fokai Company"), a controlled subsidiary of the Company, was approved to accept the project loan of RMB 750 million extended by State Development Bank Co., Ltd. RMB 400 million and RMB 350 million will be used respectively for the reconstruction and expansion project of Fokai Expressway and major repair project of Fokai Expressway under construction. The loan term is not more than 15 years from the withdrawal day of the first sum of loan. As for the interest rate of the loan, the basic interest rate of RMB loans of the same class quoted by People's Bank of China in the same period shall apply. Fokai Company was approved to provide pledge guarantee for the loan extended by State Development Bank Co., Ltd. with 25% of toll collection right.

3. The 23th (Provisional) meeting of the Sixth board of directors of Guangdong Provincial Expressway Development Co., Ltd. ("the Company") was held in the morning of February 24, 2012. The meeting examined and adopted the Proposal Concerning the Company's Plan for Investing in Guangdong Broadcasting and Television Through Investing in Guangdong Broadcasting and Television Network Investment Limited Partnership: The Company was approved to invest in Guangdong Broadcasting & Television Network Co., Ltd. through investing in Guangdong Broadcasting and Television Network Investment Limited Partnership (temporary name, subject to the name of partnership in the Partnership Agreement signed by the Company) with self-owned funds of not more than RMB 200 million. The meeting agreed to authorizing the management of the Company to handle relevant subsequent matters of this investment.

X. Other events

1. Fokai Expressway has operated Jiujiang Bridge's management and maintain, On June 15, 2007 early in the morning, The 325 Jiujiang Bridge collapsed on # 23 pier for "Nanguijii 035" collision owned by the controlling subsidiary of the company Guangdong Fokai Expressway Company leads the collapse and the traffic jam of 200 meters long of the Jiujiang Bridge. On June 10, 2009, Jiujiang Bridge opened to traffic has been restored.

On June 19, 2007, The Ministry of Communications, the State Production Safety Supervision and Administration Commission issued the JiaoAnWeiming File [2007] No. 8 "Notification on the Guangdong"6.15 "Jiujiang Bridge Collision Accident", initially determined the causes of the accident are: the incident ship suddenly met heavy fog on the way from Foshan Gaoming to Sunde, the captain neglected looking out, did not take proper measures and deviated from the main channel, touched the 325 National Road Jiujiang Bridge the non-navigation bridge

pier and caused the collapse of part of the Jiujiang bridge. The accident was an unilateral responsibility of the ship.

On July 19, 2007, Fokai Company applied preservation of property to Guangzhou Maritime Court. On August 22, 2007, Fokai Company officially prosecuted to Guangzhou Maritime Court, asking Foshan South Sea Shipping Company Limited and Yang Xiong to undertake the compensation 25,587,684 yuan for the loss caused by collapse of Jiujiang Bridge. On August 28, 2007, Guangzhou Maritime Court accepted the case. According to the (2007)-Canton Haifa No. 332 ruling book issued by Guangzhou Maritime Court, the proceeding of the case was suspended.

After the court accepted the case, the incident investigation team of Guangdong Provincial Government had not made the final report of Jiujiang Bridge accident. The Court, on November 5, 2007, decided to suspend the proceeding. In September 2008, Jiujiang Bridge accident investigation report was officially reported and resumed the proceedings. On December 5, 2008, Guangzhou Marine Court opened a court trial to proceed the case. Currently, Guangzhou Haizhu prosecutorial office was intend to prosecute the accident captain Shi Guide, therefore, on January 5, 2009, Guangzhou Maritime Court ruled the suspension of the case.

2. On February 23, 2009, As the common applicant, Guangdong Expressway Technology Investment Co., Ltd. and Guangzhou branch of CHINA MINSHENG BANKING CORP., LTD. had lodged a lawsuit in the Guangzhou municipal Intermediate People's Court against Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. and applied for the bankruptcy and liquidation in Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. as it can't pay back the due debts, On Jun. 3rd, 2009, the court made the judgment and accept the bankruptcy and liquidation application from applicant and appointed Guangdong Guangda Law Firm as the custodian of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. The custodian had provided <The custodian's performance report of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. > on Nov. 16th, 2009 and applied to the court for closing the case. On Nov. 30th, 2009, Guangzhou municipal Intermediate People's Court made the civil ruling paper (Guangdong IPC civil bankruptcy 2009 No. 4-8), (1) This judgment will end the bankruptcy and liquidation procedures on Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. (2) The custodian of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. should take this judgment to its original registration authority for cancelling its registration. As of December 31, 2011, the registration cancellation of Guangzhou Putianzhongzhi Technology Industrial Co., Ltd. is in processing.

3. In June 2003, Guangdong Expressway Technology Investment Co., Ltd., a wholly-owned

subsidiary of the Company, signed Entrusted Loan Agreement with Beijing Bank and Beijing Gelin Enze Organic Fertilizer Co., Ltd. According to the agreement, Guangdong Expressway Technology Investment Co., Ltd. entrusted Xisi Sub-branch of Beijing Bank to lend RMB 8 million to Beijing Gelin Enze Organic Fertilizer Co., Ltd. with a term of one year. Meanwhile, Guangdong Expressway Technology Investment Co., Ltd. Beijing Gelin Enze Organic Fertilizer Co., Ltd. and Wang Jianji (the board chairman of Beijing Gelin Enze Organic Fertilizer Co., Ltd.) jointly signed Guarantee Contract. According to the contract, Wang Jianji shall bear joint liability for repayment in respect of the loan of RMB 8 million and corresponding interests, damages and expenses.

As Beijing Gelin Enze Organic Fertilizer Co., Ltd. failed to repay due borrowings, Guangdong Expressway Technology Investment Co., Ltd. brought an action against Wang Jianji to Guangdong Guangzhou Yuexiu District People's Court on May 31, 2006.

On September 11, 2008, Guangzhou Intermediate People's Court judged case transfer for jurisdiction. Beijing Xicheng District People's Court held hearings on September 16, 2009. 2On April 15, 2010, Beijing Xicheng District People's Court issued (2009) Xi Min Chu Zi No. 5881 Civil Judgment and judged that Guangdong Expressway Technology Investment Co., Ltd. won the lawsuit. The Defendant refused to accept the judgment and instituted an appeal to Beijing First Intermediate People's Court. 2On October 19, 2010, Beijing First Intermediate People's Court made the final judgment and issued (2010) Yi Zhong Min Zhong Zi No. 10701 Civil Judgment to reject the appeal of the Defendant and maintain the original judgment in the first instance.

In November 2010, Guangdong Expressway Technology Investment Co., Ltd. applied to the court for enforcement in respect of the attached 2.5 flats of the Defendant. 2On February 15, 2011, the court informed that the procedure for placing enforcement on file had been completed. File No.: (2011) Xi Zhi Zi No. 00039. At present, the enforcement procedure is still being implemented. On July 14, 2011, Wang Jianji has applied for a retrial. On July 18, 2011, Beijing Higher People's Court has adjudicated (2011) Gao-Min-Shen-Zi No. 2516 of the civil judgment, which judges that: 1. this case is brought to trial by the Court; 2. during the period of retrial, the execution of original judgment is suspended. Up to the issued date of this report, the company hasn't received the notice

of the court hearing yet. The court session for the retrial is to be opened on March 19, 2012, has not received the judgment from the court.

4. Guangdong Expressway Technology Investment Co., Ltd., a wholly-owned subsidiary of the Company, lent RMB 3 million to Beijing Gelin Enze Organic Fertilizer Co., Ltd. In 2005

As Beijing Gelin Enze Organic Fertilizer Co., Ltd. failed to repay due borrowings, Guangdong Expressway Technology Investment Co., Ltd. brought an action against this company to Beijing Changping District People's Court. 2On July 25, 2006, Beijing Changping District People's Court issued (2006) Chang Min Chu Zi No. 7131 Civil Judgment and judged that Beijing Gelin Enze Organic Fertilizer Co., Ltd. should repay RMB 3 million to Guangdong Expressway Technology Investment Co., Ltd.

On December 28, 2006, Guangdong Expressway Technology Investment Co., Ltd. applied to the court for compulsory enforcement. 2In June and September of 2008, the court put the properties of Beijing Gelin Enze Organic Fertilizer Co., Ltd. up for auction twice but failed to sell them. At present, the enforcement procedure is still being implemented.

5. On August 2010, Guangdong Department of Transportation has issued "The Written Reply on the Overhauling Engineering Program Design of the Section from XieBian to SanBao of Fokai Expressway Co., Ltd." ([2010] Yue-Jiao-Ji No.60), and approved the reply of the budget of RMB 548,586,600 At the end of June 2011, Beijiang Bridge is enclosed for the removal of construction. The original value of the Bridge is RMB 77,580,188.34 with the accumulative depreciation of RMB 24,500,207.96, so the net value is RMB 53,079,980.38. The Company's Board of Directors has approved to list the net clean losses of RMB 53,079,980.38 into the non-operating expenditure for accounting.

XI. Parent company financial statements

(1) Other receivables

1. Type analyse:

Type	Amount in year-end				Amount in year-begin			
	Book Balance		Bad debt provision		Book Balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion()
Individually significant accounts receivable	32,530,422.85	85.95	32,530,422.85	100.00	33,198,382.12	85.26	33,198,382.12	100.00
Group I:Receivables provided bad debt provision In the group	5,316,026.70	14.05	1,658,571.80	31.20	5,737,877.70	14.74	1,658,571.80	28.91
Group I:Other Receivables account receivables on which bad debt provisions are provided on other basis	2,925,352.53	7.73	1,658,571.80	56.70	3,166,552.84	8.14	1,658,571.80	52.38
Group II: Other Receivables account receivables on which bad debt	2,390,674.17	6.32			2,571,324.86	6.60		

provisions are provided on other								
basis								
Other								
non-material other receivables								
Total	37,846,449.55	100.00	34,188,994.65	90.34	38,936,259.82	100.00	34,856,953.92	89.52

—Account receivables on which bad debt provisions are provided on age basis in the group:

Age	Aount in year-end			Aount in year-begin		
	Book balance		Bad debt prvision	Book balance		Bad debt prvision
	Amount	Proportion(%)		Amount	Proportion(%)	
Within 1 year	1,266,780.73	43.30		1,507,981.04	47.62	
1-2 years						
2-3 years						
3-4 years						
4-5 years						
Over 5 years	1,658,571.80	56.70	1,658,571.80	1,658,571.80	52.38	1,658,571.80
Total	2,925,352.53	100.00	1,658,571.80	3,166,552.84	100.00	1,658,571.80

——3. No individually insignificant receivables with bad debt provision recognized individually at the end of period.

Name	Book Balance	Bad debt prvision
Guangdong Xingyu Law Office	2,303,674.17	
Guangdong Gaoda Property Development Co., Ltd.	87,000.00	
Total	2,390,674.17	

——There is no significant amount or the test of depreciation of value of bad debts provision of other accounts receivable at the ending.

Other receivables	Book balance	Amount of bad debts	Proportion (%)	Reasons
Kunlun Securities Co., Ltd.	32,530,422.85	32,530,422.85	100.00	
Total	32,530,422.85	32,530,422.85		

Notes : For the balance amount of our company's security trading settlement funds RMB 33.68377479 million deposited in Kunlun Securities Co., Ltd., The Xi'Ning municipal Intermediate People's Court of Qinghai Province had made the judgment in accordance with the law and declared on Nov. 11st, 2006 that Kunlun Securities Co., Ltd. was bankrupted for debt payment. In Mar. of 2007, the liquidating group of Kunlun Securities preliminary judged the relationship between our company and Kunlun Securities Co., Ltd. is debtor creditor relationship.

As Kunlun Securities Co., Ltd. was bankrupted for debt payment and it is in serious insolvency, our company had moved the security trading settlement funds deposited in Kunlun Securities Co., Ltd., to other receivables account for reflection, we also have made full amount provision for bad debts based on conservatism principle. The recovered debt amount in 2008 is RMB 485,392.67 which had been offset from the provision for bad debts. The recovered debt amount in 2011 is RMB 667,959.27 which had been offset from the provision for bad debts.

(2) Reversal or Recovery of the Current Period

Other Receivables	Reasons of Reversal or Recovery	Determine the Basis of Bad Debt Provision	Accumulatively Accruing Allowances for Bad Debt before Reversal or Recovery	Amount of Reversal or Recovery
Kunlun Securities Co., Ltd.	Distribution of Bankruptcy Property	Has entered the procedure of bankruptcy liquidation	33,198,382.12	667,959.27
Total				667,959.27

(3) There is no recovery of accounts receivable through restructuring in the current report period.

(4) The cancellation after verification on other accounts receivable in the current

(5). There was no other receivable due from shareholders with more than 5% (including 5%) of the voting shares of the Company.

(6) The top five companies in the amount of other receivables

Name	Relationship with the Company	Amount	Aging	The proportion of the total of other receivables (%)
Kunlun Securities Co.,Ltd	No relationship	32,530,422.85	Over 5 years	85.95
Guangdong Xingyu Law Office	No relationship	2,303,674.17	1-4 years	6.09
Heshan Transportation real estate Development Company	No relationship	1,470,000.00	Over 5 years	3.88

Huizhou Huaxu Industry Corporation	No relationship	109,745.80	Over 5 years	0.29
Guangdong Gaoda Preporty Development Co., Ltd.	The controlling Parent Company	87,000.00	2-3 years	0.23
Total		36,500,842.82		96.44

(7)The accounts receivable from the Related parties

Name	Relationship with the Company	Amount	Time	The proportion of the total of other receivables (%)
Guangdong Gaoda Preporty Development Co., Ltd.	The controlling Parent Company	87,000.00	2-3 years	0.23
Total		87,000.00		0.23

(8)There is no accounts receivable that have been terminated to confirm in the current.

(9)There is no accounts receivable as a object of securitization in the current.

(II) Long-term equity investment

Name	Account method	Initial amount	Balance in year-begin	Increase/ decrease	Balance in year-end
Guangdong Guanghui Expressway Co., Ltd.	Equity method	705,503,400.00	800,370,223.40	16,021,923.57	816,392,146.97
Zhaoqing Yuezhao Highway Co., Ltd.	Equity method	201,770,945.42	226,962,556.86	-10,796,506.23	216,166,050.63
Shenzhen Huiyan Expressway	Equity method	35,231,299.69	188,751,168.74	-38,613,547.94	150,137,620.80
Guangdong Maozhan Expressway	Equity method	224,000,000.00	133,355,177.99	18,966,225.91	152,321,403.90
Jingzhu Expressway Guanzhu	Equity method	247,848,488.93	477,798,649.39	-89,742,780.08	388,055,869.31
Guangdong Jiangzhong Expressway Co., Ltd.	Equity method	156,750,000.00	145,003,407.76	7,010,101.68	152,013,509.44
Ganzhou Kangda Expressway	Equity method	216,251,100.00	122,264,697.46	-5,200,577.22	117,064,120.24
Ganzhou Gankang Expressway Co., Ltd.	Equity method	226,379,000.00	215,137,022.04	-17,367,973.18	197,769,048.86
Guangdong Guangle Expressway	Equity method	729,997,500.00	339,997,500.00	388,144,101.73	728,141,601.73
Huaxia Securities Co., Ltd.(Notes 1)	Cost method	5,400,000.00	5,400,000.00		5,400,000.00
Huazheng Assets Management Co. Ltd.(Notes 2)	Cost method	1,620,000.00	1,620,000.00		1,620,000.00
Guangfo Expressway Co., Ltd.	Cost method	154,982,475.25	154,982,475.25		154,982,475.25

Name	Account method	Initial amount	Balance in year-begin	Increase/ decrease	Balance in year-end
Guangdong Expressway Technology Investment Co., Ltd.	Cost method	95,731,882.42	95,731,882.42		95,731,882.42
Guangdong Fokai Expressway Co., Ltd.	Cost method	1,594,044,211.85	1,117,351,711.85	476,692,500.00	1,594,044,211.85
Total		4,598,314,358.14	4,024,726,473.16	745,113,468.24	4,769,839,941.40

On table

Name	Popoortion	Voting proportion(%)	Notes	Impairment provision in year-end	Impairment provision in the report period.	Current cash dividend
Guangdong Guanghui Expressway Co., Ltd.	30.00	30.00				132,830,754.80
Zhaoqing Yuezhaoh Highway Co., Ltd.	25.00	25.00				23,750,000.00
Shenzhen Huiyan Expressway	33.33	33.33				82,000,000.00
Guangdong Maozhan Expressway	20.00	20.00				
Jingzhu Exprwssway Guanzhu	20.00	20.00				206,443,449.58
Guangdong Jiangzhong Expressway Co., Ltd.	15.00	15.00				
Ganzhou Kangda Expressway	30.00	30.00				

Name	Popoortion	Voting proportion(%)	Notes	Impairment provision in year-end	Impairment provision in the report period.	Current cash dividend
Ganzhou Gankang Expressway Co., Ltd.	30.00	30.00				
Guangdong Guangle Expressway	30.00	30.00				
Huaxia Securities Co., Ltd.(Notes 1)	0.27	0.27		5,400,000.00		
Huazheng Assets Management Co. Ltd.(Notes 2)	0.54	0.54		1,393,200.00		
Guangfo Expressway Co., Ltd.	75.00	75.00				29,253,089.97
Guangdong Expressway Technology Investment Co., Ltd.	100.00	100.00				
Guangdong Fokai Expressway Co., Ltd.	75.00	75.00				43,179,731.21
Total				6,793,200.00		517,457,025.56

Notes 1. The owner's equity of Huaxia Securities Co., Ltd. was negative and it entered liquidation procedure in December 2005. The Company made full provision for impairment in respect of this long-term equity investment of RMB 5.4 million.

Notes 2: According to De Wei Ping Gu Zi 2005 No. 88 Appraisal Report issued by Beijing Dewei Appraisal Co., Ltd. As the June 30, 2005, the amount of net assets of Huazheng Asset Management Co., Ltd. in book was RMB 279.132 million and the appraised value was RMB - 2299.5486 million. On October 14, 2005, Jianyin CITIC Asset Management Co., Ltd. issued the Letter of Soliciting Opinions on Equity Assignment to the Company. Jianyin CITIC Asset Management Co., Ltd. was willing to pay the price of not more than RMB 42 million to acquire 100% equity of Huazheng Asset Management Co., Ltd. and solicited the Company's opinions. The Company replied on December 5, 2005, abandoning the preemptive right under the same conditions. The Company made provision of RMB 1.3932 million for impairment in respect of this long-term equity investment of RMB 1.62 million.

(III) Operating income and operating cost

Items	Report period		Same period of the previous year	
	Income	Cost	Income	Cost
Other operating i	4,407,470.00	464,213.40	7,681,393.90	464,213.40
Other	4,407,470.00	464,213.40	7,681,393.90	464,213.40

(IV) Investment income

1. Investment income

Items	Report period	Same period of the previous year
Long-term equity investment income by costing	72,432,821.18	96,058,563.65
Long-term equity investment income by equity method	323,445,172.62	340,496,439.38
Dispose the investment income from the long-term equity investments		
hold the investment income which gained from the		

Itmes	Report period	Same period of the previous year
transactional financial assets		
Gain the investment income from the held-to-maturity investment		
Hold the investment income during from available-for-sale financial assets	22,704,000.00	
Dispose the investment income from the transactional financial assets		
Dispose the investment income from the held-to-maturity investment		
Dispose the investment income from the available-for-sale financial assets		
Other		
Total	418,581,993.80	436,555,003.03

2. Long-term equity investment incomes confirmed by Cost method include:

Unit	Report period	Same period of the previous year	Reason to increase or decrease
Guangdo Expressway Co., Ltd.	29,253,089.97	19,662,486.37	Increase the cash dividend distribution
Guangdong Fokai Expressway Co., Ltd.	43,179,731.21	75,377,312.19	Decrease the cash dividend distribution
China Everbright Bank		1,018,765.09	Reclassificate until can be sale
Total	72,432,821.18	96,058,563.65	

3.long-term equity investment incomes confirmed by equity method include:

Unit	Report period	Same period of	Reason to increase or
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		the previous year	decrease
Guanghui Expressway	148,852,678.37	165,604,253.85	Decrease in net profit Investment Unit
Jingzhu Expressway Guangzhu	116,700,669.50	126,283,323.63	Decrease in net profit Investment Unit
Guangdong Maozhan Expressway	18,966,225.91	7,944,780.08	Decrease in net profit Investment Unit
Shenzhen Huiyan Expressway	43,386,452.06	52,986,434.87	Decrease in net profit Investment Unit
Guangdong Jiangzhong Expressway	7,010,101.68	6,205,429.55	Decrease in net profit Investment Unit
Zhaoqing Yuezhaoh Highway	12,953,493.77	25,772,567.54	Decrease in net profit Investment Unit
Guangdong Guangle Expressway	-1,855,898.27		Not yet operate
Ganzhou Kangda Expressway	-5,200,577.22	-33,058,372.18	Decrease in loss investment Unit in the report period
Ganzhou Gankang Expressway	-17,367,973.18	-11,241,977.96	Affiliated company is open to traffic in August 2010.
Total	323,445,172.62	340,496,439.38	

4. Undispose the investment income from the long-term equity investments

5. In the report period, the company has no big restriction on the investment earning repatriation

(V) . Supplement Information of Cash flow statement

Supplement Information	Report period	Same period of the previous year
I.Adjusting net profit to net cash flow in operating activities		
Net profit	270,152,764.75	341,389,254.27

Supplement Information	Report period	Same period of the previous year
Add: Asset devaluation reserve provided	-667,959.27	
Fixed assets depreciation, Oil and gas depreciation, Produce matter depreciation	1,796,299.96	1,559,115.37
Amortization of intangible assets		
Amortization of long-term expenses to be amortized		
The loss from the disposal of fixed assets, intangible assets and other long-term assets	8,831.25	-159,403.70
Loss from scrapping of fixed assets		
Loss from fair change		
Financial expenses	85,628,249.90	47,740,431.66
Investment loss	-418,581,993.80	-436,555,003.03
Decrease of deferred tax assets		
Increase of deferred tax Liabilities		
Decrease of inventories		
Decrease of operating accounts receivable	1,089,810.27	-681,986.29
Increase of operating accounts payable	-12,267,882.52	-19,521,455.44
Other		
Net cash flow generated from operating activities	-72,841,879.46	-66,229,047.16
II. Investment and financing activities not involving cash receipts and expenditure		
Transferring debts to capital		
Convertible corporate bond to mature within one year		
Leasing fixed assets through financing		
III、Net increase of cash and cash equivalent		
Balance of cash at the end of the period	701,899,352.28	179,597,767.35
Less: Balance of cash at the beginning of the period	179,597,767.35	113,474,208.24
Add: Balance of cash equivalent at the end of the period		

Supplement Information	Report period	Same period of the previous year
Less: Balance of cash equivalent at the beginning of the period		
Net increase of cash and cash equivalent	522,301,584.93	66,123,559.11

XII. Supplement Information

(1) Items of Non-recurring Gains & Losses

Items	Amount	Explanation
Gain/loss form disposal of non-current assets	-139,905,294.59	
Tax refund, deduction and exemption that is examined and approved by authority exceeding or has no official approval document.		
Governmental Subsidy accounted as current gain/loss, except for those subsidies at with amount or quantity fixed by the national government and closely related to the Company's business operation.	371,600.00	
Capital occupation fee collected from non-financial organizations and accounted as current gain/loss.		
Income from the exceeding part between investment cost of the Company paid for obtaining subsidiaries associates and joint-ventures and recognizable net assets fair value attributable to the Company when acquiring the investment.		
Non-monetary asset exchange gain/loss.		
Gain/loss investment of Commission		
Asset impairment provisions for force major such as natural disasters		
Gain/loss from debt reorganization		
Enterprise reorganization expenses, such as payment to stuff placement and consolidation expenses		
Gain/loss from trades obviously departed from fair value		
Net gain/loss of current term from consolidation of subsidiaries under common control from beginning of term to the consolidation date		
Gain/loss from debt forecasting without connection to the main business operation		

Items	Amount	Explanation
In addition to normal business with the company effective hedging related business, holders of tradable financial assets, transactions and financial liabilities arising from changes in fair value gains and losses, as well as the disposal of trading of financial assets, trading financial liabilities and available-for-sale financial assets gains return on investment;		
Single impairment test for impairment of receivables transferred back to preparation	985,513.61	
Commissioned external loans by the Gain/loss		
(The use of fair value measurement model of follow-up to the fair value of real estate investment gains and losses arising from changes		
According to tax, accounting and other laws, regulations, the requirements of the current Gain/loss for a one-time adjustment of the impact of the current Gain/loss;		
Entrusted with the operating of the trust to obtain fee income		
Net amount of non-operating income and expense except the aforesaid items	10,293,027.15	
Other non-recurring Gains/loss items		
Amount of influence of minority interests	33,372,825.39	
Amount of influence of income tax	24,962,685.66	
Total	-69,919,642.78	

(2) Return on net assets and earnings per share

Period	Profit of the report period	Return on net assets, Weighted (%)	Earnings per share (RMB)	
			Fully diluted	Weighted average
2010	Net profit attributable to the owners of Company.	10.16	0.31	0.31
	Net profit attributable to the owners of Company after deducting of non-recurring gain/loss.	10.35	0.31	0.31
2011	Net profit attributable to the owners of Company.	5.18	0.17	0.17
	Net profit attributable to the owners of Company after	6.84	0.23	0.23

deducting of non-recurring gain/loss.			
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——1.Calculation process

Items	Line	2011	2010
Net profit attributable to common shareholders of the Company	1	216,786,205.90	388,478,016.28
Non-recurring gain/loss attributable to the net profit of common shareholders of the parent company after deducting of income tax influences	2	-69,919,642.78	-7,261,988.26
Net profit attributable to common share holders of the company fter deducting of non-recurring gain/loss	3=1-2	286,705,848.68	395,740,004.54
Number of months in the report period	4	12	12
net assets at the period-begin attributable to common shareholders of the company	5	4,283,251,674.35	3,598,233,573.62
net assets increased due to issuance of new share ordebt for equity swap or attributable to common shareholders of the Company	6	-259,200,000.00	422,400,000.00
net assets, which is about repurchase during the report or cash dividend reduce, and belongs to company common shareholders.	7	125,711,774.80	125,711,774.80
number of months from the next month when net assets Increased to the end of the report period	8	6.00	3.00
number of months from the next month when net assets decreased to the end of the report period	9	7.00	7.00
Net assets attributable to common shareholders of the Company to the end of the report period	10	4,115,126,105.45	4,283,251,674.35
weighted.Net assets attributable to common shareholders of the Company	11=5+1*50%+ 6×8÷4-7×9÷4	4,188,712,908.67	3,824,740,713.13

Weighted average return on equity (Net profit attributable to common shareholders of the Company)	12=1÷11	5.18%	10.16%
Weighted average return on equity (Non-recurring gain/loss attributable to the net profit of common shareholders of the parent company after deducting of income tax influences)	13=3÷11	6.84%	10.35%

(3) The anomalies and the explanation of our main financial statements project

1. The unusual amount or the abnormal changes in the comparative period in the financial statement project

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
Monetary fund	1,018,999,531.05	258,881,333.75	8.63%	293.62%	loan has increased
Available for sale financial assets	691,200,000.00	950,400,000.00	5.86%	-27.27%	The change of fair value is caused by the change of share price of China Everbright Bank
Long term share equity investment	2,918,288,171.88	2,649,867,203.64	24.73%	10.13%	mainly due to Guangle Expressway increase investment
Fixed assets	4,063,417,803.17	3,782,771,159.07	34.43%	7.42%	The extension project of Fokai partially finished to traffic comes to the fixed assets, which causes the increase of fixed assets
Construction-in-progress	2,760,092,723.87	2,573,858,108.94	23.39%	7.24%	The extension project of Fokai causes the increase of Construction-in-progress
Short-term	891,470,000.00	500,000,000.00	7.55%	78.29%	The amount of repayment of short-term loans are smaller than

Items	Balance in year-end	Balance in year-begin	Percentage in total asset	Variable Ratio	Alteration reason
Loan					in the amount borrowed.
Interest payable	37,161,794.55	17,571,390.99	0.31%	111.49%	Appropriated bond interests are unpaid
Dividends payable	29,154,211.10	18,997,256.40	0.25%	53.47%	part of the shareholders did not provide complete information causes they can't pay
Other payable	319,750,258.89	237,781,580.80	2.71%	34.47%	The Entrust loan decreased, it caused the increment of Other payable
Long-term Loan	3,309,764,803.54	3,575,964,803.54	28.04%	-7.44%	Part of the long-term loan has been re-classificated in to current liability due in 1 year
Bond payable	1,790,792,109.05	791,524,406.75	15.17%	126.25%	Issue of Installment Medium for current term
Capital surplus	1,697,958,715.57	1,957,158,715.57	14.39%	-13.24%	The fair value of financial assets available for sale got increased, it caused the increment of capital surplus.

2.The unusual amount or the abnormal changes in the items of the income statement

Items	Report period	Last period	Rate	Change Rate	Reason
Business income	1,078,042,712.93	1,002,219,500.20	437.7%	7.57%	The increase of the car ownership caused the increase of the revenue
Business cost	629,381,603.00	518,321,042.54	255.5%	21.43%	Fokai Expansion Project partial finished the turn into fixed asset and toll income increased led to the increase of the depreciation

Items	Report period	Last period	Rate	Change Rate	Reason
Administrative expense	148,690,324.28	120,532,985.43	60.4%	23.36%	The company's reorganization projects led to the increase of the specific costs in 2011
Financial expenses	231,914,175.31	161,929,617.65	94.2%	43.22%	Due to Fokai Expressway Expansion reopen early and capitalization of interest stops corporate, issue the medium-term bills as well as the combined influences of borrowed capital increases and other factors, led to financial expenses increase
Asset impairment loss	-985,513.61	-5,296.28	-0.4%	18507.66%	Received the bankrupt assets distribution of the Kunlun Securities Limited, leading to the reverse of the decreasing assets
Investment income	346,149,172.62	341,515,204.47	140.5%	1.36%	Changes in equity participation in company profits and China Everbright Bank combined effects of dividend distribution increased, lead to increase company investment income for the current period
Non-operating income	12,968,375.36	18,648,532.91	5.3%	-30.46%	Influenced by such matters like, Guangdong Fokai Expressway Co., Ltd. received the reparations of RMB 14.425 million for cleaning Jiujiang

Items	Report period	Last period	Rate	Change Rate	Reason
					Bridge wreckages and counted into non revenue receipt of 2010 and Guangfo Company received the insurance reparations of RMB 6.4274 million
Non-operating expenses	142,209,042.80	31,830,082.58	57.7%	347%	Assets like Fokai Expressway Expansion , scrap part of the interchange overpass and toll-gate, Beijiang Bridge partial demolition project scarp partial assets and the charge fee of demolition, led to the increase of the non-revenue expanse

XIII. The approval of financial reports

The report of the financial statements was approved by all directors of the board of directors of the Guangdong Provincial Expressway Development Co., Ltd. on March 28, 2012. .